



REUTERS EVENTS™

# REUTERS EVENTS **ENERGY TRANSITION STUDY**

**Executive Summary**



# FOREWORD

**The energy transition has entered a new phase in North America. The Inflation Reduction Act has injected new urgency into US domestic clean power production, and the subsequent growth opportunities in energy supply chains across the continent are manifesting quickly.**

This study reflects the current focus, investment trends, and market expectations of 1000+ energy transition stakeholders. Survey responses are drawn from around the world, but with 53% of respondents located in either the US or Canada, there is much we can unpack around what these results mean for North American energy stakeholders. The study shines a spotlight on dynamic trends within the global energy transition and provides valuable insights into the state of the North American energy transition as core stakeholders continue to refine their transition strategies.

Firstly, renewable energy investments take centre stage as the top priority for survey respondents, with 42% ranking it their first or second on their organization's priority list. For North American stakeholders, this could reflect an increased appetite and sense of urgency to secure renewable energy investment on the back of the IRA's tax provisions. This also aligns with broader global trends of increasing renewable integration and falling costs of renewable technology. With 71% of respondents expecting non-fossil energy revenues to increase over the next 3 years, it's clear that renewable energy investment will be a critical consideration for North American energy and industrial stakeholders in the short- and medium-term. These results also reflect a positive outlook for clean energy adoption and market growth in North America, which present an opportunity for energy stakeholders to diversify their revenue streams and capitalize on the expanding clean energy market. 33% also identified reductions in carbon intensity as a leading priority, which goes hand-in-hand with increased renewable integration.

Specific renewable technologies targeted for investment also indicate potential market growth across North America.

The expected shift in investments towards energy storage in the next three years is significant, with 38% of respondents considering energy storage a leading investment sector. This highlights the growing importance of energy storage technologies in enabling the integration of intermittent renewable energy sources and enhancing grid stability. North American energy stakeholders should prioritize investments in energy storage infrastructure to support the continued growth of renewable energy capacity.

When asked to indicate the region where their energy transition strategy was implemented in the first phase, 51% of survey respondents selected North America. This is significant when juxtaposed with the fact that less than half of survey respondents have begun to implement their energy transition strategies. These statistics indicate that the North American energy market could become a hotbed of innovation as more stakeholders begin to engage these first-phase transition plans that they have developed. However, a majority (57%) of respondents are still in the process of developing their strategies, indicating there is still much work to be done in converting ambition into action.

The energy transition is also being viewed as a long-term strategic imperative, with 69% of respondents highlighting business strategy as the reason for developing their business strategy, suggesting stakeholders are recognizing the benefits and opportunities within the transition. This is also reflected in 57% of respondents suggesting that growth opportunities are a significant driver for their transition strategy. Sustainability is now business-critical.

Overall, the results of the article suggest that North American energy stakeholders are aware of the importance of the energy transition and are taking steps towards implementing strategies and priorities aligned with decarbonization and renewable energy adoption. However, there is still room for improvement in accelerating the implementation of energy transition strategies and addressing regional differences and policy bottlenecks. By leveraging the growth opportunities presented by the Inflation Reduction Act and focusing on core technologies like wind, solar, and energy storage, North American energy stakeholders can drive the transition towards a more sustainable and profitable clean energy future.

# THANK YOU

Over 1100 respondents participated in our 2023 Reuters Events Energy Transition study. We are delighted to have received such a high degree of engagement, reflecting the entire energy community's appetite for high-quality, robust insight into how the latest energy transition strategies are impacting the investments within the industry.

We would like to thank every one of our survey respondents for their participation. In return for your effort, we share this exclusive key findings report with you.

Please note that some percentages in charts might not add up due to rounding error.



