

Iain Conn: I've been asked to talk about energy, climate, and the new world order in 10 minutes. Thank you for the honor to open this afternoon's conversation. I'm CEO of Centrica, I've been doing that for five years. Before that, I was at BP for 29. I'm co-chair of the World Economic Forums Initiative on the Future of Energy. I'm both optimistic and deeply worried. I'm optimistic about the accelerating changes in attitudes, politics, and technology to address climate change. I am worried that the pace of change is simply not enough. This afternoon, we are going to have three sessions exploring key drivers of change. The first one, climate activism, and we'll be hearing shortly from Anuna De Wever of Youth for Climate. We then have a session on cities at the forefront of the energy transition. Then, we have a conversation on climate featuring input from governments and industry on policy approaches on both sides of the Atlantic. It should be an excellent three hours.

Iain Conn: So let me provide a perspective to begin with five points. The first one is this, that despite all of our efforts, we are going to miss our decarbonization targets, and the challenge is immense. The Paris Agreement calls for limiting temperature rise to 1.5 degrees centigrade, relative to pre-industrial levels by the end of this century. The IPCC recently, however, said that even if all the pledges in the Paris Agreement were to be met, we would deliver 2.6 degrees at best, and really, we're more than likely on track for 3.1 to 3.5 degrees C. A sobering fact which puts this debate between 1.5 and 2 degrees firmly in the shade. We're nowhere near that. But, since Rio in 1992, a lot of progress has been made. We've gone from visioning, to experimentation, to pragmatic action at scale.

Iain Conn: My second point, therefore, is that there are reasons to be positive. Economic growth has been decoupled from greenhouse gas production in the developed world. An amazing fact using some slightly strange KPIs, is that in 1980, the world used 0.56 tons of oil equivalent for every \$1000 of GDP, and in 2016, it used 0.17, a reduction of two-thirds. In the U.K. This year, our emissions are going to be lower than in absolute terms than they were in 1888. In the EU, the first Barroso government set up a high level group, I was on it, on industry, the economy, and the environment. We advised that nine commissions would be necessary to 2050, and they each had to pass the baton in order to make consistent energy and climate policy. As the third commission of those commissions draws to a close, we've made huge progress. Very recently, a large majority of EU countries support the objective of carbon neutrality by 2050. However, a number of Eastern European countries have blocked it. This is a microcosm of what's going on in the world. Someone is going to have to pay for the countries that have got high coal intensity and carbon footprint. Perhaps one of the most exciting thing, and we'll hear about it later on, is the role of cities, the convening power of cities, integrating local interests, and the population at scale that they represent. This is a real opportunity to make a step change.

Iain Conn: The third point I want to make is, other trends that are positive also exist. Centrica, my company's whole strategy is based on these three trends. The first one is, the decentralization of the energy system in response to climate change, which in turn, is leading to power being given to customers, whether they're consumers or businesses, and digitalization, which is accelerating all of the change. The demand function and harnessing changing the demand function is crucial. It cannot only be about changes to supply. All of these trends are accelerating. To give you one example, our distributed energy business, the order book is growing at 55% per annum, and it's accelerating. This is all about technological solutions to change the demand function.

Iain Conn: After Paris, we've made some recent commitments. One, we're going to own the emissions of our customers. Not every bit of them, but our customers are going to have to reduce their emissions by 25% by 2030, and we've committed directly to reduce three percentage points of the 25, and to influence as much as we can of the rest. I can't tell our customers how to live their lives, but I can influence the choices they make. The second thing we're committing to do is decarbonizing the energy system through the deployment of seven gigawatts of flexible distributed low-carbon generation. Thirdly, we've got a job to do with our own emissions, and we've already cut our own emissions by 80% in the last decade, and we've committed to cut them by another 35% in a decade to 2025. Perhaps, the most important thing we're doing is committing to limit the hydrocarbon production and actually, we're shifting emphasis from hydrocarbon production to carbon reduction. We have committed that by 2030, we will have a clear plan to be net zero by 2050. Why is this important? Well, we're the largest energy supplier in the U.K. We're the largest energy supplier in Ireland. We're the second largest independent retailer of energy in the United States. We've all got to play our part, this isn't just bragging rights. So that's the optimistic part.

Iain Conn: My fourth point, however, is it's too easy to make incremental progress and allow politicians to celebrate it, but actually, not be anywhere near solving the problem. In short, short termism is allowing us to kick the can down the road. There's three huge challenges that are not being addressed. Firstly, hard to abate sectors. Steel, cement, oil refining, aluminum, smelting, petrochemicals, and how to decarbonize heating and cooling. Yet, everyone is talking about electric vehicles. They're important too. But, heating and cooling really matters, and my company owns British Gas. Can you imagine the owner of British Gas talking about decarbonizing heating? Well, that's what I'm doing.

