Digitalization & Energy

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Roundtable 3: Energy Sector Digitalisation; Benefits and Challenges – 11-12 April 2018

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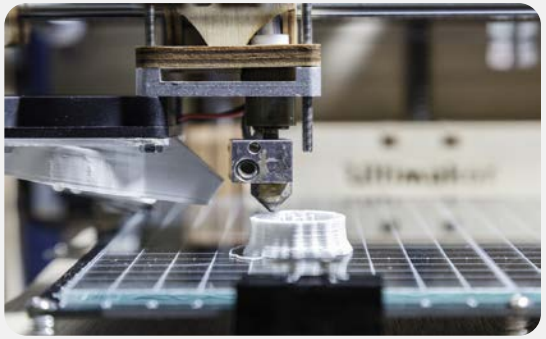
Impacts on demand sectors: transport, buildings and industry

Transport

- Key digital trends across all modes: connectivity, sharing, and automation
- Digital solutions for trucks and logistics could reduce energy use for road freight by 20-25%

Buildings

- Smart building controls will improve comfort and transform building energy use
- Energy use could be reduced by 10% to 2040, but rebound effects are uncertain



Industry

- Industry will witness increased productivity, reduced costs and improved safety
- Energy use can be incrementally reduced at plant level but broader impacts remain uncertain

Digitalization has the potential to reshape, modernise, transform demand-side sectors;

policies are needed to maximise benefits and reap energy saving opportunities

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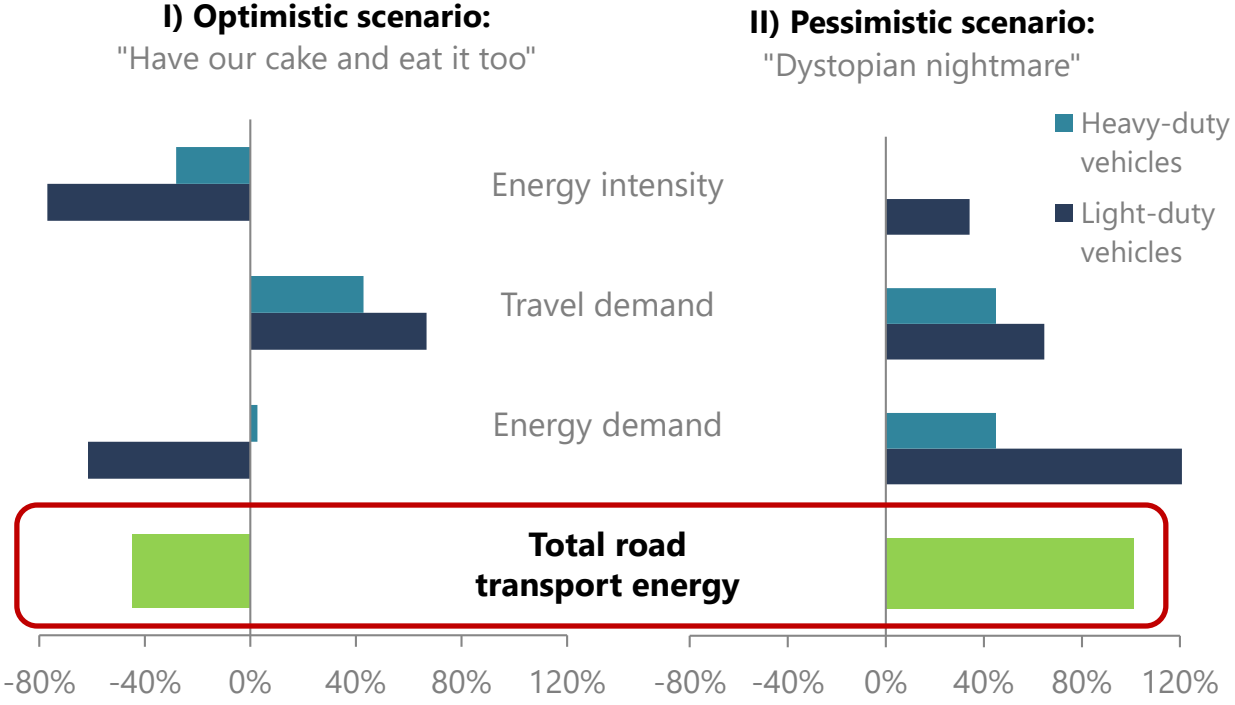
Impacts on road transport energy demand

- Automation, connectivity, sharing, and electrification (ACES) to dramatically reshape mobility
- Impacts on energy demand difficult to predict



Source: Wadud, MacKenzie and Leiby (2016), "Help or hindrance? The travel, energy and carbon impacts of highly automated vehicles".