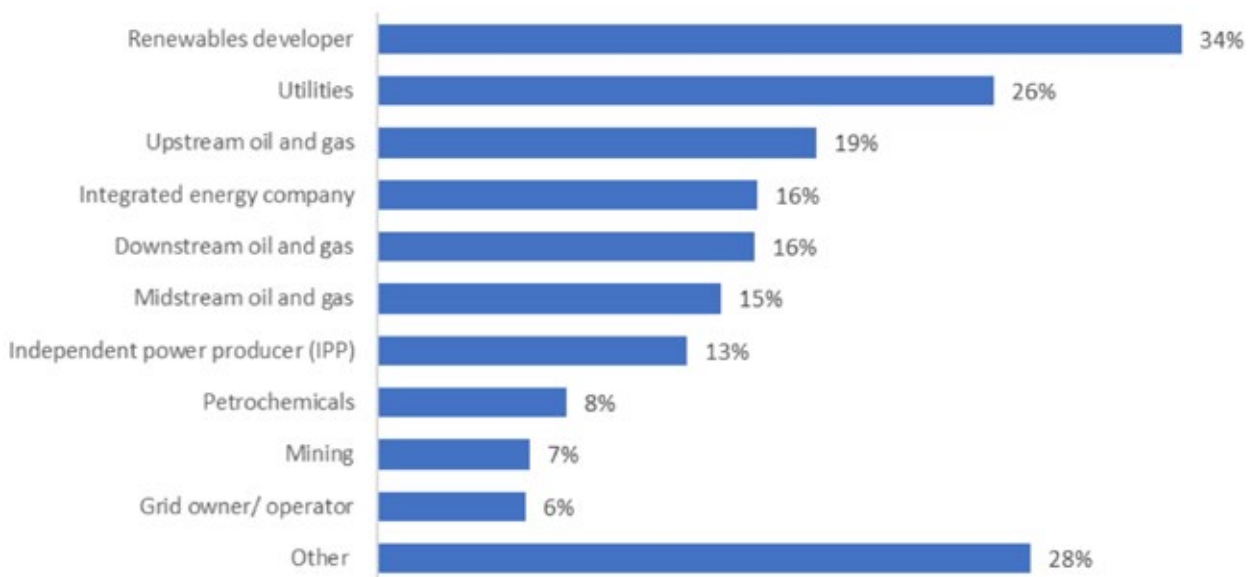
# SURVEY PARTICIPANTS

Respondents are primarily from the US (43%), UK (15%) and Canada (10%). Upstream, Midstream and Downstream oil and gas companies collectively account for 49% of the respondents. Renewables developers account for 34% of the respondents.

79% of the respondents have influence in shaping overall business strategy of their organization or impact the energy transition process.

Almost 47% are in leadership, board or senior management roles, which meant that many have responsibilities across multiple functions. 64% of the respondents are in private companies, 26% in public companies and 5% in state-owned corporations.

## RESPONDENT PROFILE BY SECTOR



# KEY FINDINGS

When we asked the respondents to select the stage of the energy transition process that their organization is currently at, 38% have already implemented a part of the strategy with 7% doing so without announcing their energy transition

goals. Majority of the respondents (57%) are at different stages of developing their energy transition strategies but have not progressed to the implementation phase.

## STAGES OF ENERGY TRANSITION STRATEGY IMPLEMENTATION



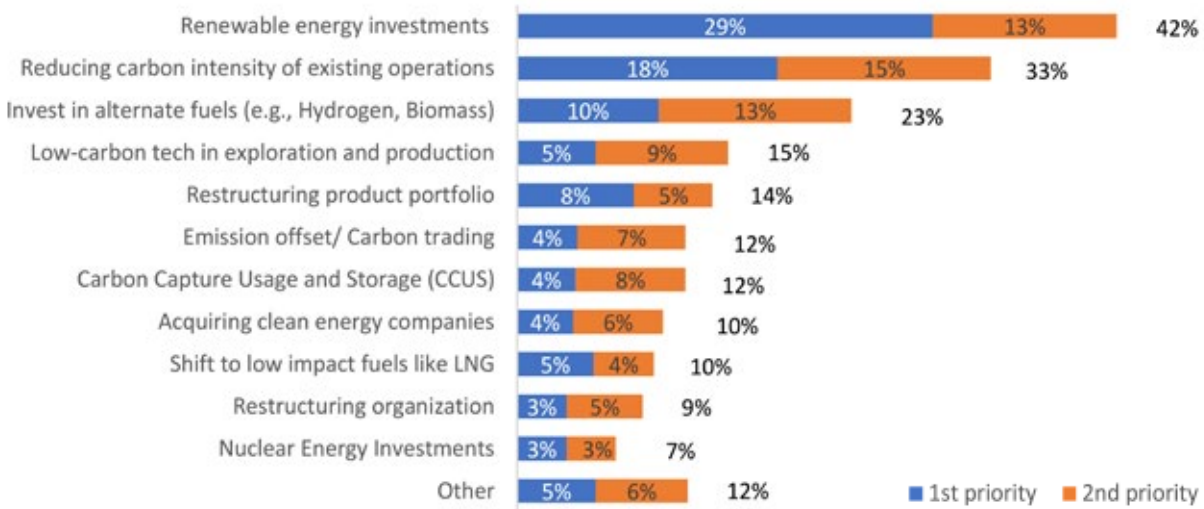
## RENEWABLE ENERGY INVESTMENTS AND REDUCING CARBON INTENSITY OF EXISTING OPERATIONS TOP PRIORITIES FOR ENERGY TRANSITION

