

# The challenges of public energy entities in the new energy era in the South East Europe

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"9th South East Europe Energy  
Dialogue" International Conference,  
Thessaloniki, June 29-30, 2016

# The special theme of conference

## Quest for a New Energy Balance

It should be within the scope of  
energy strategy and policy of  
each country

# The scope of energy strategy and policy

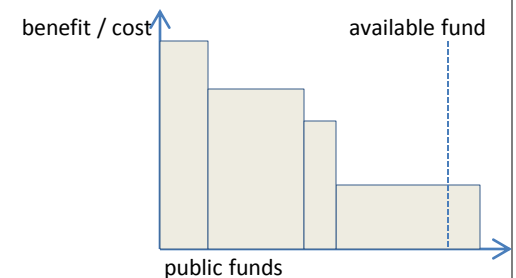
- Availability of adequate quantities of energy
- In a rational way \*
- In affordable prices for the citizens, enterprises and the various regions
- In harmony with other systems\*\* that interact with the energy system

\* (a) secure, safe, hygiene for people and installations, (b) environmentally sustainable, (c) reliable, efficient, flexible and transparent

\*\* (a) of the country, (b) of neighboring countries, (c) the European Union (d) of the rest of the world (such as the energy systems especially in b,c,d cases, the funding and financial systems, the economic, technological, social systems, the political and legal systems, the security and defense systems, the public health and environmental systems, etc.)

# Prioritization of energy projects, programmes, policies and strategies with public support

- Initial categorization into legally obligatory and legally non obligatory
- Preliminary prioritization order: (a) energy conservation and demand management (b) RES and their distributed production (c) cleaner conventional fuels and infrastructure improvements
- Basic selection and prioritization criterion among **alternatives**: maximization of long term net benefits for the country
- Due to scarce availability of public funds, their best allocation should be based on the higher value of ratio of benefits to costs for the country up to their full utilization



