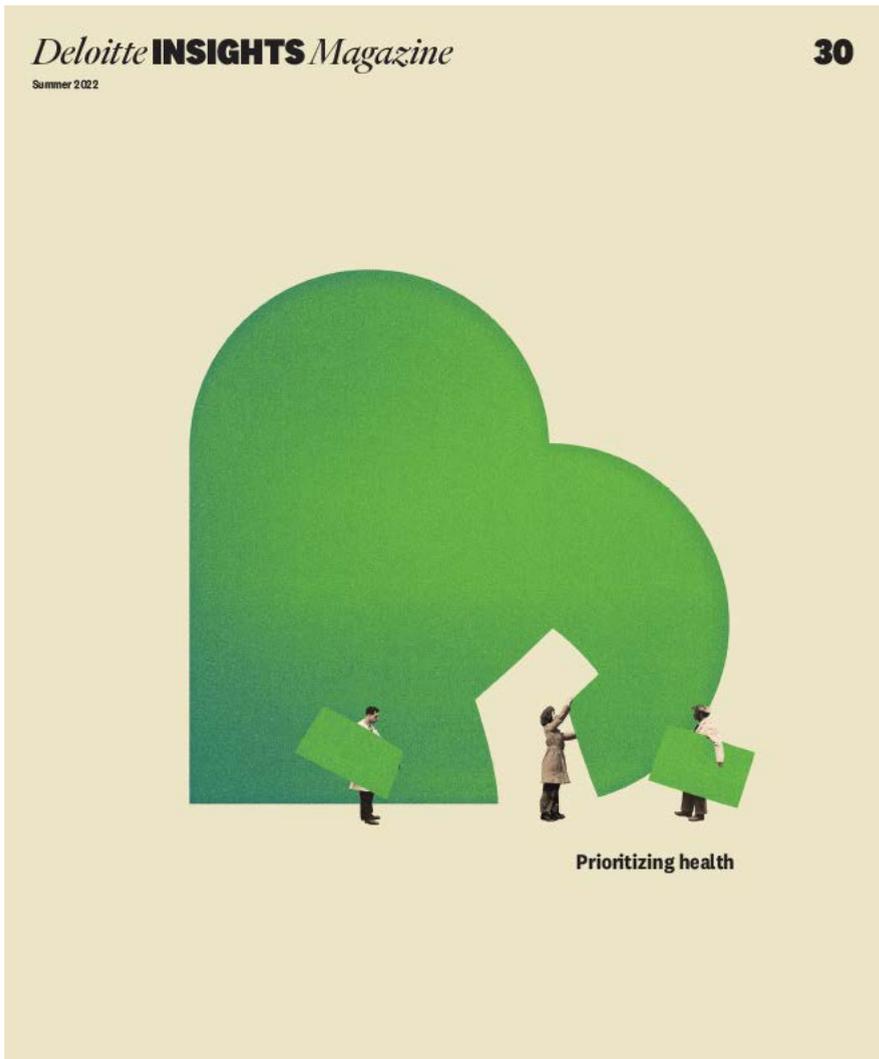


The end note: The shifting balance between health, safety, and financial concerns

By **Stephen Rogers**



Deloitte.
Insights

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see <http://www.deloitte.com/about> for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. Please see <http://www.deloitte.com/us/about> for a detailed description of the legal structure of the US member firms of Deloitte Touche Tohmatsu Limited and their respective subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting. For information on the Deloitte US Firms' privacy practices, see the US Privacy Notice on Deloitte.com.

The shifting balance between health, safety, and financial concerns

Some research and insights have a short shelf life, while others continue to gain color and context. In each issue of Deloitte Insights Magazine, we look back on research we published and ideas we pitched, and evaluate whether they've stood the test of time.

By **Stephen Rogers**

Managing director of Deloitte's Consumer Industry Center



What we said then

“In the span of a few months, what started as a global health crisis morphed into an economic one as well. It's been more than a century since the world has seen these two forces so intertwined. We do not expect to see a return to normal, or even a new normal, until total concern descends from its elevated level and financial concerns overtake those of immediate health and safety.”

In the throes of a dual-front crisis: Establishing the road to a global consumer recovery, Deloitte Insights, April 2020.