When respondents were asked to select the top 2 priorities for energy transition in their organization, 42% consider renewable energy investments to be one of their top 2 priorities. Reducing carbon intensity of existing operations is selected by 33% of the respondents while investments in alternate fuels such as Hydrogen and Biomass is selected by 23% of the respondents.

Restructuring organizations and investments in nuclear energy rank low among the energy transition strategies for respondents.

Acquiring clean energy companies is selected by 10% of the respondents as among top 2 energy transition strategies. The key reasons indicated for selecting this strategy are to accelerate the energy transition timeline (34%) and to change the culture of the organization to align with the energy transition strategy (33%).

**TOP TWO ENERGY TRANSITION PRIORITIES FOR ORGANIZATIONS**



**EASE OF STRATEGY IMPLEMENTATION AND LEGISLATION AND POLICY BOTTLENECKS MAJOR REASONS FOR NOT IMPLEMENTING ET STRATEGIES UNIFORMLY ACROSS REGIONS OF OPERATION**

58% of the respondents' organizations are implementing energy transition strategies uniformly across all regions they operate in while 31% are not. Of the ones who are not

implementing strategies uniformly across all regions of operation, ease of implementation and legislation and policy bottlenecks are mentioned among the major reasons by 47% and 46% of the respondents respectively.

When respondents were asked to select regions where the energy transition strategy was implemented in the first phase, a vast majority selected Europe (54%) and North America (51%).

**REASONS FOR NOT IMPLEMENTING ET STRATEGY UNIFORMLY ACROSS ALL REGIONS OF OPERATION**



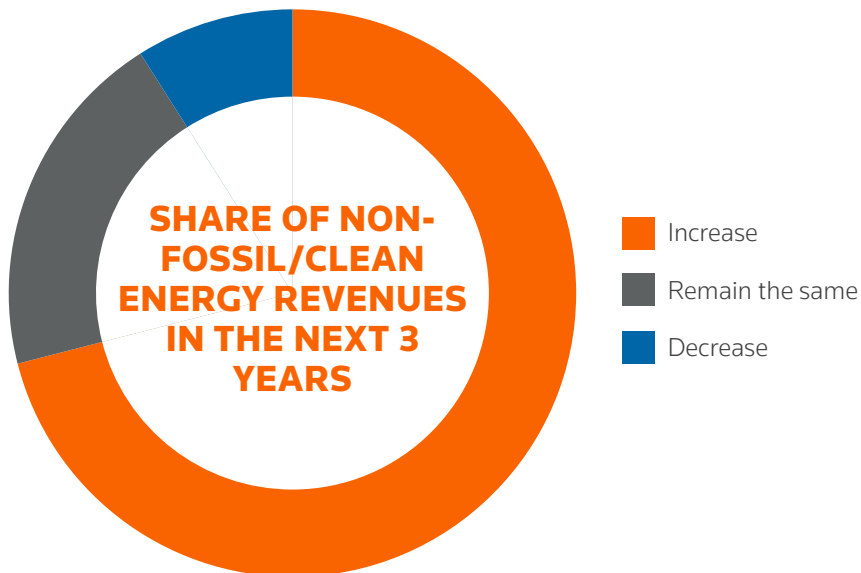
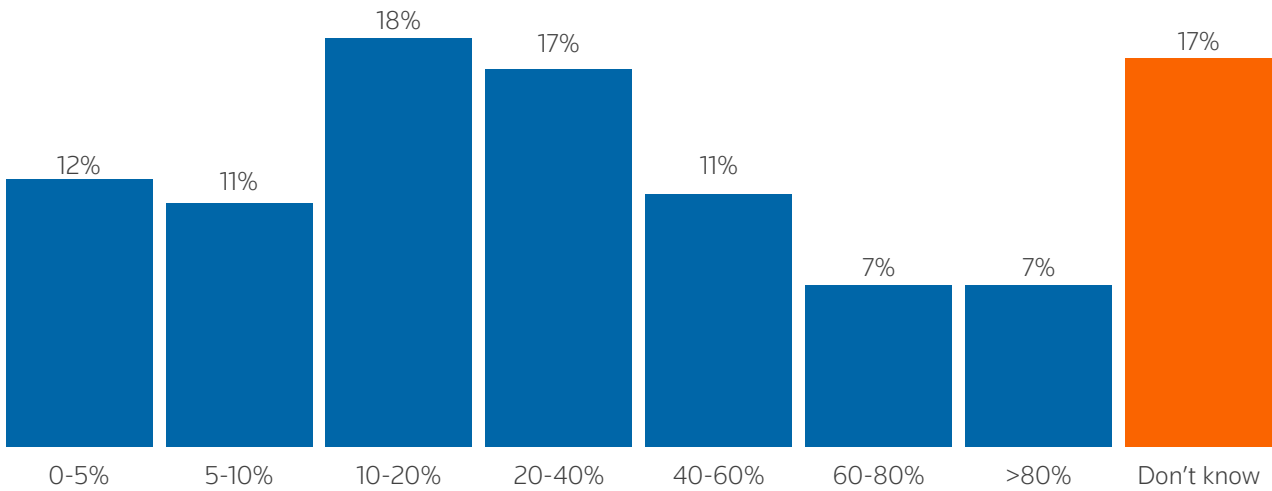
**SHARE OF NON-FOSSIL / CLEAN ENERGY REVENUES TO INCREASE IN THE NEXT 3 YEARS**

