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Lowering carbon emissions will take 'massive change'

After attending the Carbon Forum in San Francisco and the NYMEX Green Trading Summit in New York this year, Ritchie Priddy of Suez Energy Resources NA, says that despite conference differences, he came away from both with the same idea.

"We have reached a tipping point on climate change and its causes," says Priddy, who serves as marketing director of demand response, for Suez. "Each event had its own message — the environmentalists in San Francisco were as zealous as ever about saving the world from calamity while the bankers in New York were just as passionate about the financial opportunities that climate change promises. The point being that it doesn't matter what you believe. Climate change has been accepted by most, and its impact will affect everyone — including utilities."

Priddy says that, while financial and regulatory segments around the world believe in climate change, he is not convinced that the public at large will fully commit to the changes necessary to achieve results. Surveys, he points out, indicate the public believes that climate change is bad, although few can actually define what it is.

"Most people say they will take action by doing things like changing a few light bulbs," he says. "If the problem is as serious as we have been led to believe, nothing short of a major restructuring of the world's economies is in store."

And that, he says, calls for a massive change in behavior.

"Any social scientist will tell you that behavioral changes are difficult to sustain," he says. "Those behind the movement believe they must position climate change as a potentially catastrophic problem, and whatever costs are required must be borne by everyone. But they forget human nature. When the costs seemingly outweigh the benefits or the problem is perceived to be solved, human behavior tends to revert to where it was before."

In order for climate change actions to succeed, Priddy says, climate change must be irrevocably

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Ritchie Priddy
SUEZ Energy Resources NA

tied to energy efficiency and conservation. But, he says, most people do not make the connection.

"With high and volatile prices, environmental concerns, the threat of legal exposure and aging infrastructure among other issues, the perfect storm has emerged," he warns.

But some would argue the perfect opportunity has emerged, as well.

ENERGY POLICY

"Many governors and legislatures have forged their own energy policies — often to the detriment of utilities," Priddy says. "To date, most energy companies have not responded well enough to reduce the regulatory pressure."

Another consideration is the "inevitable shift" toward mandatory emissions reporting. Priddy points out that reporting is mostly voluntary right now, but as sustainability practices become mandatory, so, too, will reporting.

"This is often viewed as the Achilles heel of climate change," he says. "Many do not realize the in-depth level of reporting that must take place throughout the entire energy supply chain in order to make a real impact."

Measuring the total carbon footprint is impera-

tive, followed by detailed reporting of carbon emissions. In order to enforce sustainability practices, Priddy says there is a big move for large corporations to report emissions.

"In fact, in today's corporate boardrooms, the common practice is to take advantage of this swing to green while leaving out the details of what this movement entails," he says. "The result is a snowballing campaign of corporate peer pressure that often forces vaguely worded sustainability statements without specific actions."

SERVICE PROVIDERS STEP UP

Although each state is writing its own energy policy, it seems that all state governments are holding transmission, distribution service providers — even in deregulated areas — responsible for delivering energy reductions.

"TDSPs should embrace this responsibility and urge deregulated energy companies to join them — after all, every customer wants to lower its energy bills," Priddy says.

The utilities win, he adds, because less energy usage translates into lower peak demands, or at least a much slower growth. In turn, this leads to reduced on-peak costs, a decrease in price volatility, fewer transmission and distribution upgrades and ultimately better environmental performance.

"Traditional TDSPs are guaranteed a rate of return for such investments," Priddy says. "But, retail electric providers in deregulated states have a role as well. Right now, they live and die by the amount of energy sold, with no guaranteed return on any energy efficiency investments. As energy providers strive to remain competitive within the marketplace, profit margins continue to shrink, intensifying the pressure to increase sales."

"However, by inviting them to the climate change party," he says, "utilities can bring the innovation and funding that traditionally has been lacking."

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