# The quest for excellence

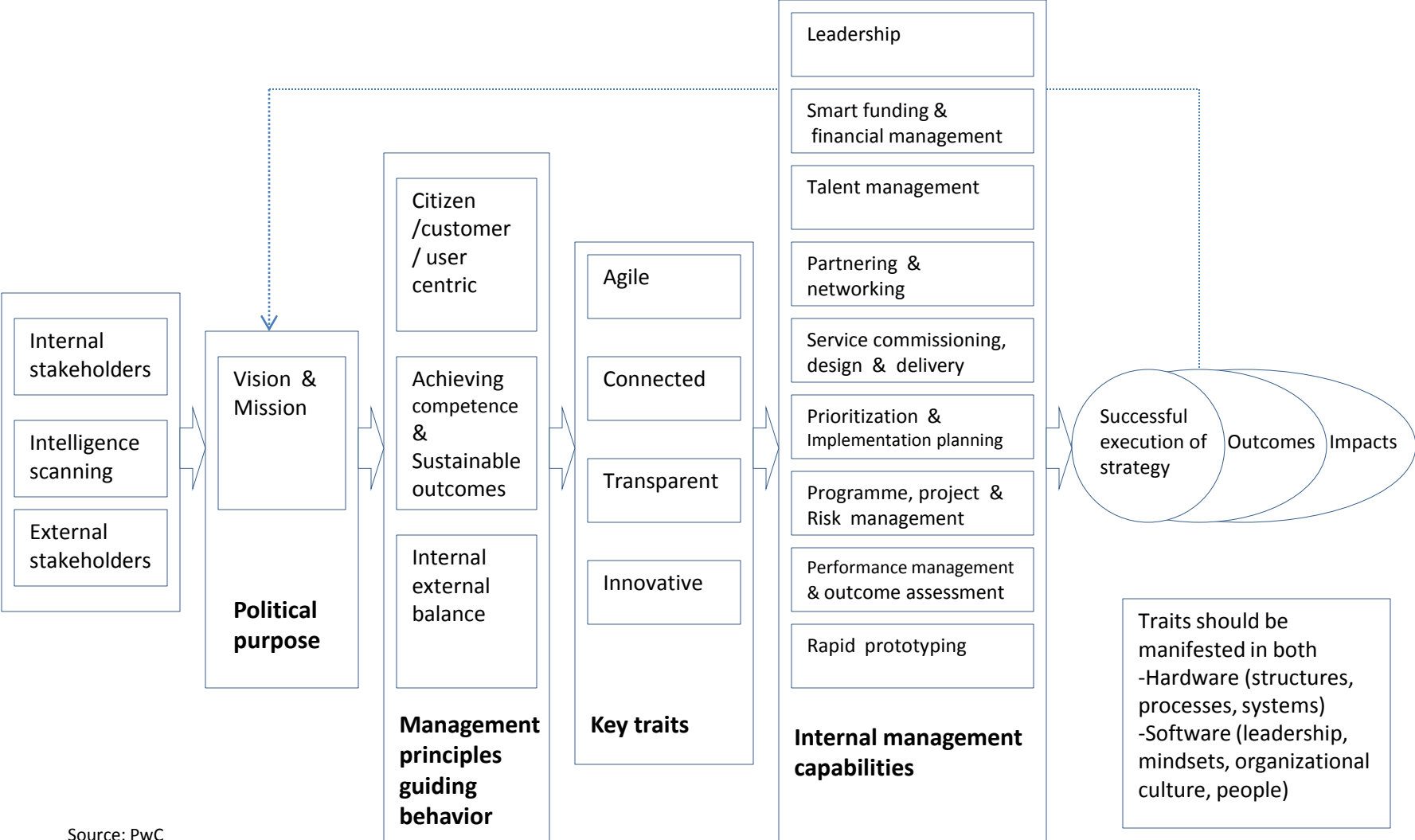
## The definition of excellence

- To be better than the peers\*
- To improve yourself continuously by achieving goals set internally
- To acquire the ability and capacity to cooperate with the others for mutual benefit

\* The current dominant agenda rests on two main axes:

- (a) increased competition—achieved through deregulation and the opening up of domestic markets to foreign competition.
- (b) a smaller role for the state, achieved through privatization and limits on the ability of governments to run fiscal deficits and accumulate debt.

# The public body of the future



Source: PwC

# Political purpose / Vision and Mission

- clear, well-formulated, well-articulated
- involvement of stakeholders
- continually reflecting current & future realities
- guiding behavior & decision making

# Management principles guiding behavior of public entities

- Citizen / customer / user centric

Always keep them at the very centre, meeting their needs effectively, affordably and on a timely basis, serve them not just manage them, treating them as partners , collaborators and co-producers of valued outcomes

- Achieving competence & Sustainable outcomes

Strategically, in a effective and efficient way, in addition to **building financial assets**, develop other capitals ensuring long term prosperity, like social, environmental, intellectual, cultural, infrastructural, etc.

- Internal external balance

between

an internal focus on organizational efficiency and effectiveness &

an external focus on helping and co-creating value with stakeholders in society

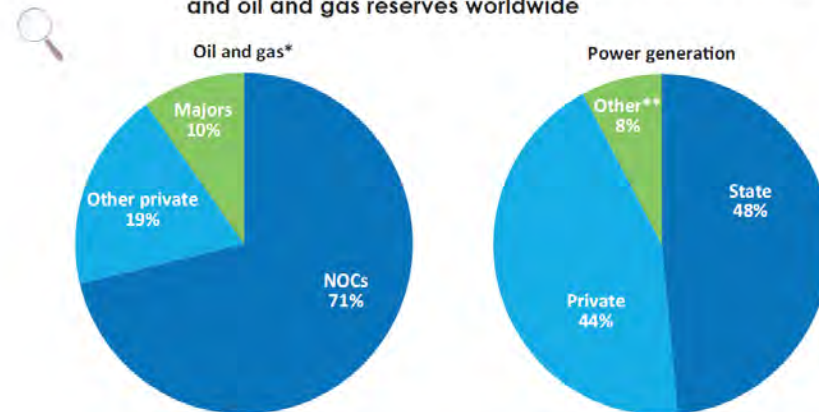


# Citizen / customer / user centric

## Energy Union / a new deal for consumers

- Transformation of passive consumers to active consumers / freedom of choosing supplier all over Europe
- Enforcement of European rules / understandable, readily accessible information, user friendly tools
- Deployment of smart meters, smart grids, smart appliances **allowing consumers and auto-producers to take control of energy self production and consumption and, therefore, energy conservation**

