

Energy Transition and Resource Governance: What Does it Mean for Our Work?

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23 June 2020

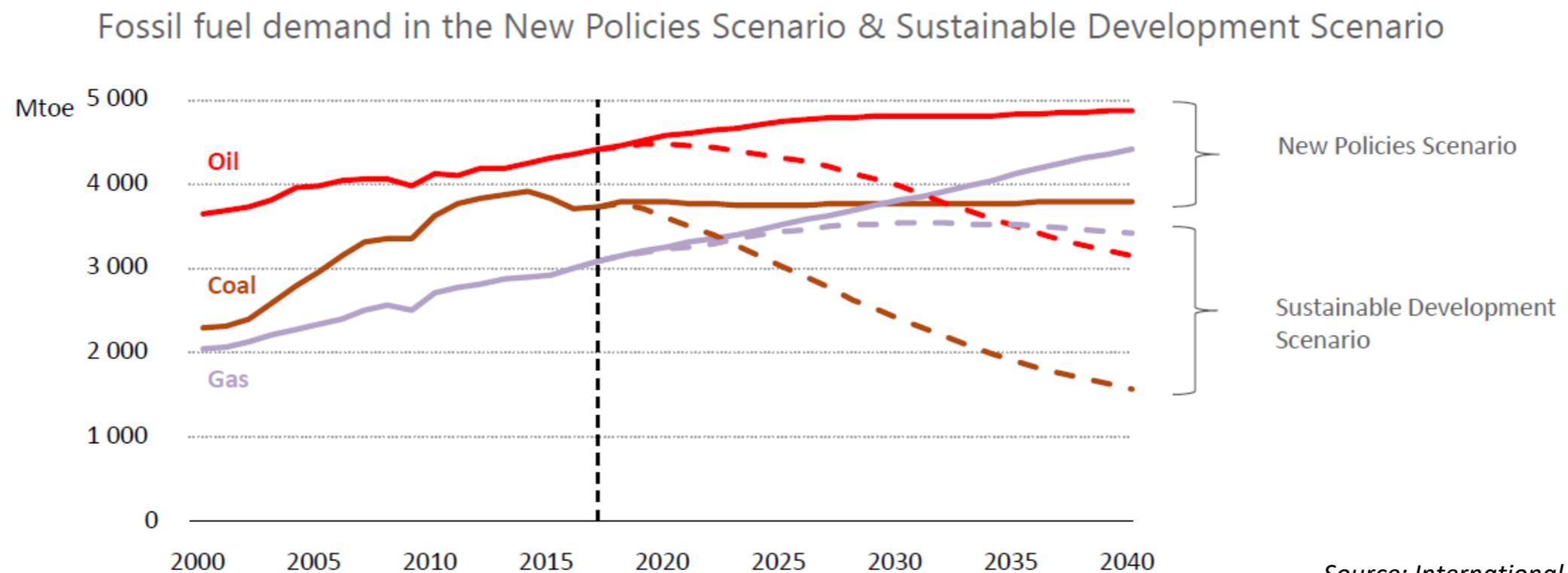
*Publish What You Pay Webinar Series on Extractives and Climate
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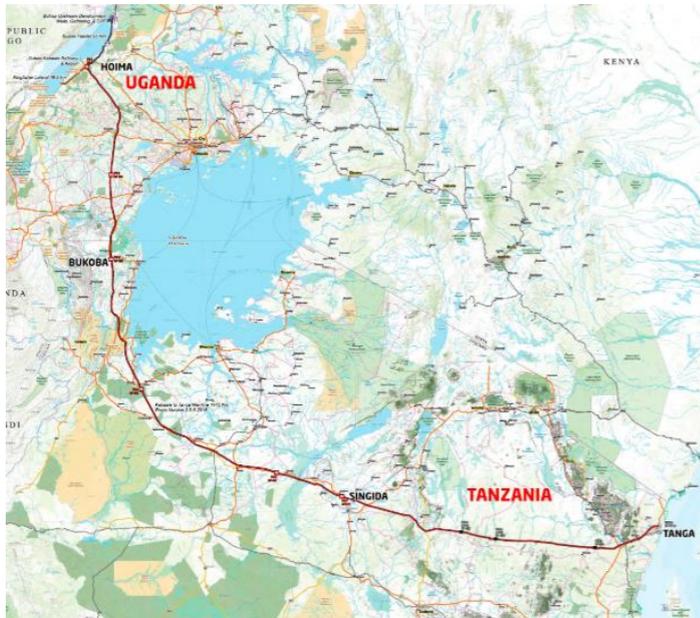
1. Stranded Asset Risk: Today's policy decisions have a big impact on the future

- A government's assumptions on future oil and gas prices has a big impact on which policies are in the public interest.
- *Revenue management.* Borrowing money today vs. saving for the future.
- *Contracts.* What makes a "good deal" depends on assumptions about the future.
- *Spending by national oil companies on exploration, development & infrastructure.* Trillions of dollars in spending worldwide on new projects. If prices drop, many projects could lose money.



