

## BUSINESS PERSPECTIVES ON ENERGY SECURITY

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Energy is the basis of both national and global economic development in the 21<sup>st</sup> century. Its centrality to human existence explains the importance of ensuring secure and sustainable exploration, development and use of energy resources. Approaches to energy security vary depending on the perspective. It is often considered that governments have the ultimate responsibility for energy security which is in line with the original rationales behind the establishment of nation states [1]. The majority of the existing literature approaches energy security from a state's perspective ([2], [3], [4], [5]). Energy security strategies of different countries, even those within the EU, vary. For example, in Denmark the state holds full responsibility for its national energy security whereas in the UK this responsibility is dispersed among a range of actors and national and international firms [6]. Decision-making process in modern democracies is increasingly decentralised. Therefore, energy security cannot be governed solely on the national level simply because of its complex multidimensional nature and a large number of actors involved.

Each process and flow in the energy system is implemented by industry actors, i.e. public utilities, state and private companies. However, very little research has been done to analyse the role companies play in the provision of energy security. Winzer [7] argues that the energy security concept is seriously limited depending on whether it is analysed from a perspective of a private utility, end consumer or public servant. The ultimate goal of any company, even if it is state-owned, is to generate profit for its shareholders, abide by the existing policies and maintain a good reputation. This inevitably reduces the number of energy security risks that companies focus on to those that could directly affect them. Externalities and long-term effects are, therefore, of less importance, unless they have a sufficient impact on the company's revenues, reputation or liabilities [7].

Does this mean that energy companies' interests contradict states' energy security priorities? Stoddard [8] analysed the degree of convergence between energy security risk perceptions of EU actors and energy companies. He pointed to the fact that while the European Commission and energy companies often highlight energy risks in the same overall area, they often focus on different specific but interrelated threats. For example, both the Commission and energy companies, albeit with a different motivation, are concerned with the risks energy systems pose on the environment. However, unlike the Commission that is primarily concerned with the environmental sustainability of the member states, energy companies refer to the related litigation and reputational risks [8].

There are also some significant areas where the Commission's energy security priorities contradict energy companies' perceptions of risk. For example, while the Commission perceives climate change as a threat to EU energy security, European energy companies are more concerned with risks the EU climate change legislation poses to their businesses [8]. Moreover, the EU attempts to increase competition in the domestic markets are at odds with companies' aspirations to dominate them. Likewise, companies' interest in higher energy prices contradicts the EU's goals to provide affordable energy.

Sometimes a company may perceive a state as a source of threat to its business operations [8], e.g. in cases when a state may restrict the company's access to the area of operations (like in the Russian Arctic) or when a state introduces policies that disrupt the company's operations (such as the sanction regime imposed by the USA against Russian companies in 2014, which prevents ExxonMobil from continuing its joint exploration campaign with Rosneft in the Russian Arctic). In such cases, companies securitise against states, not against actual risks.

National energy securities strategies do not always converge with energy companies' perception of risks. There are significant differences in perceptions of energy security risks among the industry players themselves, in particular between national oil companies (NOCs) and private oil companies. National oil companies and private oil companies have different sources of business motivation and different degrees of accountability. Although both types of companies are seeking to gain profit from their operations, NOCs are less prone to make decisions based solely on the profit-margin indicators. This is because unlike IOCs that are beholden to shareholders, NOCs such as the Russian companies Rosneft and Gazprom can rely upon government funding if the project they are developing is of strategic, political or economic important to the state [9].

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