



The Voice of OECD Business

Addressing Perception and Communication in the Energy Sector

April 2009

I. Introduction

Despite the current economic crisis, world energy demand is increasing, posing a very real global political, economic and social challenge that requires significant action and additional investment. According to the International Energy Agency (IEA), for example, the world primary energy demand increase of 45% between 2006 and 2030 will necessitate energy-supply investment of over \$USD 26 trillion¹.

To meet this growing demand in ways that are effective, sustainable and conducive to energy security, it is imperative for countries to ensure a diversity of energy sources. Different energy options are therefore being considered by important stakeholders, including policy-makers, business, non-governmental organisations, and the general public. However, the perceptions between stakeholders about different energy sources can often significantly vary, which can ultimately lead to policy changes with respect to the use of certain energy sources.

In a global environment in which traditional energy sources are coming under increasing stress to meet demand in a sustainable way, the world cannot afford to make mistakes due to either faulty information or the lack of sound and complete information. The consumer needs to be able to weigh the strengths and weaknesses of all energy options against each other in an informed manner. In BIAC's view, the OECD, and in particular the IEA and the NEA, play leading roles in providing high-quality information that already hold the potential to inform national and international policy debates about the global energy challenge. Communicating this information to energy stakeholders is thus critical and should be considered a major priority issue for the Organisations.

II. The importance of perception

Perception holds great importance in energy policy decision-making. It is the essence of democratic society that elected officials should act upon the views of the public. Thus where public and consumer reaction to a certain type of energy is negative, politicians may in many cases have less inclination to pursue that energy type as they would if public perception

¹ IEA World Energy Outlook (2008)

were favourable. This can be a serious problem if public perception is not informed of key facts and long-term implications of policy decisions. This lack of awareness can lead to distorted perceptions that can in turn impact on the course of policy-making. If effective communication of sound facts is not in place, debates can easily become misinformed and can lead to policy decisions that may jeopardise the energy security of a country or region.

III. Perceptions must be informed

Communication of clear and objective evidence to the public is essential in order to inform public perception and develop stronger public knowledge on important policy issues. In the case of energy efficiency, for example, the public has a generally positive perception of the issue, but it is often not clear *how* individuals should use energy more efficiently. For instance, a 2004 European Commission poll² indicates that the public demand for information about energy efficiency is high, with 53% of participants in the EU15 wishing to learn more about how to save energy at home. Improving communication is thus a critical factor in implementing and benefiting from energy efficiency, which will be conducive to meeting the challenge of growing energy demand.

While energy efficiency tends to be met with positive public perception, certain energy sources face very different public perceptions that again often suffer from lack of clearly-communicated facts. This can lead to energy policies that are not based on sound evidence, but rather are based on perception, bearing profound implications for energy security. The following energy considerations, while by no means an exhaustive list, exemplify some of the key challenges with respect to the lack of informed debate about certain energy types:

Biomass and biofuels

As OECD analysis has shown, many countries around the world have launched ambitious policies towards expanding the production of biomass and biofuels, heralding this energy type as an effective alternative energy source. However, the complicated lifecycle impacts and effectiveness of different biomass and biofuels options are not widely recognised and there is a strong need for better education about this type of energy.

Nuclear energy

Nuclear energy is hugely important to the energy supply mix in many countries around the world, and this trend appears to be growing in recent years. However, nuclear energy represents one of the most stigmatised types of energy, and is a clear case where public perception can significantly sway policy decisions. This is evidenced by the use of public referenda in some countries as to whether or not to continue (or to start) with the use of nuclear energy, then leading to final policy decisions about nuclear energy.

² European Commission (2004) “Energy: Issues, Options and Technologies”, p57.

However, several polls show a lack of understanding about key facts. For example, a 2005 international poll³ carried out by the IAEA compared respondents' support for building more nuclear plants. When information about the near-zero carbon dioxide emissions resulting from nuclear energy was then presented to the poll respondents, all participating countries witnessed a notable increase in support for nuclear new build (ranging from a 5% increase in the United States to a 19% increase in Indonesia).