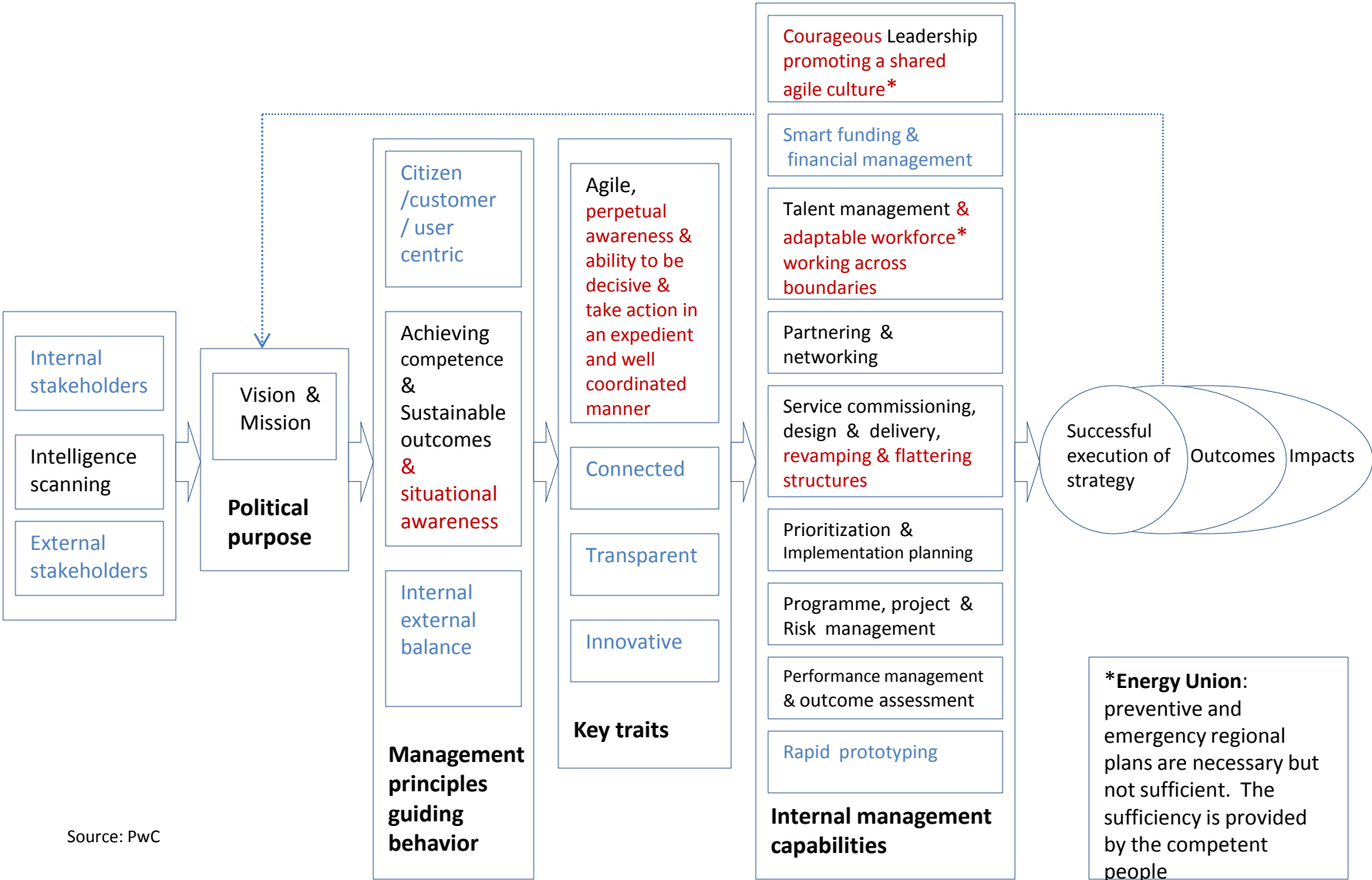
Ownership of existing power plants (all fuels and technologies) and oil and gas reserves worldwide



\* Oil and gas reserves are proven-plus-probable reserves (2P); the seven Majors are BP, Chevron, ExxonMobil, Shell, Total, ConocoPhillips and Eni. \*\* Other includes auto-producers, e.g. an industrial plant owning its own generating capacity, as well as assets owned by households and communities.