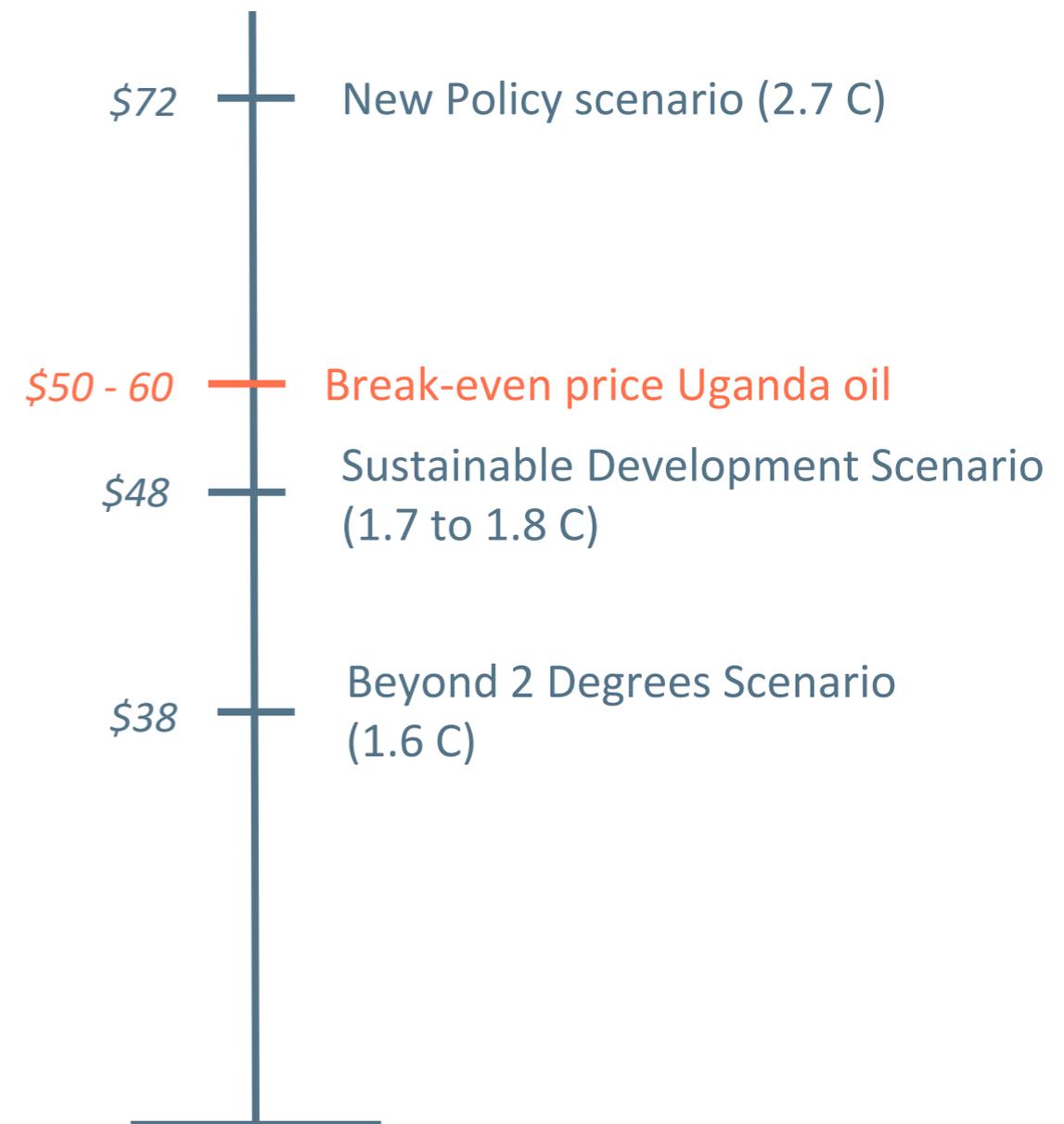
Source: International Energy Agency

State Spending on Project Development & Infrastructure Uganda & Tanzania



Ugandan government may take up to 15% equity in upstream, and both governments 10% in pipeline, equates to roughly:

	Uganda	Tanzania
Upstream	\$630m	N/A
Pipeline	\$105	\$105m
Sum	\$735m	\$105m
<i>Proportion of annual government budget</i>	<i>19%</i>	<i>1%</i>



Source: Carbon Tracker, NRGi, IMF, news reports.