We asked the respondents to provide us an estimate of their organizations share of non-fossil clean energy revenues as compared to their overall revenues by selecting a range of percentage. 18% of the respondents estimate their organization’s clean energy revenue share to be in the range of 10-20% while another 17% estimate that share to be in the range of 20-40%. A vast majority of respondents which

fell in the range greater than 60% are renewable energy companies.

Around three fourths of the respondents (71%) expect the share of non-fossil clean energy revenues to increase in the next 3 years, 20% expect it to remain the same and 9% expect it to decrease. Of the respondents who expect the share of non-fossil clean revenues to increase, approximately one third (38%) expect the share to increase by 10-20%, and approximately 27% expect it to increase by 5-10%.

**SHARE OF NON-FOSSIL/CLEAN ENERGY REVENUES TO OVERALL REVENUES**

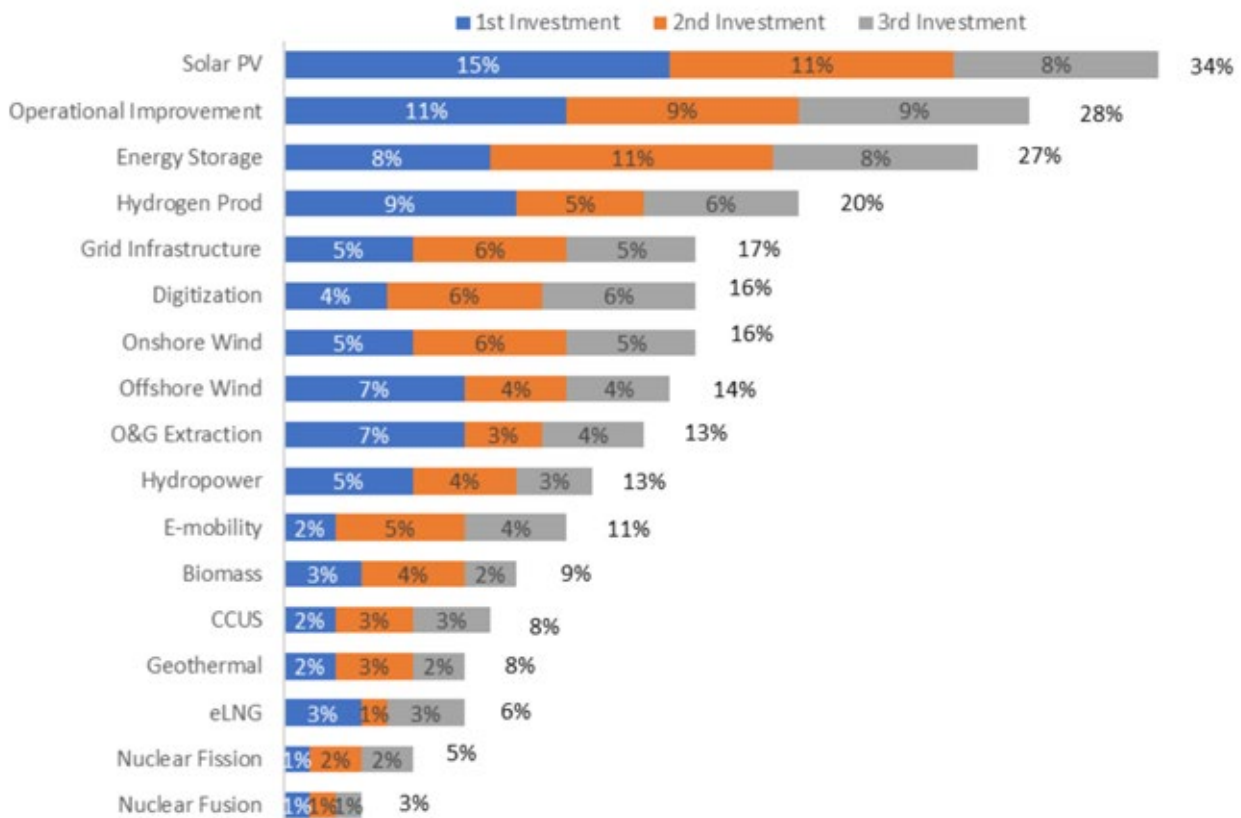


### SOLAR PV LEADS INVESTMENTS IN THE LAST 12 MONTHS

We asked the respondents to select top three areas of investment for their organization in the last 12 months. Solar PV led the investments with 15% of the respondents selecting it as the top investment category and 34%

selecting it as one of the top 3 investment categories. 30% of the respondents selected off-shore or on-shore wind sector as their top 3 investments in the last 12 months. Operational improvement (28%), energy storage (27%), and hydrogen production (20%) are among the other key investment categories.

