ABSTRACT
The briefing is adapted from a number of chapters in my new book – Energy Investments: An adaptive approach to profiting from uncertainties. The twin remedies adopted to encourage wide-scale renewables deployment are carbon taxation and subsidies. While carbon taxation is proving more successful, both measures experience mixed records of achieving policy objectives. Carbon tax is what the doctors prescribed to cure our fossil fuels’ addiction. This works, in theory, when supplies shift to favour cleaner, affordable, and secure sources of energy. Given the choice and incentives, managers would opt to adopt non-polluting supplies to avoid the penalty. However, under archipelagic systems such as the Philippines, carbon tax’ effectiveness is stymied by poor infrastructure that vastly limit fuel mix choices to coal or diesel. Hence, carbon tax inflicts penalties without making an impact on fuel substitution. On the other hand, generous subsidies fail as they create three paradoxes: Green paradox where generous subsidies failed to result in wide scale deployment; Costs declines slow with growth in subsidies; and solar installations “frenzied” growth hardly translated into sustained profitability for investing firms. In assessing these dilemmas, the book proposes decision-making frameworks that explicitly evaluate renewables’ contribution to portfolio values under dynamic energy markets.

ABOUT THE AUTHOR
Dr. Ricardo G Barcelona obtained his PhD in Management from King’s College London, United Kingdom, and is professorial lecturer at the School of Economics, University of the Philippines for part of the year. He lectures at leading business schools, and advises European and Asian corporates on energy, cross border investments, and infrastructures. Previously, he served in senior leadership roles at Royal Dutch Shell in London, United Kingdom, and Den Haag, The Netherlands. In investment banking, he was top rated equity analyst and corporate adviser while at SBC Warburg and ABN AMRO/Rothschild.