Road transport energy demand could halve or double from automation and connectivity depending on how technology, behavior, and policy evolve

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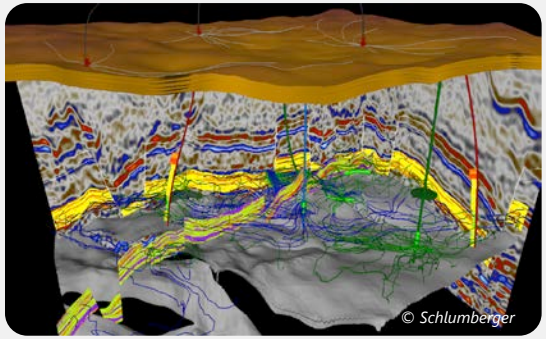
Supply: oil and gas, coal, and power



Oil and gas

- Increased productivity, improved safety and environmental performance
- Could decrease production costs by 10-20%; recovery could be enhanced by 5%.

Coal

- Coal mining can expect to see improved processes and reduced costs as well as improved environmental performance

Power

- Power plants and electricity networks could see reduced O&M costs, extended life time, improved efficiencies and enhanced stability
- Savings of USD 80 billion per year

Energy companies have been adopting digital technologies for years, to increase productivity, reduce costs, improve safety and environmental performance

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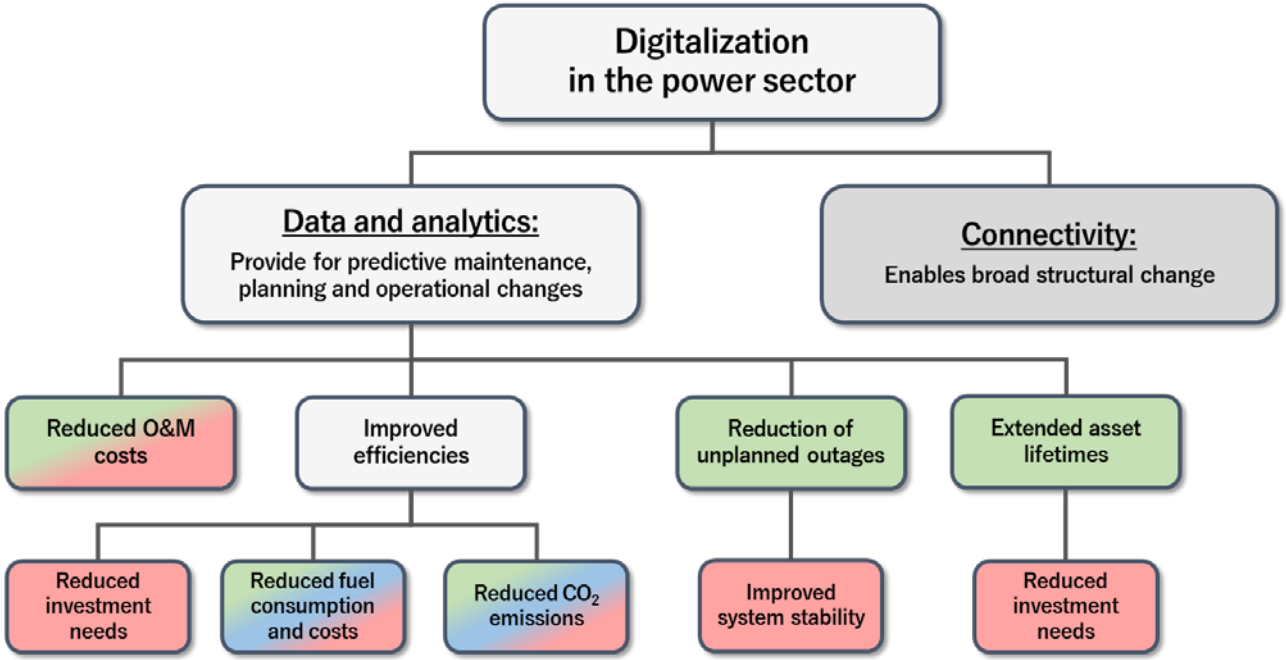
Supply: Key role of Data and analytics



*Green = benefit to asset owner, red = system benefits and consumers, blue = global environmental benefits

Digital data and analytics in existing systems can deliver benefits to the owners of power sector assets, the wider electricity system, consumers and the environment

