

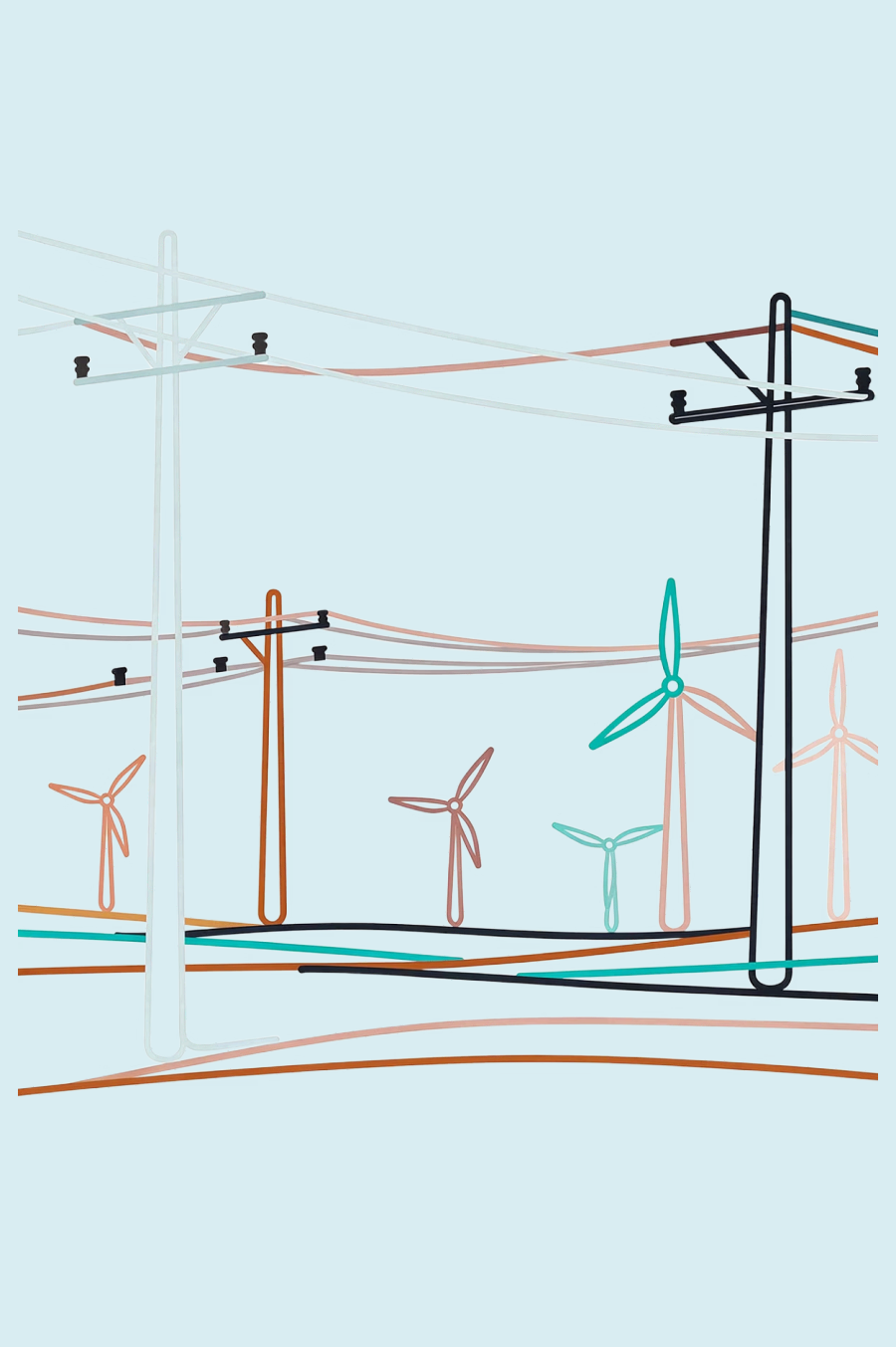
Energy Transition and the Energy Trilemma