What we say now

We're still in a dual-front crisis, according to the Deloitte Global State of the Consumer Tracker. However, after lagging behind for the better part of two years, financial stress is now overpowering health and safety concerns as the primary determinant of consumers' decision-making by quite a strong margin.

Following omicron, global pandemic anxiety subsided dramatically among the 23,000 respondents across 23 countries who participated in our monthly consumer survey. Consumers' perceived safety of doing everyday things like going to the store quickly reached two-year highs, and it continues to improve with each passing month.¹

At the same time, record inflation continued unabated, exacerbated by geopolitical conflict. And with government stimulus programs no longer around to help consumers make ends meet, financial sentiment metrics have begun flashing warning signals. Globally, financial anxiety is high—as is concern around inflation, and consumers' level of savings and credit card debt.² In some countries, including the United States, China, and England, discretionary spending intentions are weakening.³

In many ways, consumer businesses face similar challenges compared to early pandemic days. They still need the agility to respond to rapidly changing consumer behavior. And few can predict the extent of the financial headwinds that lie ahead.

Even as the pandemic gradually fades, many companies are finding that prepandemic financial and forecasting models no longer work. The “new normal” remains elusive. ●

Endnotes

P16

Where global execs stand on making health equity a business priority

1. Nancy Brown, Punit Renjen, and Michelle Williams, *Investing in health equity: Why strong ESG strategies help build a healthier, more inclusive world*, World Economic Forum, April 2022.
2. Kullenin Gebreyes et al., *Activating health equity: A moral imperative calling for business solutions*, Deloitte Insights, April 12, 2021.

P17

The potential impact of a broken DEI promise

1. Jennifer Tonti and Jill Mizell, “95% of Black Americans agree that it’s important for companies to promote racial equity. 80% believe they can do more,” JUST Capital, April 1, 2021.
2. Weber Shandwick, “Nearly 2/3 of US workers plan a professional change due to COVID-19,” October 28, 2020.
3. Brittany Levine Beckman, “How performative became the most searing callout in 2020,” *Mashable*, January 4, 2021.
4. Tony Simons, “The high cost of lost trust,” *Harvard Business Review*, September 2002.
5. Colin Mayer, *Firm Commitment: Why the Corporation Is Failing Us and How to Restore Trust in It* (Oxford, England: Oxford University Press, 2013), pp. 117–56.

P20

Addressing the link between financial, physical, and emotional health

1. American Psychological Association, “Stress in America: Money, inflation, war pile on to nation stuck in COVID-19 survival mode,” press release, March 2022.
2. Eva Selenko and Bernad Batinic, “Beyond debt: A moderator analysis of the relationship between perceived financial strain and mental health,” *Social Science & Medicine* 73, no. 12 (2011): pp. 1725–32.
3. Board of Governors of the Federal Reserve System, “Report on the economic well-being of U.S. households in 2020 – May 2021,” May 2021; Stella U. Ogunwole et al., “Population under age 18 declined last decade,” US Census Bureau, August 12, 2021.
4. According to the 2017 FDIC National Survey of Unbanked and Underbanked Households, “underbanked” are defined as those who have a checking or savings account and used one of the following products or services from an alternative financial services provider: money orders, check cashing, international remittances, payday loans, refund anticipation loans, rent-to-own services, pawn shop loans, or auto title loans.

5. Pew Charitable Trusts, *Payday loan facts and the CFPB’s impact*, May 2016.
6. Megan Leonhardt, “Payday loans can have interest rates over 600%—here’s the typical rate in every U.S. state,” *CNBC*, February 16, 2021.
7. Meghan Greene et al., *The FinHealth spend report 2021*, Financial Health Network, June 2021.
8. Union Bank, annual report 2021.
9. Tala, “Use Tala,” accessed May 30, 2022.

P23

Climate change breeds climate anxiety

1. Lukoye Atwoli et al., “Call for emergency action to limit global temperature increases, restore biodiversity, and protect health,” *Lancet* 398, no. 10,304 (2021): pp. 939–41.
2. Deloitte Global State of the Consumer Tracker, April 2022.
3. Leon Pieters et al., *Who is setting the pace for personal sustainability?*, Deloitte Insights, April 4, 2022.

