

# **Business Battles in the US Energy Sector: Lessons for a clean energy transition**

**Christian Downie**

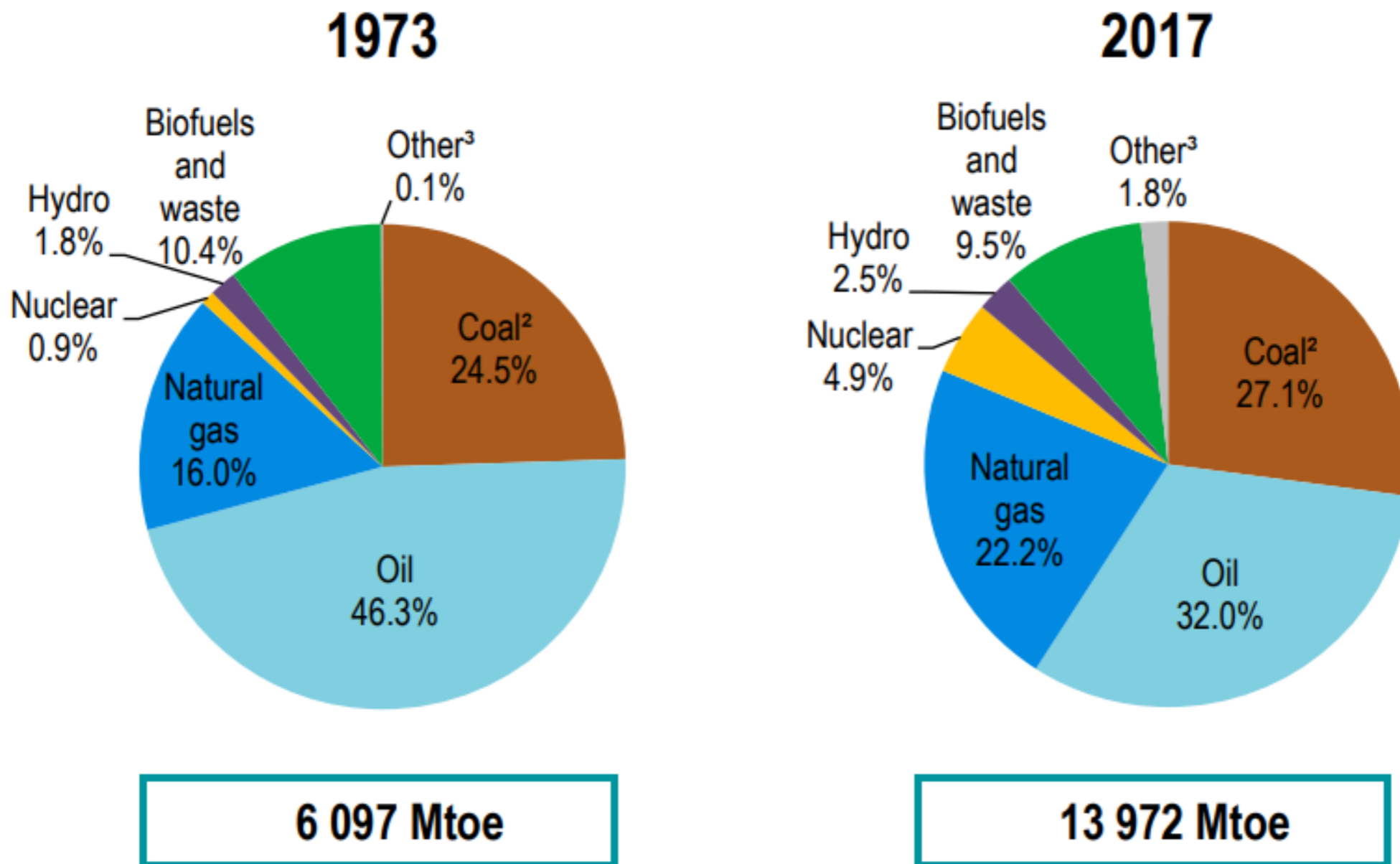
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# Existing energy policies remain well short of achieving an energy revolution