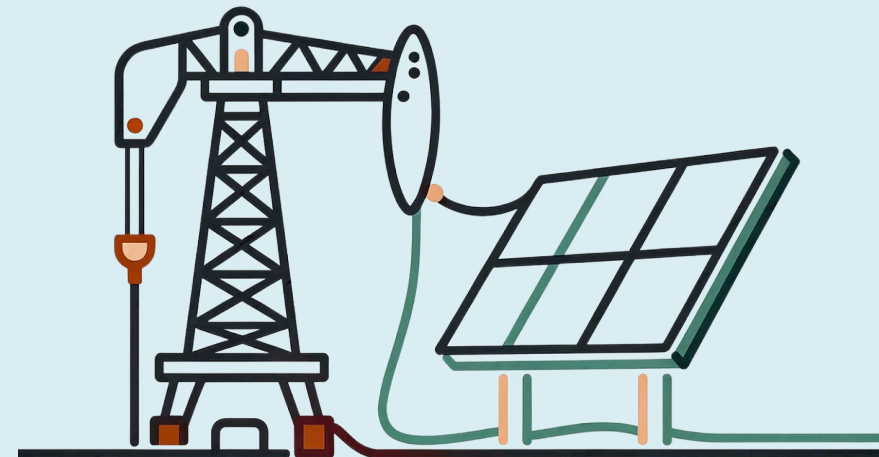
How SAIs Can Help Governments Balance Security, Affordability and Sustainability

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Why This Topic Matters

Extractive Industries

Central to energy security and public revenue

New Risks

Fiscal, social, environmental, and institutional

WGEA & WGEI

Connecting environmental audit with extractive governance

The Energy Trilemma



Security

Reliable and sufficient energy supply for people and the economy



Affordability

Energy prices households, businesses, and governments can bear



Sustainability

Energy systems aligned with climate goals and environmental protection

Juggling Three Balls with Two Hands

Three Balls

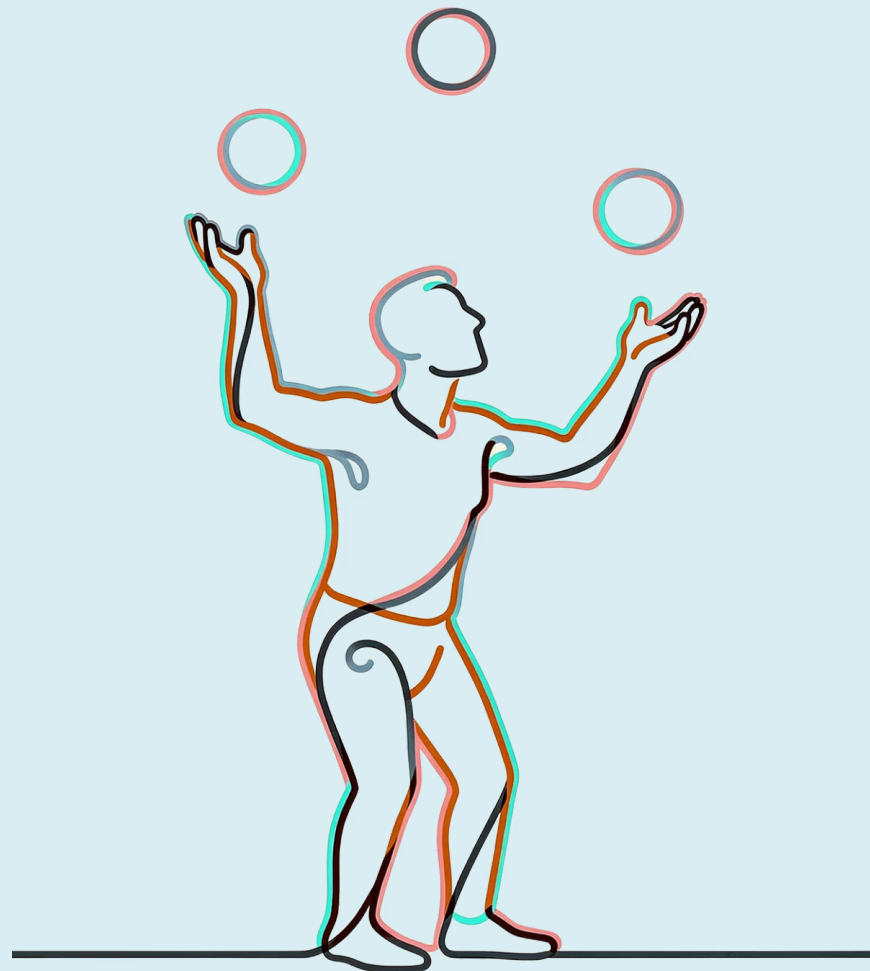
Security · Affordability · Sustainability — all must stay in motion

