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Developing Energy Projects in a Complex Market

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BALANCING UNCERTAINTY WITH STRATEGIC RISK MANAGEMENT

Over the last two decades of energy policy and regulation in the United States, varying degrees of emphasis have been placed on carbon intensity, resilience and reliability, and economic growth. With the ever-changing energy landscape, it's a good time for developers to validate and/or retool planned investments to balance short- and long-term challenges and opportunities. To thrive and sustain, companies are considering dual-pronged strategies: developing projects that meet energy demand today with deliberate approaches that assure long-term, sustainable strategic risk management.

The increasing demand for power in the next 10 to 20 years will necessitate both fossil and non-fossil energy sources in what will likely evolve as an "all of the above" energy strategy for the United States. We appear to be entering a phase of pragmatism in energy development where the immediate focus will be based on the near-term need for power, while the sustained focus will be on integrating lower carbon technologies for more durable investments.

REGULATORY STRATEGY: THE IMPORTANCE OF A FORWARD-THINKING APPROACH

Whether you are building a fossil, non-fossil, or combined fossil/non-fossil energy project, regulatory compliance is a cornerstone of project development.

There is compelling evidence that regulatory burdens

and timeframes will be relaxed at the federal level in the next several years. This is a welcome sign for most project developers because speed to market is an important variable for investment. In response, however, state-level regulations may become stricter.

A basic compliance strategy may leave projects exposed to future policy shifts and tightening regulatory requirements. By coupling regulatory compliance with long-term risk management strategies, developers can more readily adapt to future scenarios as the landscape continually evolves. Incorporating a holistic and forward-thinking approach to emission controls, water and wastewater management, and other key regulatory drivers will help manage risk and keep development on schedule.

To stay on the pathway to success, companies should plan to meet or exceed current regulatory requirements while designing future-proof, adaptive strategies that ensure long-term operational longevity.

THE SOCIAL DIMENSION OF ENERGY PROJECTS: A KEY VARIABLE IN SHORT- AND LONG-TERM SUCCESS

Stakeholder scrutiny and expectations for energy projects have undergone consistent change over the last decade, causing ongoing uncertainty for businesses trying to advance and complete projects.

Stakeholder engagement matters in energy projects, regardless of the policy and regulatory climate. An early and strong stakeholder engagement plan can serve as a cornerstone for both construction and operational success. Early outreach to and long-term engagement with potentially impacted communities can inform improvements to project design, construction, and operations, increase public support and acceptance, and support overall risk management.

WHAT DOES THE FUTURE HOLD FOR ENERGY PROJECTS?

The next several decades will be likely marked by a continuing energy evolution that taps both natural resources and emerging low carbon technologies, as the United States seeks to meet demand requirements and curtail emissions. We anticipate a dynamic interplay between federal and state regulations and active stakeholder engagement in energy projects.

About the Author

Denise Brinley is vice president of TRC's energy practice where she leads company-wide efforts on strategic decarbonization and emerging climate technologies. She has 29 years of progressive energy and environmental-related technical, policy, regulatory, and legislative experience, and has served in a variety of executive management-level positions in the public and private sectors.

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