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Diminishing financial returns for utilities have put at risk the ability of the electricity sector in OECD markets to raise the estimated \$7.6 trillion in investments needed by 2040 to meet energy policy objectives. This investment is needed to simultaneously decarbonize the sector while maintaining energy security.

The root causes of the sector's investment challenges include:

- Europe could have saved up to \$140 billion if deployment of renewables had been optimized within and across borders.
- Lack of buy-in: Society recognizes the need for an electricity system that produces less carbon, but has not yet fully bought into the value it brings.
- Falling demand, significant overcapacity, reduced load factors and wholesale price declines have all contributed to a massive loss of value in conventional generation assets.
- The traditional utility business model is being disrupted by technological innovation and customer trends.

Recommendations for key stakeholders for attracting investments to build the future electricity sector:

- Policy-makers need to plot the most efficient pathways to policy objectives by incentivizing “no regrets” investments and exploiting the most efficient renewable resources within and across borders.
- Regulators need to ensure that markets provide clear and effective signals, by rewarding the reliability and flexibility of the system (encouraging supply and demand solutions).
- Business will have to develop complementary customer-centric business models, creating value for stakeholders by exploiting customer data generated from smart grids and connected devices.