

The Energy Trilemma -- What Does it Mean to Pursue Cost-Competitiveness, Environmental Sustainability and Energy Security at the Same Time?

A number of countries have undertaken to identify a future target fuel mix with the objective of setting or guiding policies. In the past year, we've developed a framework for assisting countries in making decisions about future fuel mix targets. One of the key insights is that such targets result in higher costs to end users -- the opposite of the stated intent. The World Energy Council (WEC) publishes country rankings according to a "trilemma" framework. Is this a good thing? Are the rankings useful to policy makers or investors? There's a lot of confusion that arises when trying to sort out cost-competitiveness, energy security and environmental sustainability. The proposed paper would build on a year's work in Singapore on future fuel mix issues, as well as observations from Hong Kong, which has commenced engagement on Hong Kong's future fuel mix. Other countries have had similar discussions. Indeed, many of Asia's most expensive energy decisions arose from similar targeting efforts over the past twenty years. Are we about to go through another phase of big, well-intentioned but ultimately costly policies?