### TOP AREAS OF INVESTMENT IN THE LAST 12 MONTHS



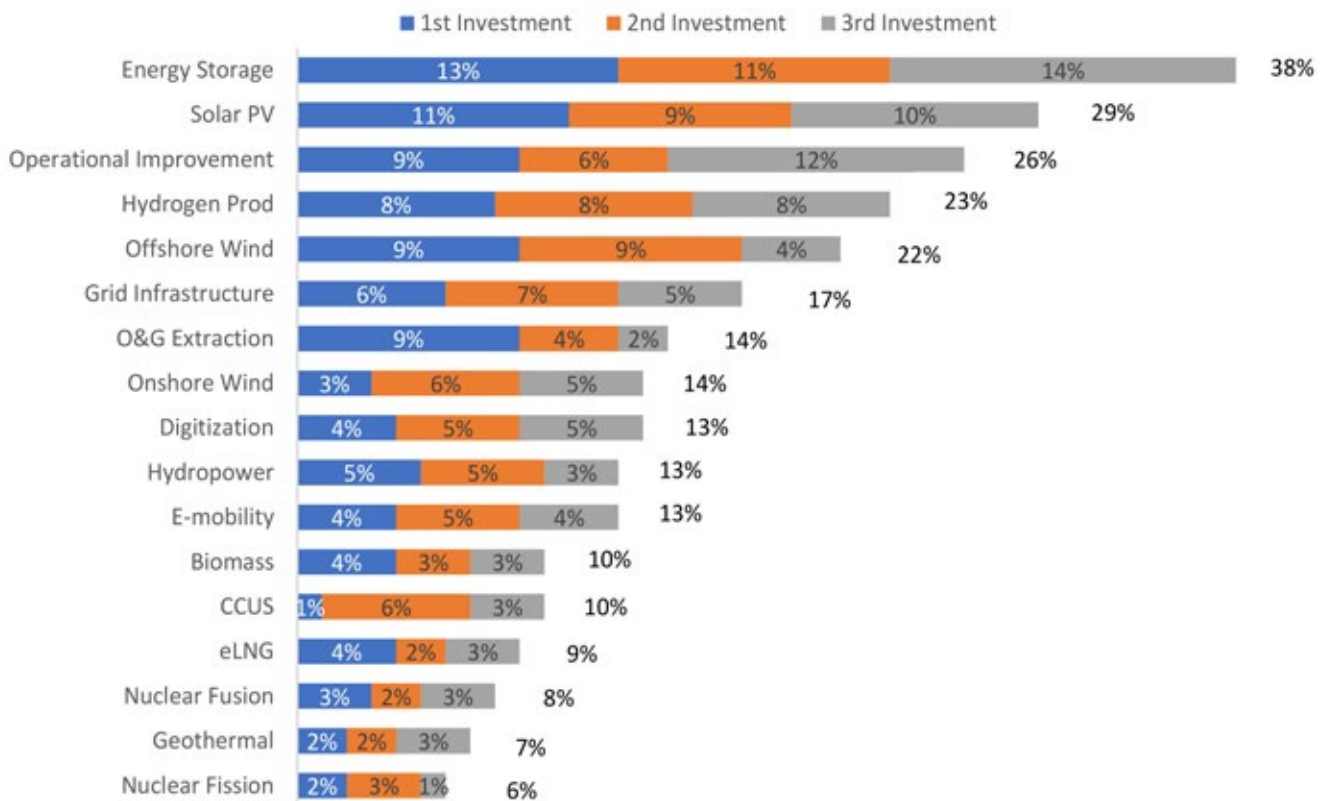


### ENERGY STORAGE TO BE THE LEADING INVESTMENT IN THE NEXT 3 YEARS

48% of the respondents expect a shift in their investments in the next 3 years. Of these respondents, over one third (38%) of the respondents view energy storage to be the leading

investment sector in the next 3 years. Solar PV continues to be a strong investment sector in the next 3 years as well, with 29% of respondents considering it among top 3 investment sectors. There is more investment focus on off-shore wind sector (22%) as compared to on-shore wind sector (14%) in the next 3 years.

### TOP THREE AREAS OF INVESTMENT IN THE NEXT 3 YEARS



# IN CONCLUSION

We hope you have found these early-release findings of interest. They highlight the following key messages for energy professionals:

While decarbonization and the energy transition is imperative to the long-term strategic direction of energy businesses, as highlighted by 69% of our respondents, less than half of our cases have begun to implement energy transition strategies. However, more than three quarters (76%) of respondents to our survey have developed an energy transition strategy.

Long-term business strategy was the leading reason for energy businesses responding to our survey to have developed an energy transition strategy, however growth potential and market competitiveness were also commonly cited, indicating the potential for a successful energy transition to yield business benefits going forward.