Iain Conn: The second big challenge is how to decarbonize unabated coal plants in the developing world, and who pays for it. China and India, by 2060, will be 44% of the world's GDP. In the last 10 year, China's emissions have grown by 2.5% per annum, and are now 27% of global emissions. India's have grown by 5.6% per annum, and they are now 7% of global emissions. So 34% of global emissions from two countries, compared to 14% of the whole of the European Union, and 1% for the U.K. Who's going to deny these countries their economic growth?

Right now, their economic growth is being fueled by one new coal fired power station every week. The challenge is to first replace coal with natural gas, and that's a good thing. Then, replace the natural gas. The big issues is, who's going to pay for it? I'm afraid the developed world is going to have to pay for it, and yet, we've got Donald Trump in the White House who's certainly not intent on that at this present time. The third big challenge is communications and learning. How do we avoid governments making the same mistakes over and over again? We need to find a way to get governments when they appoint new ministers, to not repeat the mistakes that have already been made. This is one of the objectives of the World Economic Forums System Initiative.

Iain Conn: So my fifth and final point is to conclude the following. There are two paths we can go down. A passive path of incremental progress, or a path that leads to net zero by 2050 in line with the Paris Accord. If you compare this to the John F. Kennedy moon speech in 1962, and the challenge is probably at least as large, at that time, there were great questions that were unanswered. The same is true in climate change. At that time, there were huge developments and scientific ability that needed to be harnessed to solve the problem. True now as it was then. So I started by saying, "I'm an optimist, but I'm deeply worried." To be an optimist, to truly be an optimist, we must be ambitious but pragmatic, we must be willing to ask and answer the difficult questions, we must embrace the needs of the developed and emerging economies together, we must be willing to accept the scale of the challenge and find ways to pay for it, and we must be willing to accept, all of us, the role we can each and all of us play. The future of energy and the sustainability of our planet, in short, is in our hands. Thank you.

Speaker 2: Please welcome Youth for Climate movement activist, Anuna De Wever.

Anuna De Wever: Hi, everybody. I am Anuna De Wever, and I'm a climate activist from Belgium, and I have been for a very, very long time. When I was seven years old, I was in primary school, and with the whole school we went to the City Hall to sing for the climate. The song went like this, "We need to wake up. We need to rise up. We need to open our eyes and do it now. We need to build a better future, and we need to start right now." I'm 18 years old today, it's been 11 years and nothing has happened. It has only gotten worse. When our politicians and policymakers are talking about the future generations, it sounds very far away. It doesn't sound relatable at all. But, I've come to the conclusion that I am the future generation. You're looking at me right now, it's about my future, it's about the future of your children. The climate crisis is not something that is far away from the future, it is happening right now. We have children in Mozambique who have seen their homes flooded by the rising sea level, and their cities destroyed by hurricanes. Millions of animal species that die every year because of climate change, and people that die every year because of climate change.

Anuna De Wever: But, still, we don't see a change of habits. We don't change our habits. We have to be honest to ourselves, we are living in a fossil fuel-addicted society. But, still,

it is so easy for us for some reason to just get back into our comfort zone, close our eyes for the problem, not to be honest to ourselves and just run away from the danger that is facing us. But, I have some good news. There is a revolution going on. Who of you has ever been to a climate strike? Can you please raise your hands? See, I'm really happy to see this. There is a lot of room for improvement though, because our world leaders and policymakers have ignored the climate crisis for way too long, and we are on a point right now where we have to act right now. Climate change has not been a priority, and we have had a mentality of the sky is the limit and economic growth, without thinking about the consequences for this planet Earth.

Anuna De Wever: But, lots of economists have already said that economy growth can go hand in hand with actually taking care of this planet, actually taking care of my future as well. So I'm asking myself, "What am I individually doing for the climate crisis?" Because I am just 18 years old, I cannot solve the climate crisis on my own. We have had strikes in more than 130 countries, with people coming on the streets every week demanding political action and climate justice. But, we can only dream of change, and I know that there are people in this room who have the power to make that change. I think the ultimate goal for a leader is how can I make sure that the next generation has it better than the previous one? Right now, we see that the next generation is going to have to fight in order to survive on this planet.

Anuna De Wever: So I'm asking you, please be the first. Be the ones that made the brave decisions. I know that it sometimes sounds impossible. How do you solve an existential crisis, right? But, then again, humanity has already shown how much it can do. I mean, we made a whole world run on technology in only one decade. We entered not one but two world wars, and when we put a man on the moon, John F. Kennedy said, "We don't do this because it's easy. We do this because it's hard." 195 countries signed the Paris Agreement, and not one of them is in line with the targets that they've set. If we're not in line with the targets of the Paris Agreement, in 11 years we will reach a tipping point and the Earth will warm itself up, climate change will be irreversible, and I won't have a future anymore.

Anuna De Wever: So the first step is the hardest. The first step is you leaving this room after our talks, knowing that you will also have to be a part of the revolution, knowing that you will also have to do anything in your power to join us in the fight for our future. As Nicola Stern said, who is a climate economist, "I am very hopeful of what we can do, but I'm very afraid of what we will do." So please, for yourself, be on the right side of history. Thank you for your attention.

Speaker 2: Ladies and gentlemen, please welcome-