2. Fossil fuel sector impacts countries' own clean energy plans

Many resource-rich countries seek cleaner, more reliable energy, including via renewables. Extractives governance has a big impact on those plans:

- **Subsidies:** Fossil fuel subsidies impact the competitiveness of new energy sources
- **Political power** of extractive SOEs and other powerful actors can exert pressure to “lock in” current sources of energy
- **Gas-to-power project** have a major impact on the availability of power to citizens, the viability of renewable energy and the economic benefits from extraction

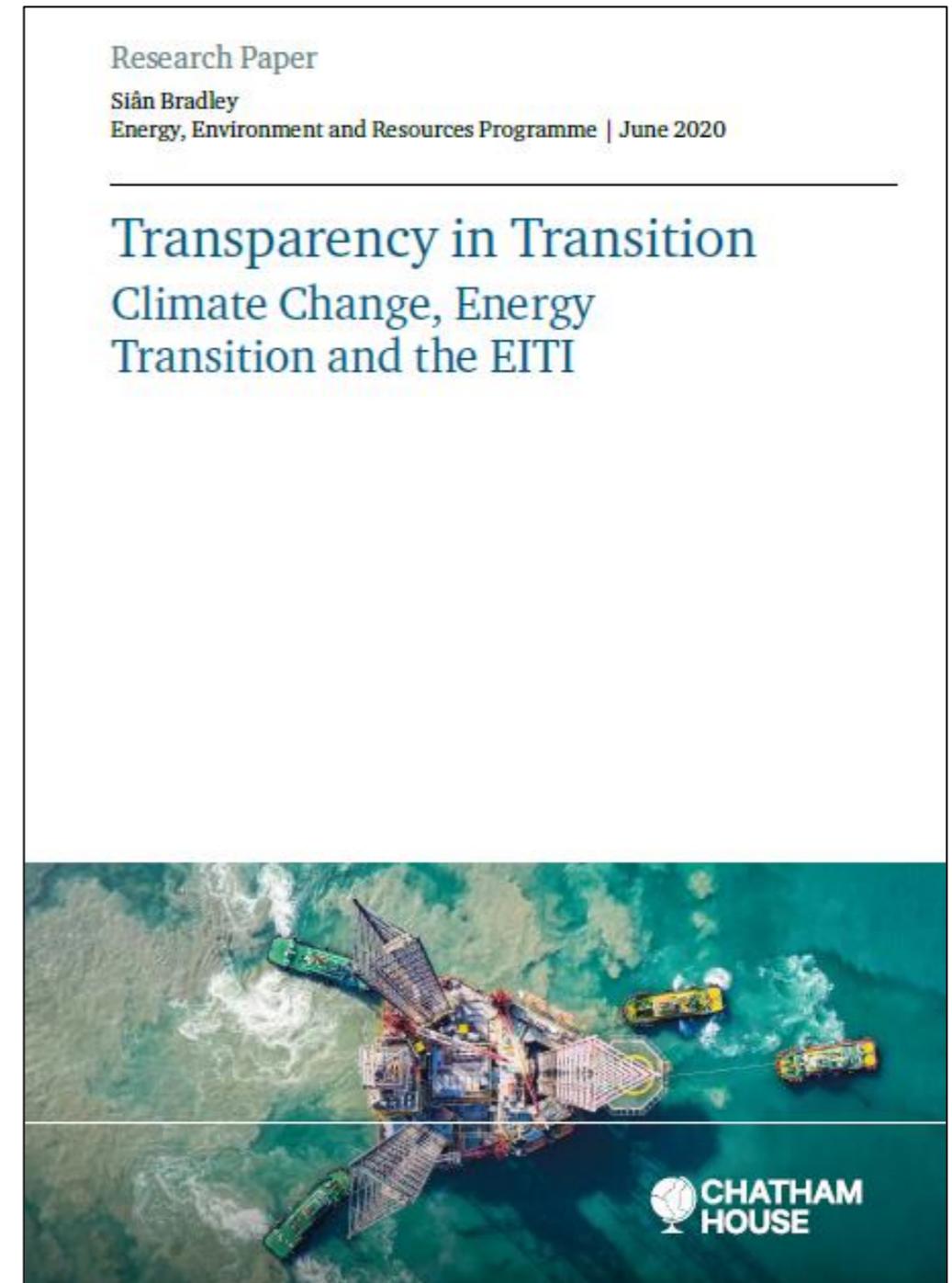


3. “Clean technology minerals”



EITI: possible evolutions

- **Existing disclosures:** viewing them more explicitly through an energy transition lens
- **Incorporating disclosures from other initiatives**
 - Task Force on Climate-Related Financial Disclosures
 - Network for Greening the Financial System
- **Additional disclosures**
 - Commitments and climate policies
 - Production costs and break-even prices
 - Long-term price assumptions
 - Carbon intensity of production
- **Energy transition is an agenda item for October Board Meeting**



Thank you

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