IEA 2019: Total primary energy supply by fuel

Join Q&A at [vevox.app](https://vevox.app)  
Meeting ID: 116-101-298

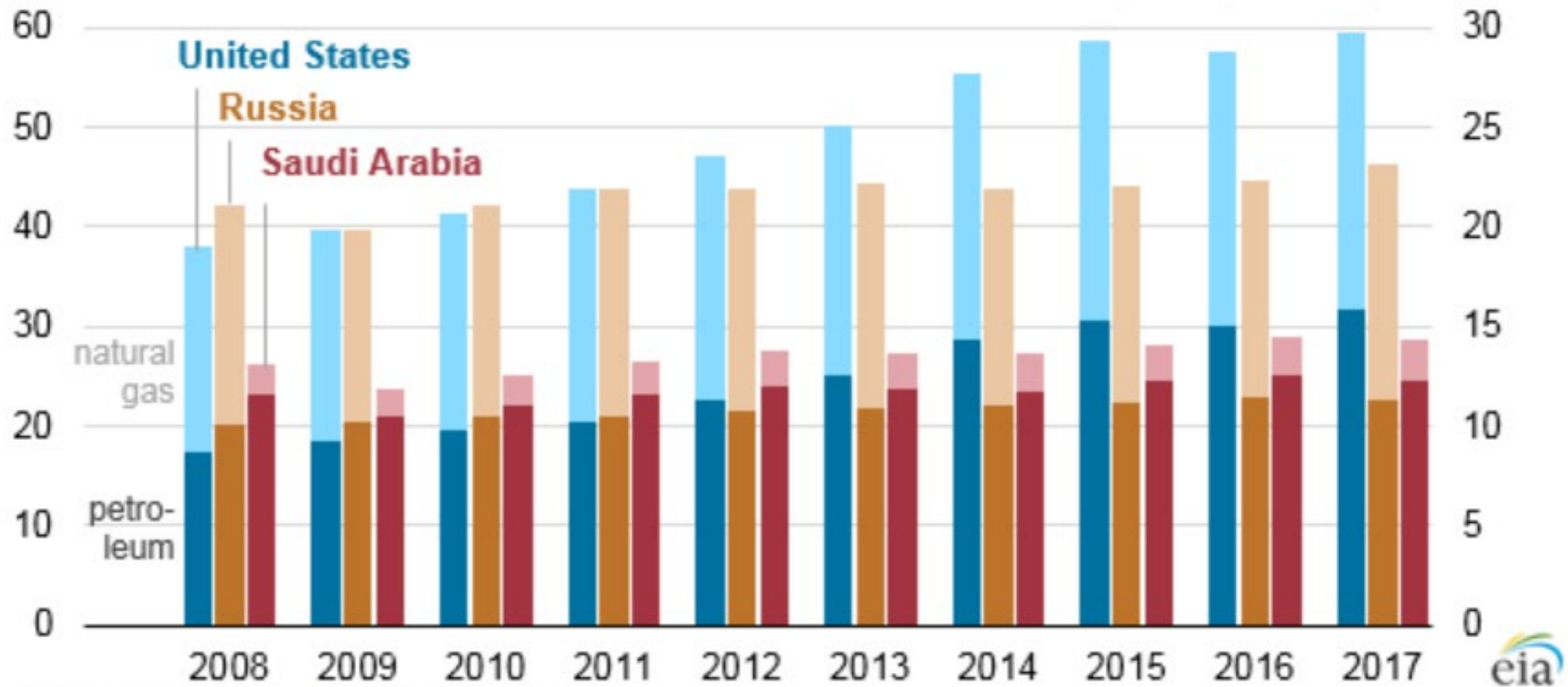
**What should  
policymakers  
do?**

**Policies that economists regard as  
most efficient are not always  
politically successful**



## Estimated petroleum and natural gas hydrocarbon production in selected countries

quadrillion British thermal units million barrels per day of oil equivalent

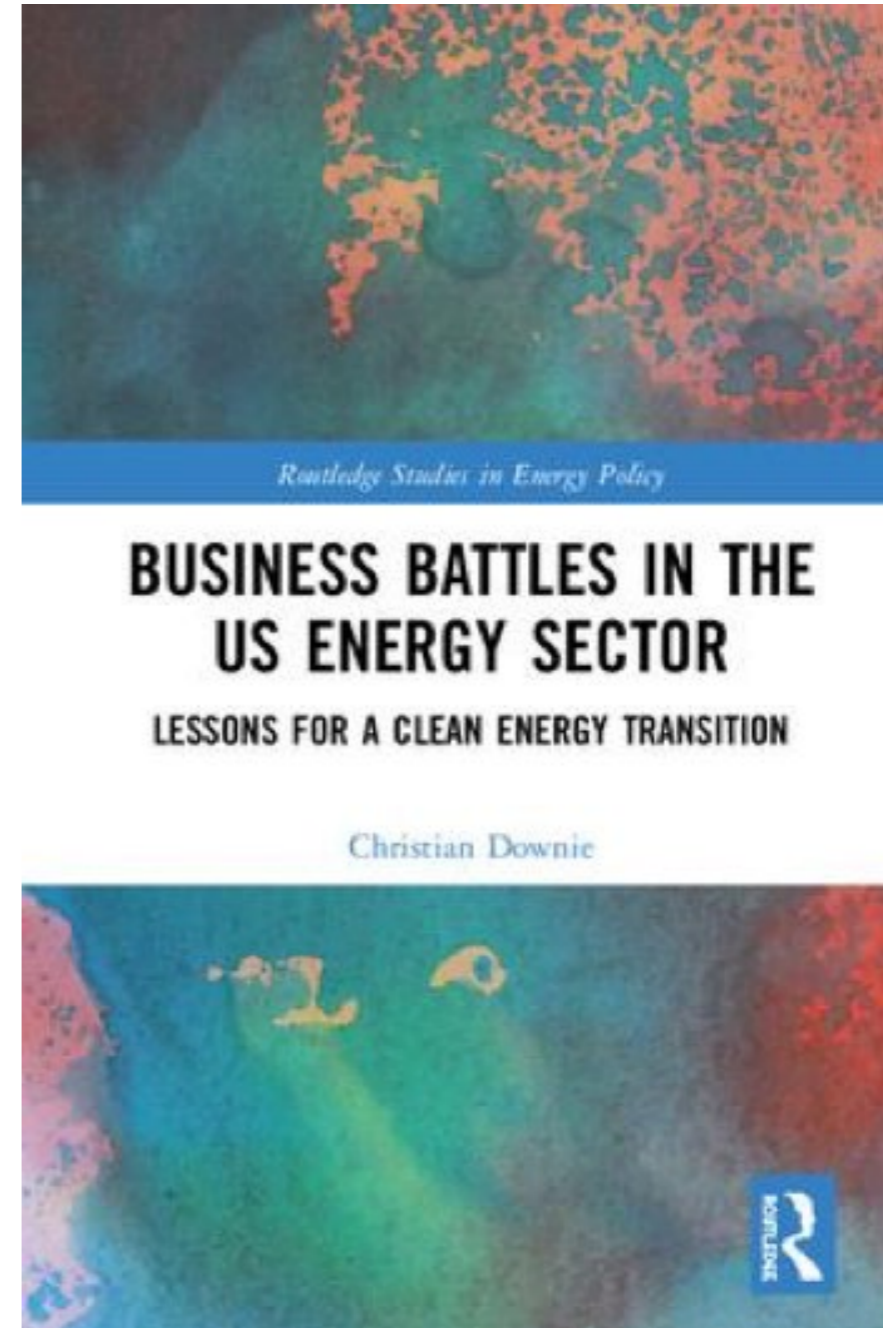


Source: U.S. Energy Information Administration

# Outline

Three lessons for policymakers

- (i) Entrench and build existing interests
- (ii) Exploit industry divisions
- (iii) Shift existing interests



# Lesson 1 Entrench and build existing interests

Targeted sector-specific policies are more easily entrenched over time.

Constituencies that benefit from them tend to become politically bound to the policy, making them active supporters and defenders of it.



# Lesson 2 Exploit intra and inter industry divisions

- Exploit inter-industry divisions
- When exploiting inter-industry divisions target weak industries
- Exploit intra-industry divisions by targeting outliers





**Between 2012 and 2015  
more than 50 firms representing  
50% of US coal production  
had filed for bankruptcy  
protection**

Source: International Energy Agency

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# Lesson 3 Shift existing interests

- Policy signals need to induce significant changes in industry investment and structure.
- Over time this will shift their commercial interests toward policies that support renewable energy over fossil fuels.

