

We now use 5 barrels for every 1 found.

IS THE WORLD'S OIL RUNNING OUT?

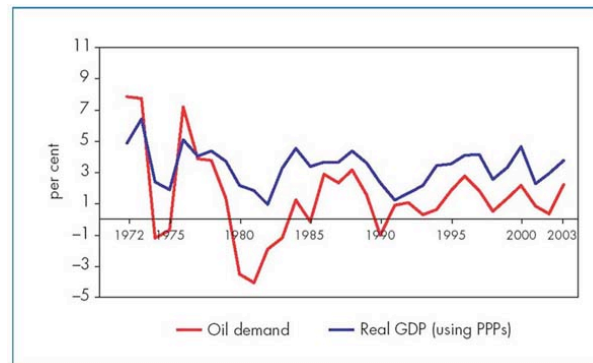
Is the world's oil running out? The short answer is "Yes" – and, because the Earth's resources are finite, it started doing so on the day the first oil well went into production. What this inevitably means is that, while oil supplies may never dry up entirely, at some stage in the future the amount of energy that the world will get from them will reach a peak and then begin to decline.

As Dr. Fatih Birol, the chief economist of the International Energy Agency (IEA) told a conference on Ireland's energy security at Dublin Castle in February 2005, "Oil is like a fickle lover – you know you are going to have to live without her at some time"

Views differ on when the peak in oil production will be reached. The IEA believes that oil output can go on increasing for the next 25 years – but only if enough capital is invested in finding and producing it. Others, like Chris Skrebowski, the editor of the *Petroleum Review*, thinks that the peak will occur in the next two years. "There are not enough large-scale projects in the development pipeline right now to offset declining production in mature oil

fields and to meet global demand growth beyond 2007" he says.

There is, however, universal agreement that whenever it happens, the oil production peak (oil peak) will have far-reaching effects on the way we live our lives. Energy use is fundamental to everything we do and the present level of global output is only possible because fossil fuels are available to power our production and distribution systems. As a result, unless major replacement sources of energy are developed in time, a declining supply of oil will mean that economic growth becomes impossible. Indeed, the world economy is likely to shrink.



This IEA Graph shows that growth in World Output (Real GDP) has moved in step with change in oil use. So what happens if less oil is available?

HOW HIGH WILL OIL PRICES GO?

There are, of course, an infinite number of possible ways in which the present tightness in the oil market might work itself out, so we have created four plausible scenarios that, taken together, define the area in which the world's energy future will lie – subject, to no major events like wars or rapid climate change. We are now making these available to other organisations to use to test their development plans or to create more adaptable ones.

PLANNING FOR UNCERTAINTY

Scenario Planning is a method for exploring the future that creates several plausible but challenging alternative futures rather than a single prediction.

Why do this?

- ▶ A prediction is never right – the unexpected always happens and the assumptions, conscious and unconscious, that apply today may not apply tomorrow.
- ▶ People either agree or disagree with a single prediction so it is difficult to gain consensus. Because scenario planning is not trying to predict the future, but only find plausible futures, consensus becomes possible.
- ▶ Good scenarios challenge people's thinking and stimulate discussion, helping organisations to create a common language to talk about the future.

The scenarios we have developed to illustrate the impact on Ireland of changing energy prices are:

Business As Usual	Enlightened Transition
Localisation	Fair Shares

In both Business as Usual, and Enlightened Transition, we assume that oil peak does not occur for 25 years, but in one case we have a proactive government preparing for peak and in the other the market decides. In the other two scenarios, we assume that the oil peak takes place next year. In Localisation, the world's central banks and governments handle it really badly. In Fair Shares, they bring in rationing and handle it well.

LEARNING ABOUT ENERGY FUTURES

Whatever happens, if you and your staff can correctly interpret what is going on, your organisation is far more likely to be able to respond appropriately than if you are all in the dark. Our typical seminar explores possible energy futures and the best responses to them.

Session 1

Overview of Peak Oil

The problems begin not when oil runs out but when the supply ceases to increase every year. When will that happen? Can the world come up with adequate alternative energy sources in time? Or will economic growth grind to a halt?

Overview of Scenario Planning

Scenario Planning was developed by the Global Business Environment unit of Shell International. It helped the company to prepare for the oil shocks in 1973 and 1979. Can we use it to prepare our organisations for Peak Oil?

Session 2

The Scenarios

Overview of the energy scenarios for Ireland.

Implications of Scenarios

Get a clear understanding of the scenarios by writing articles for a newspaper in 2015.

Session 3

Long Term Planning

Using the scenarios to review your plans. Are they adaptable? What government policies would help/hinder your organisation's ability to realise them?

Short Term Planning

What distinguishes each scenario?. Which scenario are we in? What can we do today?

"Scenario planning can help us understand the uncertainties that lie before us, and what they might mean. It helps us "rehearse" our responses to those possible futures. And it helps us spot them as they begin to unfold." (Wilkinson, Scenarios: Special Wired Edition, January 1996).

Seminar Speakers

Richard Douthwaite, writer and economist, is a co-founder of Feasta. He is the author of several books including *The Growth Illusion* and *The Ecology of Money*. He recently edited *Before the Wells Run Dry - Ireland's Transition to Renewable Energy*.



Phoebe Bright has 20 years of wide ranging experience as a business consultant, solving problems for companies such as The London Stock Exchange and Chase Manhattan Bank and starting a flying school. She has a particular interest in the environmental challenges facing business today, including Peak Oil.

To find out more, visit our website:

www.energyscenariosireland.com

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Ireland's Future and the Impact of Increasing Energy Prices

- ▶ Will oil prices continue to rise or is this just a spike?
- ▶ Are we running out of oil?
- ▶ When will the supply of oil peak?
- ▶ What will happen then?
- ▶ How can we plan when the future is so uncertain?

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