Two Hands

Limited **fiscal space** and limited **policy capacity**

The Risk

Over-prioritise one — the others may fall



Energy Transition Is Full of Trade-offs



→ **Rapid Decarbonisation**

May raise energy prices and threaten system reliability

→ **Cheap Energy Today**

Creates higher climate and fiscal costs tomorrow

→ **Energy Security Measures**

Risk locking countries into fossil fuel dependency

The Role of SAIs

Not Policy Makers

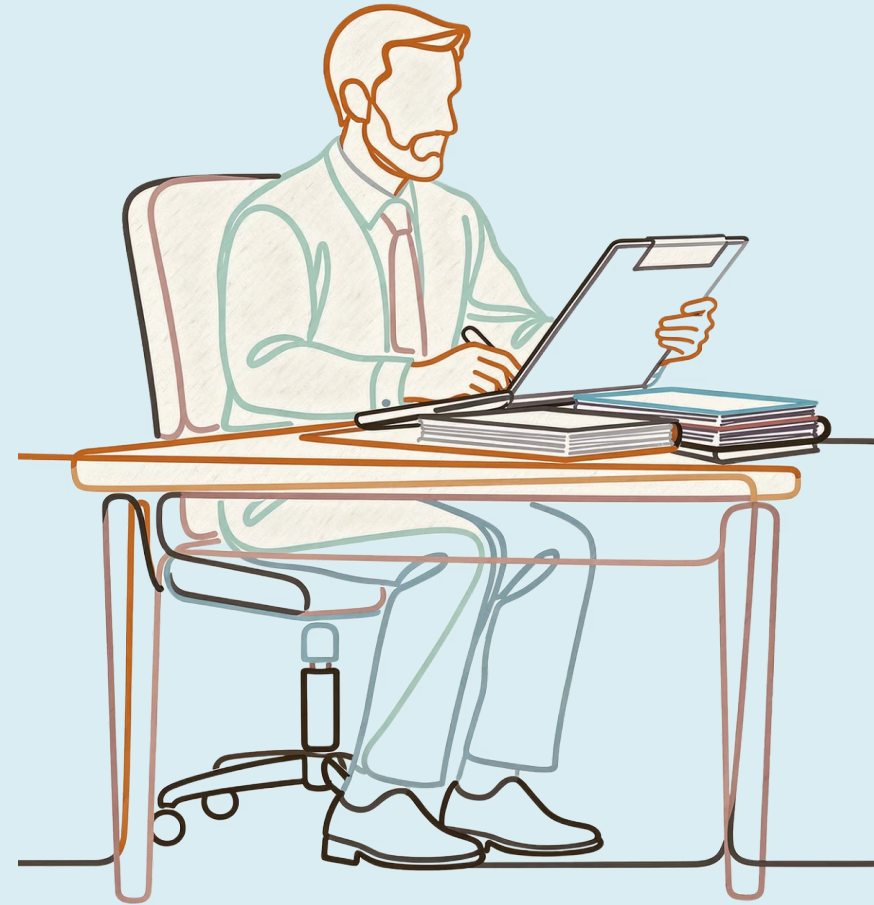
SAIs do not decide national energy policy

Assessors

Are decisions evidence-based, transparent, and accountable?

Enablers

Help governments understand risks, trade-offs, and opportunities



AUDIT QUESTION 1

Is Energy Policy Coherent?

1 Policy Alignment

Are energy, fiscal, climate, and industrial policies aligned?