P24

Making smartphones live longer—and greener

1. We have used a range of publicly available information to arrive at this prediction. For CO2e emissions per device and the split by production, use, transport, end-of-life processing, see Apple, *iPhone 12 product environmental report*, October 13, 2020; Huawei, “Product environmental information,” accessed April 25, 2022; Google, *Pixel 5: Product environmental report*, accessed October 6, 2021. For 2022 smartphone shipments information, see International Data Corporation, “Smartphone shipments to grow 5.5% in 2021 driven by strong 5G push and pent-up demand, according to IDC,” March 10, 2021.
2. The market for mobile phone insurance is forecast at US\$29.5 billion globally in 2022, with a base value of US\$23.3 billion in 2020, and a CAGR of 12.6%. Grand View Research, *Mobile phone insurance market size, share & trends analysis report by coverage, by phone type, by region, and segment forecasts, 2021–2028*, April 2021.

P25

Data-protection tech that helps AI fulfill its potential

1. This article and *Deloitte Insights Magazine* are independent publications and have not been authorized, sponsored, or otherwise approved by Apple Inc.
2. Centre for Data Ethics and Innovation, “PETs adoption guide: Repository of use cases,” accessed May 16, 2022.
3. ReportLinker, “Federated learning solutions market research report by application, by vertical – Global forecast to 2025 – Cumulative impact of COVID-19,” press release, May 14, 2021; MarketWatch, “Global homomorphic encryption market size forecast 2021–2027,” August 2, 2021.

P26

Automation won’t end the labor shortage

1. Alexander Börsch, Mark Bommer, and Julius Elting, *Die jobs der zukunft: Berufswelt bis 2035—fünftrends*, Deloitte, accessed May 20, 2022.
2. Ibid.
3. Ibid.

P28–31

The new supply chain equilibrium

1. Rebecca Elliott, “How Elon Musk’s software focus helped Tesla navigate chip shortage,” *Wall Street Journal*, December 30, 2021; Andrew J. Hawkins, “Tesla rewrote its own software to survive the chip shortage,” *Verge*, July 26, 2021.

P32–34

Collaborative advantage: Activating the power of many

1. Ronald H. Coase, “The nature of the firm,” *Economica* 4, no. 16 (1937): pp. 386–405.
2. Bloomberg, “More than 11.8 billion shots given: COVID-19 vaccine tracker,” accessed May 27, 2022.
3. Daniel Kraemer, “Greta Thunberg: Who is the climate campaigner and what are her aims?,” *BBC News*, November 5, 2021.
4. Leo Schwartz, “Amateur open-source researchers went viral unpacking the war in Ukraine,” *Rest of World*, March 7, 2022.

P35–37

Why reporting workplace well-being metrics is a good idea

1. BusinessPundit, “How much do absenteeism and presenteeism cost your business?,” July 10, 2020.
2. US Bureau of Labor Statistics, “Job openings and labor turnover survey news release,” May 3, 2022.
3. Randstad, *Workmonitor 2022*, 2022.
4. Ryan Nelson, “Examining the state of worldwide mandatory ESG disclosures,” Conservice ESG, November 16, 2021.
5. International WELL Building Institute website, accessed June 2, 2022.

P38–39

Employee health contributes to organizational health

1. Tim Sandle, “No rest: U.S. workforce is experiencing high pressure and burnout,” *Digital Journal*, May 9, 2022; Tim Allen, “The pandemic is changing employee benefits,” *Harvard Business Review*, April 7, 2021.
2. US Bureau of Labor Statistics, “Job openings and labor turnover summary,” March 2022.
3. Deloitte, “Winter 2022 Fortune/Deloitte CEO Survey,” accessed May 24, 2022.
4. Employee Benefit Research Institute and Greenwald Research, “2021 Workplace Wellness Survey,” May 2, 2022.
5. Steve Hatfield, Jen Fisher, and Paul Silverglate, *The C-suite’s role in well-being*.

How health-savvy executives can reimagine workplace wellness—for themselves and their people, Deloitte Insights, June 22, 2022.

