

Interview with Marco Dunand, Co-Founder and Chairman Mercuria Energy Trading



Marco Dunand

Mercuria Energy Group Ltd. is one of the world's top four biggest independent energy traders, active over a wide spectrum of global energy markets, including crude oil and refined petroleum products, natural gas, power, biodiesel and vegetable oils, as well as coal and carbon emissions, with a global annual turnover reaching \$47 bn US in 2008. Mercuria is a WEC Patron.

1) What keeps you awake at night?

Climate change is perhaps the gravest challenge our planet is facing today. Its impact is being felt more and more in our everyday life. While there is little doubt about the effect of human activity in changing the basic physical parameters of our planet, more recent scientific studies point to even more alarming outcomes. The problem is an urgent one.

Attempts to address such a grave danger in a concerted manner seem, however, to have hit a wall. Two years of intense negotiations leading to the Copenhagen summit this December remain deadlocked on issues that concern us not only as business leaders but as citizens alike. We have to not only think and act on ways to reduce future emissions, but also to ensure that the most vulnerable have adequate means to adapt.

2) How do you see the role of carbon in our energy future?

Part of the solution to climate change will come by addressing carbon emissions. The good news is that over the last few years, a consensus has emerged that there must be a price put on pollution. In our view, this must be reflected in a real value placed on a tonne of carbon emission, and it has to be made transparent.

The Kyoto Protocol and other instruments have already introduced a price for emitting carbon. The progress has been limited, however, in line with the modest reductions mandated by Kyoto, while top climate scientists are calling for 50-80% reductions by 2050. To achieve this target would require strict emission limits and the creation of a global carbon market driven by cap and trade in the developed countries, complemented by a new mechanism of a mass production of offsets in the developing world.

Any solution aimed at climate change has to be global and all-encompassing in its scope. The bad news is that the US has so far failed to participate in the global emissions reduction scheme. In order for the market to function, it is crucial that the US, the world's largest economy, is involved and becomes part of it. We hope that this will be achieved during the coming two years.

At Mercuria, we believe that the price of carbon will eventually dictate the price of all other energy commodities, thus playing a critical role in limiting emissions in the long term. While carbon pricing and market mechanism is our preferred solution, we are supportive of exploring other alternatives, such as carbon taxation. Any solution should avoid disrupting sustainable economic development or disadvantaging certain industries or countries.

3) What should WEC think about?

WEC should initiate an open dialogue involving its member community representing governments, academia, civil society and business and become the leading and representative voice on energy and climate change related issues globally. The business community in particular should do more to stress its readiness to help address climate change. I would encourage WEC to explore the issue in-depth and look at how carbon trading and carbon pricing may best be designed to be a suitable tool to provide a global solution.

WEC Debriefing



Argentina's Energy Secretary Daniel Cameron, WEC Programme Committee Chairman Jorge Ferioli, and WEC Secretary General Christoph Frei. Buenos Aires, November 2009.

Secretary General Christoph Frei visits LAC region

"I've counted, three minutes [under the shower], and I don't stink." Hugo Chavez' recent statement is the sarcastic opening remark to this month's energy small talk in Latin America. Clearly, his announcement of energy and water saving measures is not a reflection of a sudden concern about climate change but simply the result of a rapidly growing demand coinciding with under-investment, which has led to water shortage and several serious blackouts in the past year. This has been aggravated by a drop in water levels in hydroelectric reservoirs that provide most of the energy.

The world news is full of perplexing Chavez anecdotes. In contrast, WEC has a blind spot in the "Chavez group" of countries (mainly Venezuela, Ecuador, Bolivia), all of which regrettably have withdrawn from their involvement in international institutions including WEC. However, the Bolivarian revolution defines only a small part of the region and the other Latin America deserves at least as much attention.

Colombia's President, Álvaro Uribe, has 70% support after the second term – even after changing the constitution to allow a president to run for a third term. [Read more...](#)

Congress Update

WEC Montreal 2010 has unveiled a preliminary list of confirmed Congress speakers. A full list is available at: www.wecmontreal2010.ca, but a selected list includes:

Fatih Birol, IEA
 Aris Candris, Westinghouse Electric
 Jacynthe Côté, Rio Tinto Alcan
 Rick George, Suncor Energy
 Jean-Jacques Guilbaud, Total
 Angel Gurría, OECD
 Joseph M. Hogan, ABB
 Zhou Jiping, China National Petroleum Corporation
 Younghoon David Kim, Daesung Group
 Patrick Kron, Alstom
 Anne Lauvergeon, Areva
 Peter Löscher, Siemens
 Jacob Maroga, Eskom
 Michael G. Morris, American Electric Power
 Sergei G. Novikov, Federal Tariff Service, Russian Federation
 Jamal Saghir, World Bank
 Paolo Scaroni, ENI
 Johannes Teysen, E.ON
 Thierry Vandal, Hydro-Québec
 Daniel Yergin, IHS-CERA
 Gregory Yurek, American Superconductor Corporation

