



Key takeaways from CERAWeek 2024

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This year's CERAWeek – an annual energy conference heralded by some as “the Davos of Energy” – drew more than 8,000 delegates from 85 different countries and more than 1,400 speakers from across the energy supply chain earlier this month.

This year's theme, Multidimensional Energy Transition: Markets, Climate, Technology and Geopolitics, centered on the question of how to meet increasing demand for power amid the transition to clean energy, and how to take advantage of the opportunities and anticipate and navigate risk.

Speakers generally agreed the transition will not be linear, and that different geopolitical realities, national priorities and technologies are sometimes in conflict.

Sessions ranged from funding the transition to security of supply to decarbonization, and featured government leaders, regulators, C-suite executives and journalists.

Brunswick Group had six delegates on the ground this year: Stephen Power, Mark Palmer, Jordan Bickerton, Emily Buczynski, Donya Mansoubi and Erin Dempsey. Below are our team's key takeaways.

Key takeaways

Oil & gas firms headline Executive Conference ...

Traditional fuels companies continue to dominate the Executive Conference speaker lineup, though companies in the clean energy, clean tech and climate tech spaces had a strong presence in the Innovation Agora, which expanded the number of sessions by 25% from 2023.

As one delegate was heard saying on the sidelines of the event, “This is still an oil & gas conference.”

However, trending coverage from top-tier outlets emphasized that the energy transition cannot be seen in isolation from fossil fuel production.

... as growing demand suggests traditional fuels are here to stay (for now)

Leaders across the traditional fuels sector expressed a sense of optimism (and to some degree, a sense of bullishness) about oil & gas consumption as the world still needs, and will continue to need for quite some time, a mix of energy sources considering current global geopolitical and economic contexts and the slow pace of grid development and transmission deployment. Even speakers outside of the oil & gas supply chain alluded to the need for an “everything approach” – oil, gas, renewables, hydrogen, nuclear, storage, transmission – all of this will be needed to see the energy transition through.

Artificial intelligence and big data as tools for solving the climate crisis

Energy demand and AI dominated 56 out of the 624 sessions. Chairman of CERAWeek Daniel Yergin noted, “One of the biggest things ... is the whole new outlook on electricity demand, and AI data centers [have] been a big driver of it.” As the World Economic Forum has written, data centers



currently account for just over 1% of global electricity consumption, but that is expected to surge to 8% by 2030.

A key question for executives is how they will address increased demand from using AI and data centers while keeping their climate promises. AI was referenced in countless other sessions not just in terms of power demand, but also its enormous potential to help the energy sector deliver cheaper energy more efficiently while accelerating the energy transition. As Bill Gates noted during his remarks at Thursday's luncheon, "We shouldn't underestimate how incredibly difficult the energy transition challenge will be," alluding to the need for additional technologies to see it through.

IRA

There were several sub-discussions involving the Inflation Reduction Act (IRA):

1. **Demand-side support is lacking for emerging technologies such as hydrogen** – Several speakers noted that the supply-side incentives enshrined in the IRA will not be enough to guarantee success for some technologies, including hydrogen, as there is not enough demand-side support.
2. **Durability** – The November US presidential election was the elephant in the room in some instances, as companies are now facing questions about the possibility of the legislation being rolled back or changed in ways that could affect their investment decisions. Common talking points heard in response to such questions include that companies do not make "four-year decisions" and that many of the benefits are expected to remain intact as they are flowing to former President Donald Trump's base: Republican-leaning states and rural communities.
3. **What about the rest of the world?** – As the Treasury Department notes on its website, "Research suggests that the more effort the United States makes to combat climate change, the more other countries will follow." While the IRA is generally viewed as a critical piece of legislation, there is acknowledgment that the law in and of itself is not enough to tackle climate change, and that other nations need to enact similar legislation to continue forward momentum.
4. **Transferability** – One less well-known element of the IRA that companies expressed excitement about is what's called transferability, which allows entities to transfer their tax credits to a third-party buyer in exchange for cash. Those we spoke with generally see the transferability piece as opening the door to other players and participants for whom the direct tax credits would be less of a benefit.

Load growth

The digital and electrified economy is set to rapidly increase demand for power and strain the grid. After a decade of flat load, as growing demand was offset by energy efficiency and the shift away from heavy industry in many regions, new trends including data center expansion to handle generative AI will reverse that trend. Many CERAWEEK discussions focused on how to pull off an energy transition while modernizing the grid and dealing with load growth.



Talent acquisition & retention

While just eight of the 626 total scheduled sessions across the Executive Conference and the Agora were specifically dedicated to the [talent question](#), leaders of both traditional and clean energy companies said talent shortages are hindering projects and the transition itself. Effective and compelling [Employee Value Propositions](#) are poised to be a critical issue for likely both the near- and medium-term future.

Supply-chain transformation

Chemical manufacturers and commodity traders alike consistently pointed to a new frontier in customer demand: an appetite for standardized data on carbon intensity and lower-carbon alternatives. Many customers are willing to pay a premium to make that possible. The trend is driven by brand owners, retailers and regulation. The former want to make claims about life-cycle emissions in their products while meeting their net-zero targets, especially on scope 3 emissions. And those claims are increasingly subject to regulatory scrutiny, especially in Europe.

Transition finance

The transition requires a major shift from opex to capex. Many projects are “first of their kind” at commercial scale. Interest rates and the cost of capital are higher and public markets are tighter. Financing the energy transition and grid modernization requires a new capital stack, with a significant role for private markets. Asset managers and infrastructure investors were out in full force articulating their priorities in this space.

To continue the conversation



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