Oil and gas

The lifecycle environmental impacts of oil and gas production significantly influence public opinion. As such, these energy sources often meet staunch public criticism, yet they remain essential parts of the energy supply mix. Major efforts are being taken by industry to increase the energy efficiency of both production and downstream use of oil and gas, and new technologies act to further reduce environmental impacts, but this is often not apparent to the public. Communication is also needed to inform the public that oil and gas energy production, despite its environmental impacts, is essential in the foreseeable future of many countries' energy mixes in order to meet energy demand.

Coal

Huge coal reserves are present in many parts of the world and thus coal represents a major share of national energy supply in certain countries. While traditional use of coal as an energy source often meets with strong public criticism, very little is known about Clean Coal technology. According to a 2007 European poll⁴, only approximately 24% of respondents had heard of Clean Coal, and as such nearly half of respondents had no firm views as to whether or not they supported the use of coal as an energy source in their country.

Carbon capture and storage (CCS)

Carbon capture and storage (CCS) holds huge potential for addressing climate change issues. The research and development community is largely optimistic about the viability of CCS towards reducing the carbon dioxide emissions of traditional industries (and thus reducing the environmental threat of certain traditional energy types). However, public perception is not well informed due to the relatively technical nature of CCS and the early stage of the technology. Moreover, there are very few examples and experiences in the public domain. According to a European Union poll⁵, only about 21% of EU25 citizens have heard of CCS.

³ IAEA (2005) "Global Public Opinion on Nuclear Issues and the IAEA", International Atomic Energy Agency, p22.

⁴ Eurobarometer (2007) "Energy Technologies: Knowledge, Perception, Measures", p12, p27.

⁵ Eurobarometer (2007) "Energy Technologies: Knowledge, Perception, Measures" p12.

Wind, solar, hydroelectricity, tidal and other renewable energies

Renewable energy holds great potential for energy production, and many governments are already investing heavily in these energy sources. Generally speaking, renewable energy sources are met with strong public support where environmental benefits are clear and significant. However, more could be done to inform the public about the cost-effectiveness of these types of energy and the production capacity of these energy sources. Better communication about these issues could ensure that national energy strategies take more balanced approaches towards consideration of *all* energy types.

IV. What practical steps can be taken?

In the same way that many countries or organisations have launched national campaigns towards healthier lifestyle, recycling, and carbon footprints, real efforts should be made to enhance awareness and understanding about the energy debate. The aim should be to inform debates about energy strategies, communicating the accepted facts about different energy types and energy supply and consumption patterns per country or region.

Some practical steps that should be taken include:

- Increasing public dialogue and participation of business in energy policy decision-making
- Improving public access to objective and fact-based information and working with industry to ensure the public receives facts and information from the private sector
- Creating national education campaigns together with stakeholders that target all energy options in an objective way at all levels, from schools to consumers
- Working closely with local communities to inform the public about the nature and local impacts of energy production, helping to prevent potentially misinformed “not-in-my-backyard” debates
- Making greater use of the power of the media and Internet
- Improving coordination between international organisations and research institutes that contribute towards research on energy issues

V. Conclusion - the role for the OECD and its sister agencies

In BIAC’s view, the OECD and in particular its sister agencies, the IEA and the NEA, have impressive and long-standing experience in generating sound fact-based analysis on energy issues, making them global leaders in this respect. However, there is room for strengthening communication beyond the scope of close policy circles and rather more towards broader society. While it is important that the OECD, IEA and NEA communications be as user-friendly to the broader public as possible, all stakeholders at their meeting tables should similarly make concerted efforts to ensure that the knowledge being generated at the international policy level is effectively shared to all levels and to all of society.

To make such efforts effective, key facts should be coupled with key messages and recommendations derived from the wealth of the OECD, IEA and NEA evidence base. The Organisation and its sister agencies should therefore not shy away from formulating clear positions on certain aspects of energy policy. Actively seeking to provide an OECD, IEA and NEA “voice” to the data would help to inform debates on national and regional levels.

Effective communication of sound knowledge about energy issues to broader society is absolutely essential if countries are to correct poorly-informed public perceptions and thus meet energy demand and deliver sustainable energy production with public support. BIAC is keen to work with the OECD and its sister agencies in order to address this issue.