6. Kimberly Lankford, “What to expect from your employer’s health plan in 2021,” *US News & World Report*, August 31, 2020.
7. David Villa, “How celebrating success can lead to more of it,” *Forbes*, May 12, 2022.
8. Gene Marks, “Four ways small businesses can support child and dependent care for their workers,” *Philadelphia Inquirer*, May 9, 2022.
9. Eva Selenko and Bernad Batinic, “Beyond debt: A moderator analysis of the relationship between perceived financial strain and mental health,” *Social Science & Medicine* 73, no. 12 (2011): pp. 1,725–32.
10. Corlinda Wooden and Scott Bell, “The employee perk your business should be offering,” *Portland Business Journal*, April 22, 2022.
11. Kelsey Griffis, “Are you taking the right foundational steps toward an inclusive workplace?,” *Forbes*, April 18, 2022.
12. Kulleni Gebreyes et al., *Activating health equity: A moral imperative calling for business solutions*, Deloitte Insights, April 21, 2021.
13. Katie Kuehner-Hebert, “Employees who participate in wellness programs are healthier, at least,” BenefitsPRO, May 21, 2018.
14. Gebreyes et al., *Activating health equity*.

P40–41

Smart cities, smarter public health

1. A. Betâmio De Almeida, *The 1755 Lisbon earthquake and the genesis of the risk management concept*, 2005.
2. UK Parliament, “The 1848 Public Health Act,” accessed June 7, 2022.
3. Mary Schons, “The Chicago Fire of 1871 and the ‘Great Rebuilding,’” *National Geographic*, May 20, 2022.
4. Miguel Eiras Antunes, Jean Gil Barroca, and Daniela Guerreiro de Oliveira, *Urban future with a purpose—12 trends shaping the future of cities by 2030*, Deloitte, 2021.
5. United Nations, “68% of the world population projected to live in urban areas by 2050, says UN,” May 16, 2018.
6. The World Bank, “Urban development,” April 20, 2020.
7. European Commission, “Discover the 100 cities selected for the Cities Mission,” May 6, 2022.
8. António Guterres, “COVID-19 in an urban world,” United Nations, accessed June 1, 2022.
9. Stephanie Allen, *2022 Global health care outlook: Are we finally seeing the long-promised transformation?*, Deloitte, 2021.
10. Ibid.
11. Ibid.
12. Organisation for Economic Co-operation and Development, *Cities policy responses*, July 23, 2020.
13. Jean Barroca and Mahesh Kelkar, *From “doing” digital to “being” digital: Transforming service delivery and operations in cities post the pandemic*, Deloitte, 2021.
14. Deloitte, *CitySynergy™ COVID War Room*, 2020.
15. Antunes, Barroca, and de Oliveira, *Urban*

future with a purpose.

16. Ibid.
17. Ibid.
18. Allen, *2022 Global health care outlook*.

P42–43

Thinking about investing in the metaverse? Let history be your guide

1. Janet Foutty and Mike Bechtel, “What’s all the buzz about the metaverse?,” Deloitte, March 2022.
2. US Census Bureau, *Quarterly retail e-commerce sales: 4th quarter 2021*, February 18, 2022, pp. 1–3.
3. Denise Lee Yohn, “The pandemic is rewriting the rules of retail,” *Harvard Business Review*, July 6, 2020.
4. Retail SEE Group, “Nike & H&M jumping into the metaverse,” November 19, 2021.
5. David Kirsch and Brent Goldfarb, “Small ideas, big ideas, bad ideas, good ideas: ‘Get big fast’ and dot com venture creation,” Robert H. Smith School Research Paper No. RHS-06-049, November 2006, pp. 22–23.
6. Matthew Kanterman and Nathan Naidu, “Metaverse may be \$800 billion market, next tech platform,” Bloomberg Professional Services, December 1, 2021.
7. Deloitte, “A whole new world? Exploring the metaverse and what it could mean for you,” April 2022.

P44–46

The importance of sharing success—and stress—metrics

1. Michele Wucker, *The Gray Rhino: How to Recognize and Act on the Obvious Dangers We Ignore* (New York: St. Martin’s Publishing Group, 2016).
2. Jo Mitchell-Marais et al., *2022 Deloitte Restructuring Survey*, Deloitte, April 2022.
3. Ibid.