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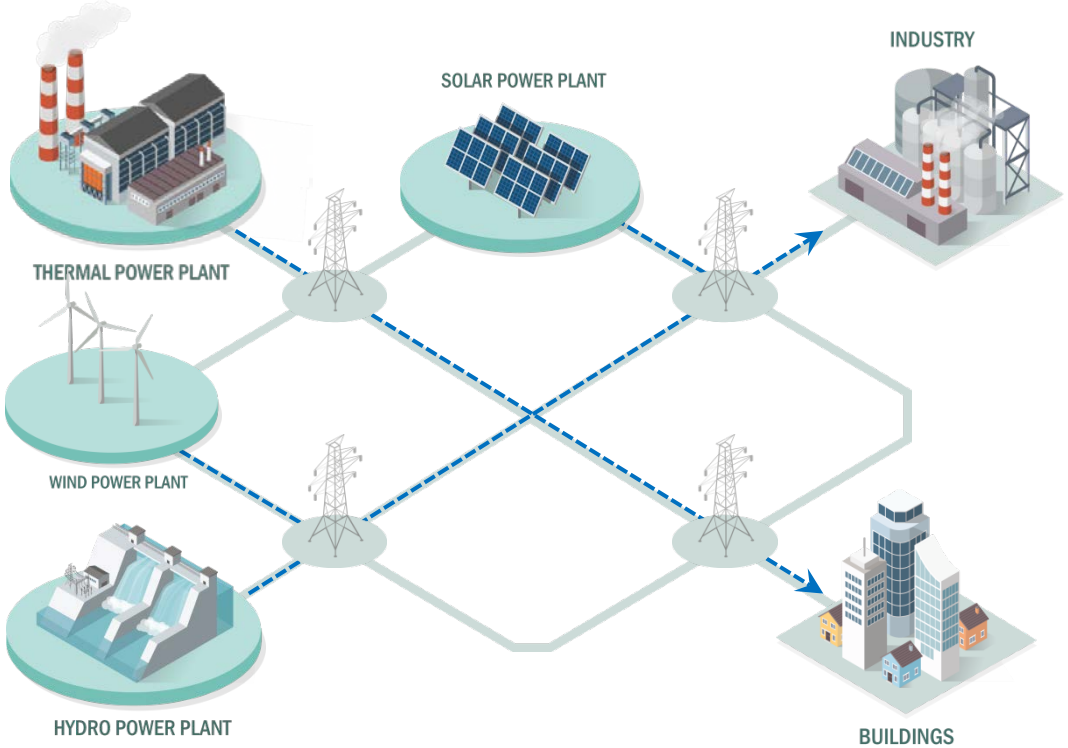
The digital transformation of the energy system- connectivity



Pre-digital energy systems are defined by unidirectional flows and distinct roles

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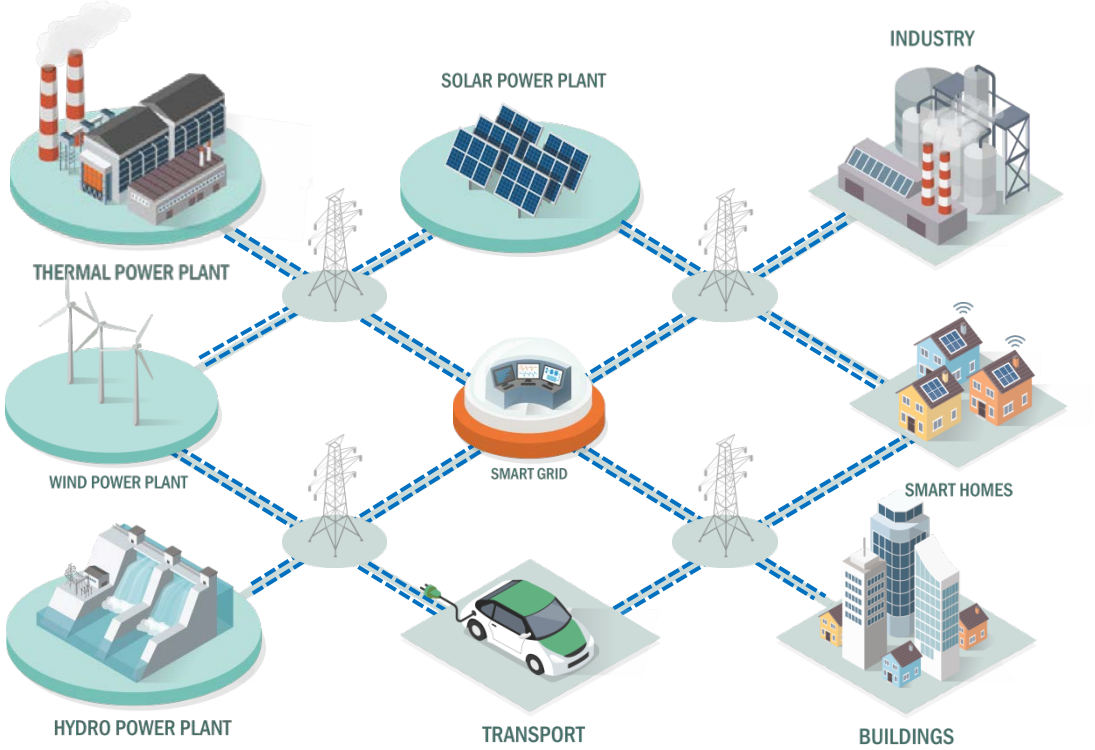
The digital transformation of the energy system