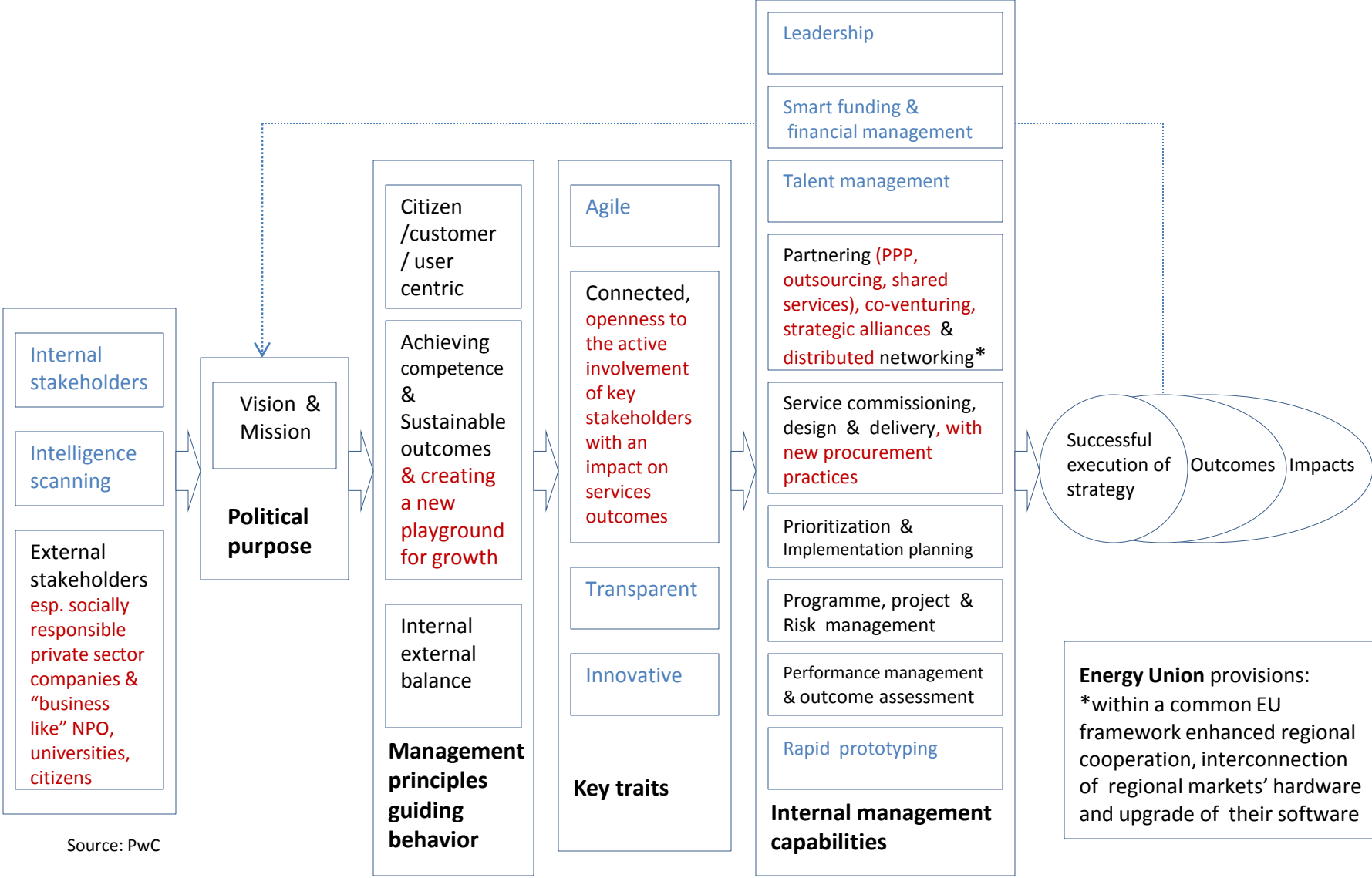
IEA, 2014

# The public body of the future



Source: PwC

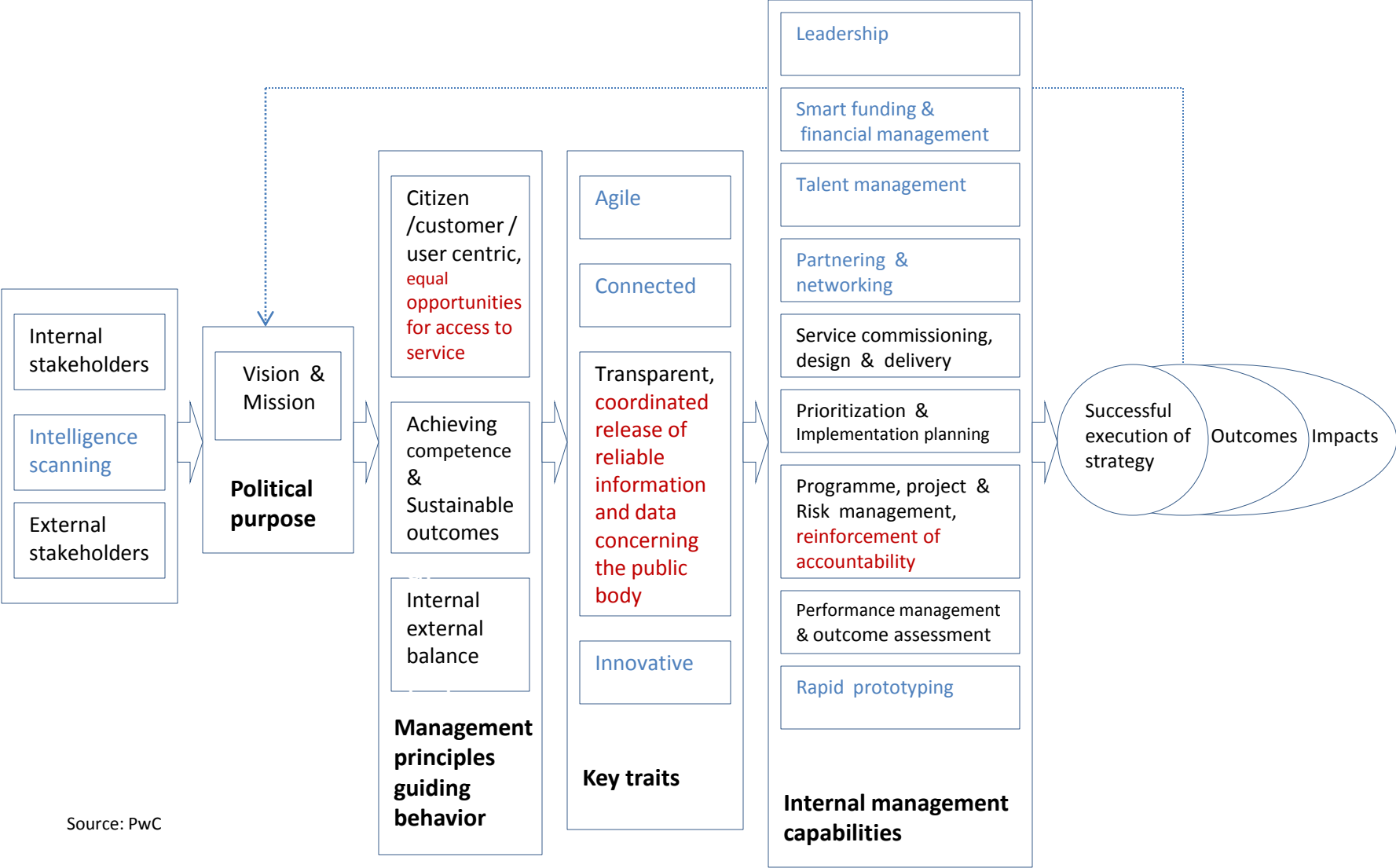
# The public body of the future



Source: PwC

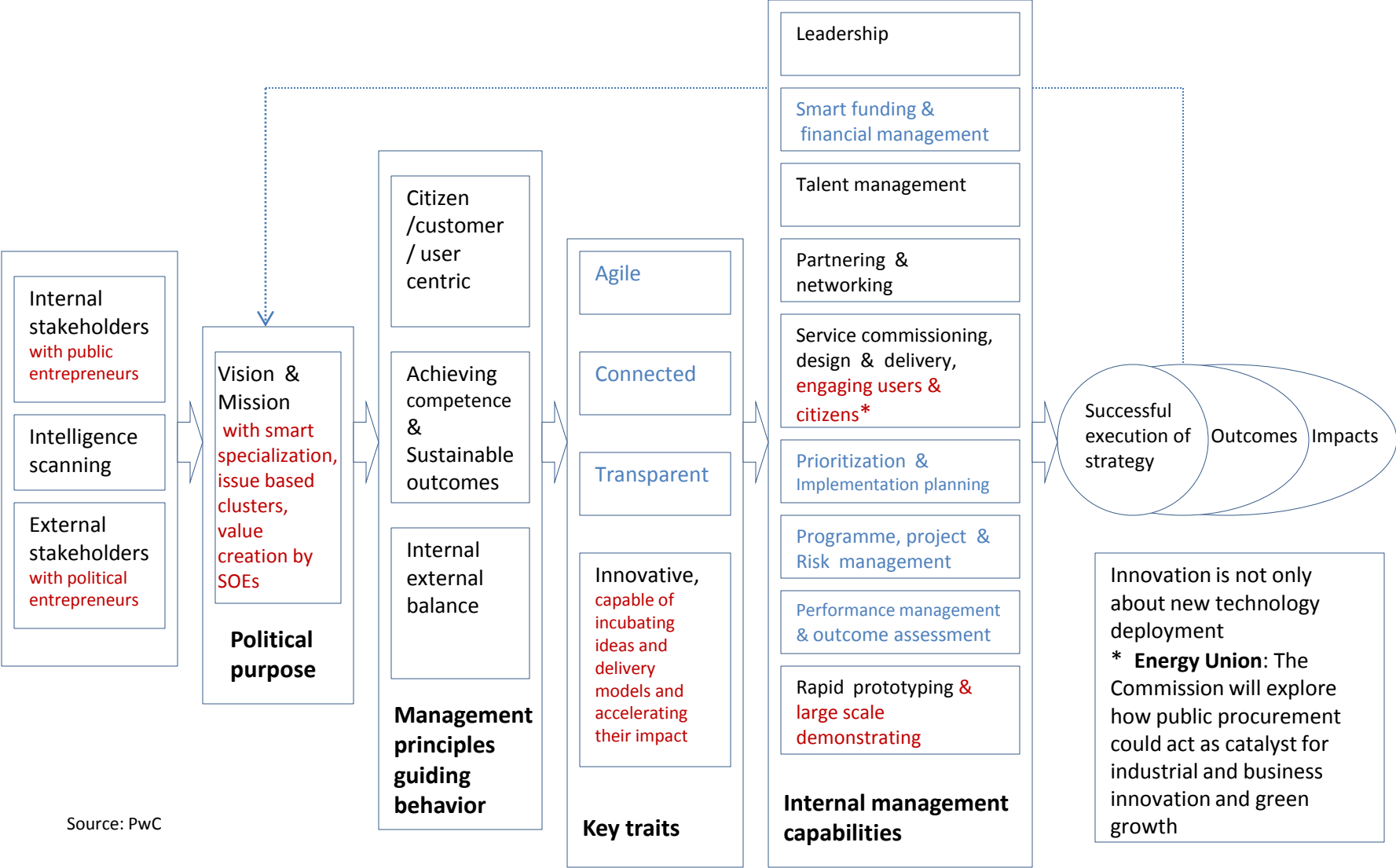
**Energy Union** provisions:  
 \*within a common EU framework enhanced regional cooperation, interconnection of regional markets' hardware and upgrade of their software

# The public body of the future



Source: PwC

# The public body of the future



Source: PwC

Innovation is not only about new technology deployment  
 \* **Energy Union:** The Commission will explore how public procurement could act as catalyst for industrial and business innovation and green growth