Investments in renewable energy was the leading energy transition priority selected by our respondents, with 29% of respondents highlighting it as their first priority. Meanwhile investments in alternative fuels such as hydrogen and biomass identified by 23% of respondents. Reducing carbon intensity of existing operations was identified by 33% of respondents as a priority for the energy transition.

With regards to investment destinations, solar PV has been identified as leading investments in the last 12 months. More than one-third of respondents (34%) selected solar PV as their leading destination of investment in the past year, 15% of which listed the technology as their leading investment.

But when looking at the forthcoming three years, energy storage leads the way as the investment destination of choice for the energy sector, with 38% of respondents selecting the technology within their top three areas of investment out to 2026. Solar PV is the second most popular investment (29%), with operational improvement third (26%).

Nearly three-quarters (71%) of our respondents indicated that they expect revenues derived from non-fossil fuel sources to increase over the next three years. Today, 41% of respondents indicated that clean energy sources contribute between 0 – 20% of their overall revenues, with just 14% indicating clean energy to contribute between 60 – 100% of overall revenues.

Nearly one-third of respondents (31%) stated that their businesses are implementing energy transition strategies differently depending on the regions in which they operate. The most common reason cited for not acting uniformly was regional differences in how strategies can be implemented, however bottlenecks relating to legislation and policy was a close second, indicating the significant role policy frameworks will play in the energy transition moving forward.