WEC Agenda

We invite our members to attend the following events:

January 31 – February 2, 2010; New Delhi, India

Indian Energy Congress: 'Energy Challenges for a Sustainable Future'

Annual Indian Member Committee event

Contact: info@indiaworldenergy.org

February 22 – 24, 2010; Wellington, New Zealand

WEC Asia & Asia Pacific Regional Meeting

Hosted by the Energy Federation of New Zealand

Contact: energy.fed@crl.co.nz

February 23, 2010; Johannesburg, South Africa

WEC Africa Regional Meeting

Contact: fall@worldenergy.org / hague@worldenergy.org

February 24 – 26, 2010; Johannesburg, South Africa

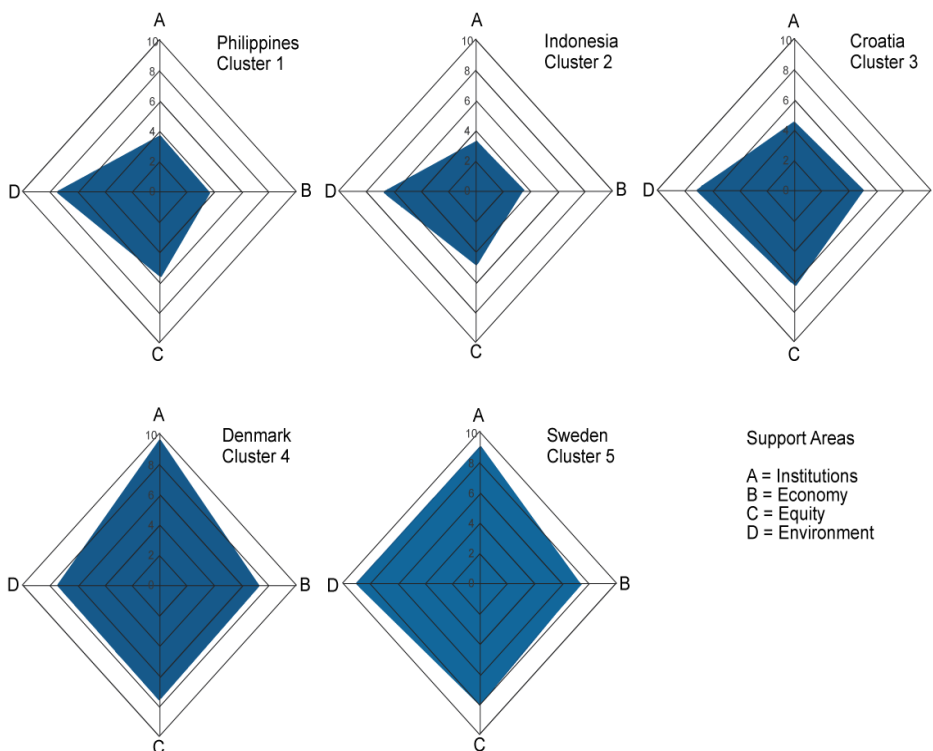
ENERGY INDABA 2010 Conference & Exhibition: 'A time for Innovation, Solutions and Alternatives'

30% discount on registration fee for all WEC members

Contact: info@siyenza.za.com

For further events, please check the Events page on the WEC website...

Inside Insight



The 2009 World Energy and Climate Policy Assessment, to be presented at two major events during COP-15 at the beginning of December in Copenhagen, concluded that a more effective global energy policy is achievable but requires strong institutions and visionary leadership cognisant of public needs; the best policy designs and cost-effective operations in efficient markets; close cooperation between government and industry, as well as collaboration across countries in technology and policy development.

The diagrams in the figure emphasize this conclusion using five countries which are at or near the top of each cluster in terms of their achievements in the four support areas. All five countries perform well in the environment (climate change and other environmental indicators) support area. However, the three lower income countries from clusters 1, 2, and 3 perform less well in implementing effective policies in the support areas of institutions and economy (regulations, markets, innovation, and energy security). These three also do less well in terms of achieving energy equity.

World Energy Council

Christoph Frei, Secretary General
 Regency House, 1-4 Warwick Street, London, W1B 5LT, UK
 Tel: (+44)2077345996, Fax: (+44)2077345926, Skype: christoph-frei
 Copyright 2009. World Energy Council. All rights reserved