

Discussion in the UK and the US on the “IEEJ Outlook 2026”

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From November 12 to 14, I visited London and Washington, D.C., where I had the privilege of delivering presentations on the IEEJ Outlook 2026 (hereafter referred to as “the Outlook”) together with Dr. Yoshikazu Kobayashi, Senior Research Director at our institute. These presentations were held on November 13 at the JETRO London office and on November 14 at the Center for Strategic and International Studies (CSIS). On behalf of our institute, I would like to express my sincere gratitude to JETRO London and CSIS for hosting the event and providing these invaluable opportunities.

Both sessions attracted numerous participants and generated a lively exchange of questions and comments related to the Outlook, making them highly productive forums for discussion. In addition, during our stay in the UK and the US, we engaged in broader dialogues with experts on the Outlook and other international energy issues at various meetings. In this paper, I would like to focus on the key points that left a strong impression on me during these exchanges, rather than revisiting the content of the Outlook itself.

The outline and key points of the Outlook have already been summarized in my essay, “A Japanese Perspective on the International Energy Landscape (Issue No. 763), and more detailed materials on the Outlook are available on our institute’s website. For that reason, I will not delve into the substance of the Outlook here. Readers interested in its content are encouraged to consult the aforementioned resources. In this paper, I will focus exclusively on reflections derived from the recent exchange of views concerning the Outlook.

First, I would like to highlight an especially thought-provoking discussion regarding the significance of the Reference Scenario—one of the two future scenarios presented in the Outlook. This issue is closely tied to the International Energy Agency’s (IEA) release of its latest flagship publication, *World Energy Outlook (WEO) 2025*, on November 12, which notably reinstated the Current Policies Scenario (CPS). Until last year’s WEO, CPS—once regarded as a central scenario—had been removed from the analytical framework, with attention instead focused on the Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS), and Net Zero Emissions by 2050 Scenario (NZE). As its name suggests, CPS assumes the continuation of currently implemented policies as its primary premise. In this respect, CPS shares conceptual affinity and common characteristics with the Reference Scenario in the Outlook, which similarly projects a future based on prevailing energy policy and technological trends. It was precisely this alignment that prompted participants to raise questions about the role and significance of the Reference Scenario (and CPS) in the context of CPS’s revival.

In response to this question, I offered the following explanation and engaged in further discussion. Both the Reference Scenario in the Outlook and the IEA’s Current Policies Scenario (CPS) emphasize prevailing trends and seek to depict the global energy landscape in 2050, should these trends persist. Such a future projection illustrates, in concrete terms, what types of energy will be utilized and in what

quantities, how energy supply must expand to meet demand, what the implications will be for CO₂ emissions, and what challenges will arise for energy security. Presenting a vision of the future that lies along with the current trajectory is, in itself, of critical importance and considerable value.

Another point—arguably even more important—is that both the Reference Scenario and CPS serve as critical benchmarks for comparison with other scenarios or alternative future visions. In the case of Outlook, this means contrasting the Reference Scenario with the Technology Advancement Scenario, the other scenario in Outlook; in the IEA’s World Energy Outlook, it involves comparisons with STEPS or NZE. Through such comparative analysis, we can illustrate how profoundly the energy future might change, the scale of transformation that could occur, and what measures would be required to achieve such change. Each scenario portrays a distinctive future, with significant differences in quantitative projections of energy supply and demand. To understand these differences and conduct meaningful comparisons, appropriate benchmarks are indispensable. On this point, I explicitly stated during the discussions that I wholeheartedly welcome the reinstatement of CPS.

Second, I would like to note that I found it particularly stimulating to engage with questions and comments addressing a fundamental issue: What is the role of long-term energy outlooks in an environment where uncertainty surrounding international energy dynamics is intensifying and the gap between aspirations for transformation and the realities of implementation is widening? The future of energy is becoming increasingly uncertain and unpredictable. For example, in major powers such as the United States—whose policies exert profound influence on global energy markets—the reality of dramatic policy shifts accompanying changes in political leadership underscores the challenge of projecting long-term trajectories. How, then, should we construct visions of the energy future under such conditions? This is by no means an easy question, and no actor can claim to possess a perfect answer.

The widening gap between ideals and realities has become a critical global challenge in addressing today’s energy issues. Since 2020, the rapid acceleration of the carbon-neutral movement worldwide has exerted a profound influence on energy policy across nations. Numerous initiatives have been implemented or considered to achieve the ambitious goal of limiting global temperature rise to within 1.5°C. However, in the wake of the Ukraine crisis, the international energy landscape has grown increasingly unstable. Rising energy costs have heightened societal vulnerability, while deepening global fragmentation has amplified economic and energy security risks. Under these circumstances, national energy policies have exhibited notable fluctuations and shifts. Yet it is precisely during such turbulent times that long-term outlooks and scenarios—capable of articulating visions of the future energy landscape—are most needed and expected to play an essential role.

To fulfill the role expected of long-term energy outlooks, it is essential to rigorously examine the assumptions underlying projections, adjust them appropriately in light of ongoing real-world developments, and reflect these adjustments in the analysis. Furthermore, it is equally important to review the concept of scenarios themselves and, where necessary, introduce new or more suitable alternatives. The recent reinstatement of the Current Policies Scenario (CPS) by the IEA can be regarded as part of this adaptive process. From the perspective that both ideals and realities matter, analytical approaches should incorporate not only “forecast-based” outlooks—which extrapolate from current trends under various assumptions—but also “backcast-based” analyses, which begin by defining a desired future state and then identify the pathways required to reach it. Both methods have distinct merits and should be employed in a complementary manner. Of course, doing so requires a thorough understanding of the differences and characteristics of these two approaches to ensure their effective application.

During the latest exchanges in the UK and the US, we were also able to address a range of more specific questions and concerns, such as the implications of a substantial expansion in U.S. LNG supply for global LNG markets and the detailed content of integrated cost analyses concerning variable renewable energy. Confirming the importance of appropriately incorporating such “real-world perspectives” into our work—and thereby further refining the Outlook—proved to be highly meaningful.

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