P48–61

Incentives are key to breaking the cycle of cyberattacks on critical infrastructure

1. Jill Suttie, “Kids do better on the marshmallow test when they cooperate,” *Greater Good Magazine*, February 24, 2020.
2. Cybersecurity & Infrastructure Security Agency, “National critical functions set,” accessed May 12, 2022.
3. Juniper Research, “‘Internet of Things’ connected devices to triple by 2021, reaching over 46 billion units,” press release, December 13, 2016.
4. Verizon, *2021 data breach investigations report*, accessed May 12, 2022.
5. Marshall D. Abrams and Joe Weiss, “Malicious control system cyber security attack case study: Maroochy Water Services, Australia,” MITRE, August 2008.
6. Public-Private Analytic Exchange Program, *Commodification of cyber capabilities: A grand cyber arms bazaar*, accessed May 12, 2022.
7. For a description of how increasing tech balkanization encourages nation-state cyberattacks, see Jesse Goldhammer et al.,

Leading the way with an adversary focus: Government’s role in deterring cyberattacks, Deloitte Insights, August 4, 2021. For more on how geopolitical tensions can drive cyberattacks, see CISA Insights, “Increased geopolitical tensions and threats,” January 6, 2020.

8. HP Threat Research Blog, “Nation states, cyberconflict and the web of profit,” April 8, 2021.
9. Rishi Iyengar and Clare Duffy, “Hackers have a devastating new target,” *CMN*, June 4, 2021.
10. Stephanie Jones, “Protecting the United States’ critical infrastructure from cyberattacks,” *Texas A&M Today*, November 2, 2021.
11. *CBS News*, “National cyber director Chris Inglis on deterring cyber threats – ‘Intelligence Matters’ podcast,” November 24, 2021.
12. Ross Anderson, “Why information security is hard—an economic perspective,” University of Cambridge, accessed May 12, 2022.
13. Bruce Schneier, “Security economics of the Internet of Things,” Schneier.com, October 10, 2016.
14. *CBS News*, “National cyber director Chris Inglis on deterring cyber threats.”
15. Our categorization of incentives comes from Stephen Levitt and Stephen Dubner’s book *Freakonomics*, in which they categorize “three basic flavors of incentive: economic, social, and moral.” Our categorization of the levers that can shape those incentives is a combination of Lawrence Lessig’s norms, markets, laws, and architecture, and Bruce Schneier’s moral, reputational, institutional, and security.
16. Catalin Cimpanu, “Netherlands can use intelligence or armed forces to respond to ransomware attacks,” Record, October 7, 2021; Sean Gallagher, “Candid camera: Dutch hacked Russians hacking DNC, including security cameras,” ARS Technica, January 26, 2018.
17. Tonya Riley, “FTC warns of potential penalties for firms that fail to fix Log4j software flaws,” *CyberScoop*, January 4, 2022.
18. US Government Accountability Office, *Insurers and policyholders face challenges in an evolving market*, accessed May 12, 2022.
19. Institute for Security and Technology, *Combating ransomware*, accessed May 12, 2022.
20. Andy Greenberg, “Cops disrupt Emotet, the internet’s ‘most dangerous malware,’” *Wired*, January 27, 2021.
21. Ibid.
22. Lance Whitney, “Emotet malware taken down by global law enforcement effort,” *TechRepublic*, January 27, 2021.
23. The inherent tension between wanting more/better services and where funding for those services should come from can be seen in research by the Pew Research Center. Pew Research Center, “Little public support for reductions in federal spending,” April 11, 2019; Pew Research Center, “In a politically polarized era, sharp divides in both partisan coalitions,” December 17, 2019.
24. David E. Sanger and Nicole Perloth, “Pipeline attack yields urgent lessons about U.S. cybersecurity,” *New York Times*, May 14, 2021.
25. Energy Commerce, “Countering ransomware in critical infrastructure,” July 20, 2021.