# Service provider against service facilitator / broker\*

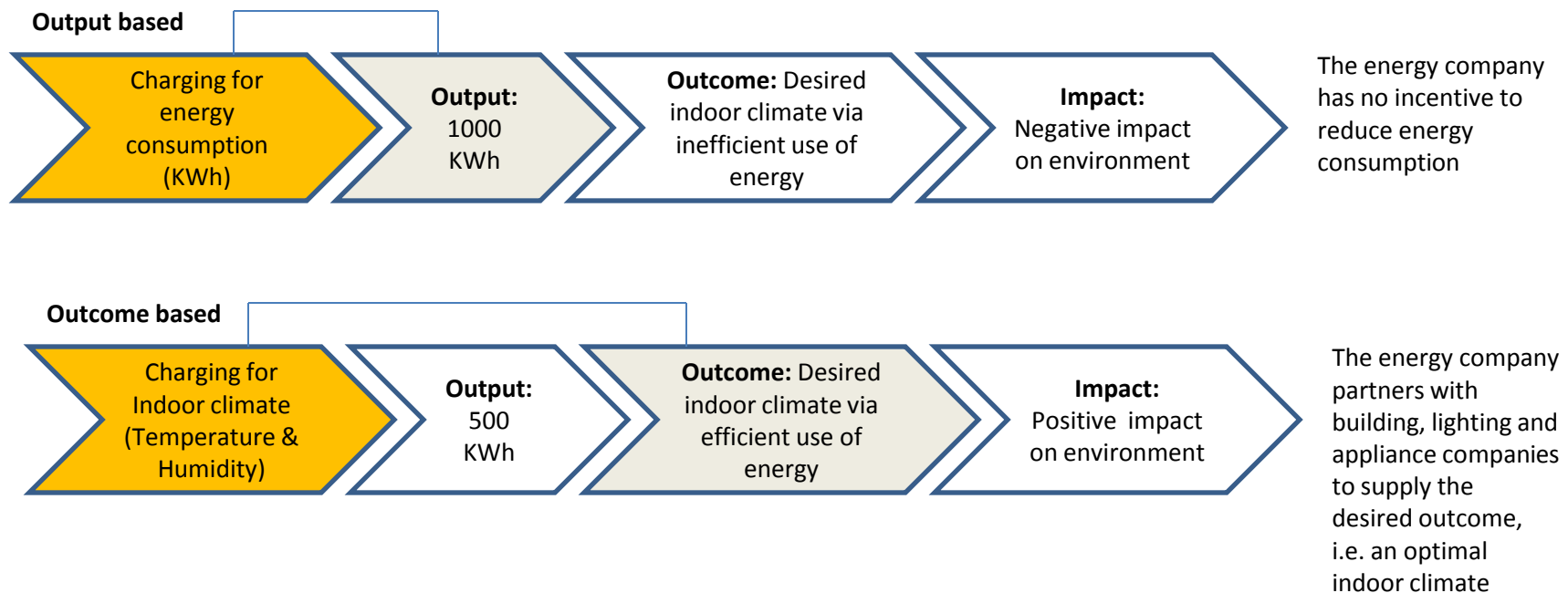
The ideal size and structure for each individual organization to deliver effectively its mission and therefore the needed internal capabilities depend on management decision to

- make the service (provision in-house)
- buy the service ( outsource, shift from service provider to service facilitator, determine the type of partnerships)
- stop the service (cease provision)

\* **Energy Union:** The promotion of innovation brings together research, industry, the financing sector and public authorities. The latter can play the role of facilitator / broker

# The shift of importance from output to outcome and impact

## Output-based versus outcome-based operating models



Need for measuring outcomes and impacts

# Funding & financial management in public entities

- Need for **new** funding mechanisms and partnerships with private and NFP stakeholders, while wisely allocating limited resources to targeted areas resulting to maximum impact
- **Energy Union**: especially the need for new funding mechanisms highlighted in section on energy conservation in buildings. However, there is also a strong need to incorporate utilities in such a policy in order to be effective
- Need for new generation of finance professionals with well-developed business understanding, engagement skills, sharp technical and analytical insights. We do not need only good accountants
- Explore short secondments both to and from other organizations in either the public or private sectors



# Attracting and retaining talent in public entities

- Factors making an organization an attractive employer:
  - Opportunities for career progression
  - Competitive wages and other incentives
  - Flexible working arrangements
  - Reward effectiveness and achievement of clearly stated targets
- Explore ways of collaboration with the private sector to jointly develop talent and even exchange staff, giving the opportunity to careers for meaningful assignments in both sectors

# Looking for the ideal management in public entities, two key dimensions

- **Business control**

Ensures that the entity adds value to its customers, citizens, stakeholders

- **Leadership**

Ensures that the those who work for the entity are effective, happy and they can develop their personal and technical skills

Effective business control can exist outside of leadership  
but  
Effective leadership cannot exist without business control

# Thank you for your attention

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