

Normative Energy Ethics

Lecture Series



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Compensating the losers of energy systems transformations? Stranded assets and legitimate expectations

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The transition to a renewable energy system will require us to leave a majority of carbon fuel (oil, gas, coal) reserves in the ground. These will become stranded assets and they spell problems for carbon fuel extractors (companies and states), their shareholders, entities further down the supply chain, associated industries, employees, and citizens in countries involved in carbon fuel extraction. This issue continues to receive attention, with divestment campaigns pushing some investors to lower their exposure to carbon assets.

The risk of stranded assets is an often-overlooked burden of the energy transition. It may receive little attention because it supposedly mainly falls on international carbon fuel companies, developed western countries, and the elites in resource-rich countries. Compassion for these groups might be limited. However, there are three good reasons to explore the issue further. First, stranding assets has non-obvious, secondary effects on carbon fuel

producers' stakeholders, including already disadvantaged people in developed and developing countries. Second, these burdens may be especially harmful since they frustrate people's life plans and long-term projects. Third, whether someone is owed compensation or redress in a legal transition usually does not depend on whether they are well off or not.

I explore how stranded assets constitute a normatively significant burden. More specifically, I argue that the burden consists of the frustration of legitimate expectations regarding a stable legal and regulatory environment in which to develop and execute long-term projects and life plans. These expectations may deserve protection even when they go against what an ideally just solution would require. However, the scope of this argument is limited: I will show that individuals, but not companies can have legitimate expectations.



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