26. Examples of such exercises and tools include those from the E-ISAC (Maggie Miller, “Hundreds participate in electric grid cyberattack simulation amid increasing threats,” *Hill*, November 18, 2021) and FS-ISAC (FS-ISAC, “Exercises: Build stronger plans and a more resilient business,” accessed May 12, 2022).
27. Catalin Cimpanu, “Microsoft: Using multi-factor authentication blocks 99.9% of account hacks,” *ZDNet*, August 26, 2019.
28. US House Committee on Oversight and Reform and the House Committee on Homeland Security, “Prepared statement of Kevin Mandia, CEO of FireEye, Inc.,” February 26, 2021.

P62-69

Investing in creative potential

1. An ecological approach is one that is focused on the relationship between the individual and the systems in which they act, a relationship that is seen as interdependent. Ecological psychology is an embodied, situated, and nonrepresentational approach pioneered by J. J. Gibson and E. J. Gibson.
2. The Four P’s framework—where creativity is framed as an emergent property of *person*, *process*, *place* (press in the original), and *product*—was first discussed in M. Rhodes, “An analysis of creativity,” *The Phi Delta Kappan* 42, no. 7 (1961): pp. 305–10.
3. Rhodes’s original article calls this setting “press” rather than “place,” the idea being that there are *pressures* (or *influences*) on our behaviors. While it’s true that the social and physical context we find ourselves in influences our creative behavior, it is also true that some of these influences are not necessarily environmental. Consequently, it is common for press to be replaced by place, as we have throughout this essay, as place is a more intuitive term; *ibid.*
4. A useful, and short, definition for innovation is “the economic exploitation of creativity.”
5. Vlad Petre Glăveanu, “Rewriting the language of creativity: The five A’s framework,” *Review of General Psychology* 17, no. 1 (2013): pp. 69–81.
6. Mark A. Runco, “A hierarchical framework for the study of creativity,” *New Horizons in Education* 55, no. 3 (2007): pp. 1–9.
7. Problem-posing is a technique where an issue is framed and reframed to try and identify and define the core challenge. It is commonly used in both education pedagogy and design.
8. It’s for this reason that the 1978 *Superman* film has a long section at the start showing the challenges Clark Kent faces when trying to fit into society while having superpowers.
9. Lu Hong and Scott E. Page, “Groups of diverse problem solvers can outperform groups of high-ability problem solvers,” *Proceedings of the National Academy of Sciences* 101, no. 46 (2004): pp. 16,385–89.
10. What we have referred to as “cognitive diversity” is often called “functional diversity” in the literature; *ibid.*
11. Thanks to Peter Williams—a chartered accountant—for the analogy.
12. Traditionally, this has been approached through

office-space design, from inspirational decor to collaborative tools such as stages, small auditoriums, and floor-to-ceiling whiteboards. But increasingly, place can be just as much virtual as physical as organizations invent new ways to collaborate digitally, perhaps even in the imagined metaverse of coming years.

13. The first report in this series, *Unshackling the creative business*, discussed how creativity in business is contingent, in that the creativity of one team depends on the creativity of others; see Peter Evans-Greenwood et al., *Unshackling the creative business: Breaking the tradeoff between creativity and efficiency*, Deloitte Insights, April 9, 2021.
14. Joel Backaler and China Tracker, “Haier: A Chinese company that innovates,” *Forbes*, June 17, 2010.
15. The authors developed on “investment opportunity” in the previous essay in the series *Setting the stage for creative performance*. The intention with “investment opportunity” is to put creativity on an equal footing with efficiency in an organization’s operating model by creating a metric for creativity to balance cost-benefit; see Peter Evans-Greenwood et al., *Setting the stage for creative performance: Improving creativity in business by measuring creativity*, Deloitte Insights, October 29, 2021.
16. Several rubrics have been developed to measure realized creativity, the creativity of some work product. Typically, this is done by consulting some suitable set of domain experts to determine how novel and useful they consider the work to be. These subjective metrics are typically called *consensual assessment*. For examples, see T. M. Amabile, “The social psychology of creativity: A consensual assessment technique,” *Journal of Personality and Social Psychology* 43, no. 5 (1982): pp. 997–1,013; D. H. Cropley, “The creative solution diagnosis scale (CSDS),” *Creativity in Engineering: Novel Solutions to Complex Problems* (Cambridge, MA: Academic Press, 2015), pp. 78–85; Susan P. Besemer and Karen O’Quin, “Confirming the three-factor creative product analysis matrix model in an American sample,” *Creativity Research Journal* 12, no. 4 (1999): pp. 287–96.
17. C. M. Ford, “A theory of individual creative action in multiple social domains,” *Academy of Management Review* 21, no. 4 (1996): pp. 1,112–42.
18. Sarah Sharples, “Sydney furniture company IsoKing made \$3.6 million after COVID-19 launch,” *News.com.au*, May 7, 2021; Vanessa Croll, “Stage builders transform business with aim to help more Aussies,” *News.com.au*, October 16, 2020.
19. Backaler and China Tracker, “Haier: A Chinese company that innovates.”
20. We might compare this to the Four-C Developmental Trajectory for creativity, which breaks the development of creativity into a journey from Mini-C (personal creativity) through Little-C (everyday creativity) and Pro-C (professional creativity) to Big-C (legendary creativity). See Ronald A. Beghetto, James C. Kaufman, and John Baer, *Teaching for Creativity in the Common Core Classroom* (New York: Teachers College, Columbia