Pre-digital energy systems are defined by unidirectional flows and distinct roles, digital technologies enable a multi-directional and highly integrated energy system

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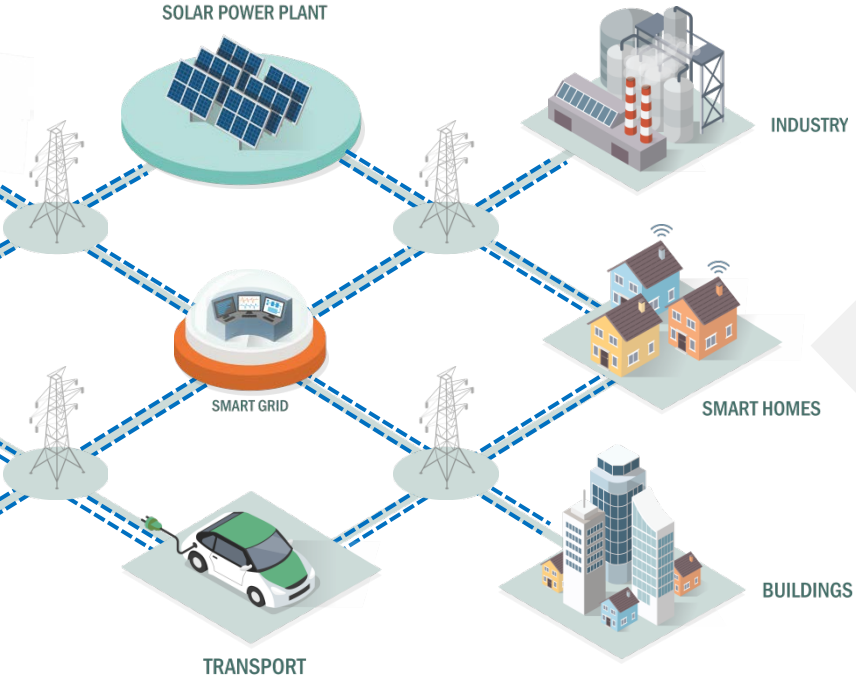
Smart demand response



Residential sector

1 billion households and
11 billion smart appliances
could actively participate in interconnected electricity systems

Demand response programs – in buildings, industry and transport - could provide 185 GW of flexibility, and avoid USD 270 billion of investment in new electricity infrastructure

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Building digital resilience

- To date, cyber disruptions to energy have been small
- But cyber-attacks are become easier and cheaper – malware, ransomware, phishing / whaling, botnets
- Digitalization also increases the "cyber attack surface" of energy systems
- Full prevention is impossible, but impact can be limited:
  - Raised awareness, cyber hygiene, standard setting and staff training
  - Coordinated and proactive preparation by companies and governments
  - Design digital resilience in technologies and systems
- International efforts can help raise awareness and share best practices

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No-regrets policy recommendations

1. Build digital expertise within their staff.
2. Ensure appropriate access to timely, robust, and verifiable data.
3. Build flexibility into policies to accommodate new technologies and developments.
4. Experiment, including through “learning by doing” pilot projects.
5. Participate in broader inter-agency discussions on digitalization.
6. Focus on the broader, overall system benefits.
7. Monitor the energy impacts of digitalization on overall energy demand.
8. Incorporate digital resilience by design into research, development and product manufacturing.
9. Provide a level playing field to allow a variety of companies to compete and serve consumers better.
10. Learn from others, including both positive case studies as well as more cautionary tales.

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