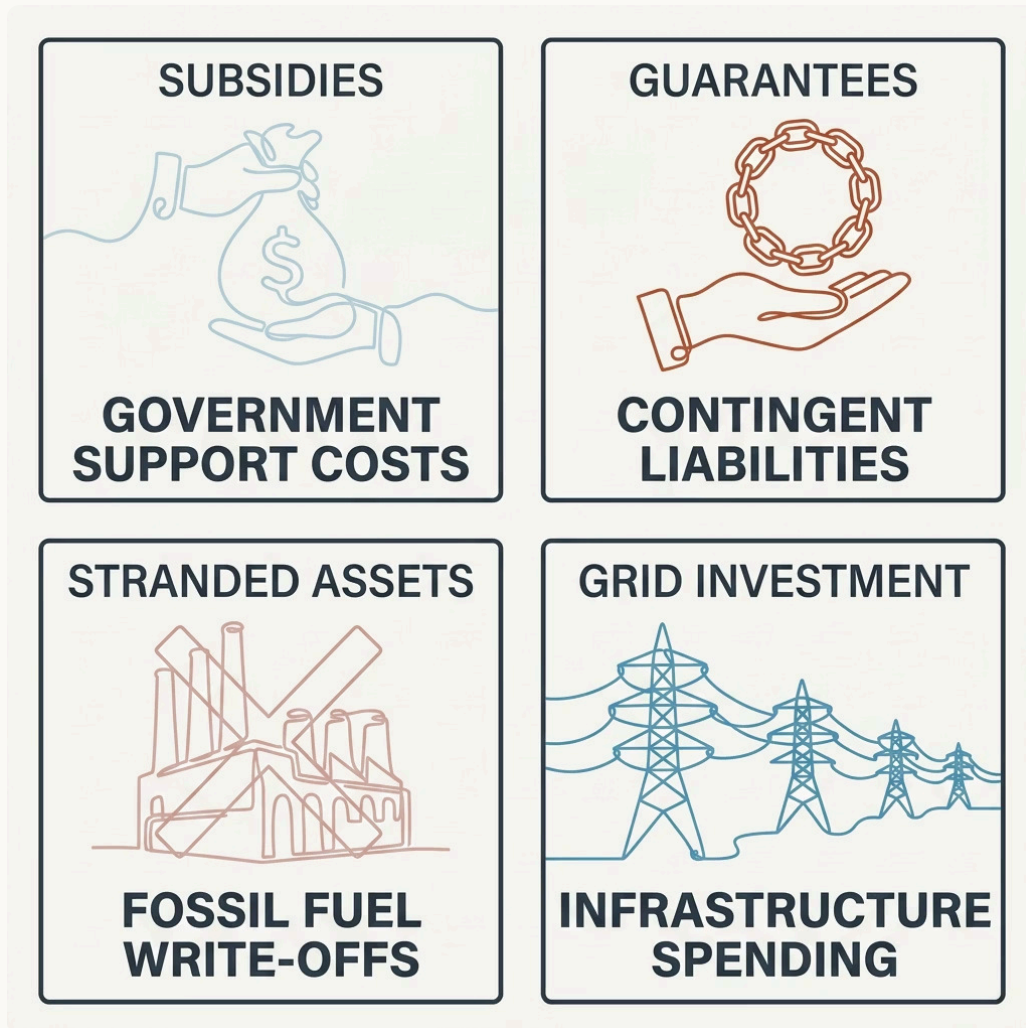
2 Shared Roadmap

Do ministries and regulators work under a common transition plan?

3 Consistency

Are short-term measures consistent with long-term climate commitments?

Are Fiscal Risks Visible?



Extractive-dependent countries face **declining public revenue** from fossil fuels.

SAls assess whether governments **disclose and manage** these fiscal risks transparently.



AUDIT QUESTION 3

Is the Transition Affordable?

Direct Impact

Energy prices affect households, businesses, and public services

Inequality Risk

Poorly designed policies may increase social pressure

SAI Role

Are affordability measures targeted, transparent, and sustainable?

Is the Transition Just?



Workers and communities in extractive industries face real disruption.

SAls assess whether **vulnerable groups are protected** and not left behind.



Reskilling



Compensation



Diversification

AUDIT QUESTION 5

Is the Energy System Resilient?



System Shocks

Geopolitics, price volatility, extreme weather, technology disruption



Grid Readiness

Renewables require storage, backup, and infrastructure investment



SAI Foresight

Test whether policies are prepared for future uncertainty

The 5S Audit Pathway



A structured pathway helping SAls move from problem identification to solution-oriented audit impact.

Constructive Recommendations from SAIs

01

Policy Coherence

Align energy, finance, climate, and social protection systems

02

Fiscal Transparency

Disclose transition costs, risks, and long-term liabilities

03

Just Transition Mechanisms

Stakeholder engagement and resilience planning



Not choosing one. Balancing all three.



Security

Reliable supply for all



Affordability

Costs people can bear



Sustainability

Aligned with climate goals

Key Message

SAls can help by **revealing trade-offs**, assessing risks, and recommending a **just and balanced way forward** — keeping all three balls in the air.

Evidence

Grounding decisions in facts and transparency

Accountability

Holding governments to their commitments

Constructive Impact

Practical recommendations for a balanced transition