*“If you’re not at the table,  
you’re going to  
be on the menu”*

*Jim Rogers,  
CEO of Duke Energy*

# Shifting existing interests in Australia

- With some of the best renewable energy resources in the world, Australia can be an energy superpower.
- It will take government policies that support new clean energy industries and policies that help shift existing industries, such as emissions intensive aluminium smelters



Aluminium Smelter

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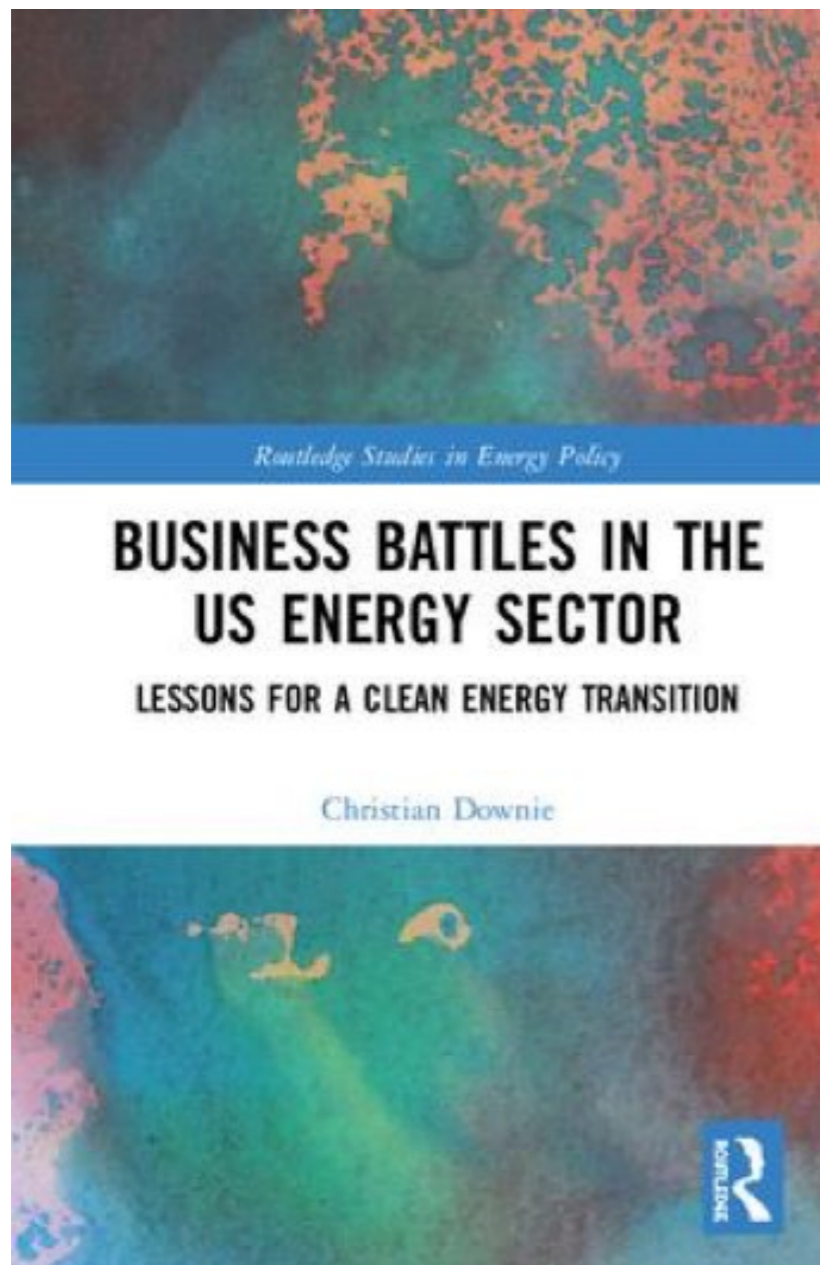
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# More information

## *Book*



## *Journal articles*

Downie, C. (2018) Ad Hoc Coalitions in the United States Energy Sector: Case studies in the gas, oil and coal industries' *Business and Politics*, special issue, 20(4): 643–668

Downie, C. (2017). Business actors, political resistance, and strategies for policymakers. *Energy Policy*, 108, 583-592.

Downie, C. (2017). Fighting for King Coal's Crown: Business Actors in the US Coal and Utility Industries. *Global Environmental Politics*, 17 (1), 21-39.