University, 2014), pp. 21 and 27.

21. Such as a pandemic. Indeed, this series was triggered by the observation (toward the end of the first year of the pandemic) that many otherwise “creative” organizations struggled to respond creatively, while some organizations not particularly known for their creativity provided creative and innovative responses.

P70-83

Renewable transition: Separating perception from reality

1. US Energy Information Administration (EIA), “FAQs: What is U.S. electricity generation by energy source?,” accessed June 7, 2022.
2. Deloitte analysis of data from Table 1.1. from EIA, “Electric power monthly,” accessed May 10, 2022.
3. Solar Energy Industries Association, “Solar industry research data,” accessed August 19, 2021.
4. Energy.gov, “US installed and potential wind power capacity and generation,” accessed May 10, 2022.
5. EIA, “Short-term energy outlook data browser,” May 10, 2022.
6. The White House, “Fact sheet: President Biden sets 2030 greenhouse gas pollution reduction target aimed at creating good-paying union jobs and securing U.S. leadership on clean energy technologies,” press release, April 22, 2021.
7. For global cost decline, see International Renewable Energy Agency (IRENA), *Renewable power generation costs in 2020*, June 2021, p. 3; for US cost decline, see Mark Bolinger, *Utility-scale wind and solar in the US: Comparative trends in deployment, cost, performance, pricing, and market value*, Electricity Markets and Policy Department at Lawrence Berkeley National Laboratory, December 8, 2020, p. 21.
8. Digitalization refers to applying information and communications technology to the electric grid. This may involve connecting smart meters, sensors, and other devices to monitor grid activity, analyzing the data collected, applying AI, and using software to manage, control, and automate operations.
9. IRENA, *Renewable power generation costs in 2020*, p. 11.
10. Emma Penrod, “Solar-plus-storage poised to become more financially attractive, but seasonal solutions remain key,” *Utility Dive*, December 1, 2020.
11. IRENA, *Renewable power generation costs in 2020*, p. 18.
12. EIA, “Wholesale electricity and natural gas market data,” May 5, 2022.
13. IRENA, *Renewable power generation costs in 2020*, p. 18.
14. Deloitte analysis of data from S&P Global Market Intelligence.
15. Michael Taylor, “Analysis shows wind and solar costs will continue to fall dramatically throughout the 2020s,” *Energy Post*, November 6, 2020.
16. Electric power systems in regions with high wind-power contributions have operated reliably without added storage and with

little or no increase in generation reserves (see American Clean Power Association, *AWEA US wind industry annual market report, year ending 2013*, 2013). MISO has been able to integrate huge amounts of wind without adding power plants to back up its renewable energy production, partly because MISO is a large balancing area with many different energy resources available (see Glen Anderson, “Integrating renewable energy,” National Conference of State Legislatures, June 20, 2016). The IEA could not be any clearer: No additional dispatchable capacity ever needs to be built because VRE is in the system. On the contrary, to the extent of the capacity credit of VRE, its addition to the system reduces the need for other capacity (see American Clean Power Association, “News roundup: A carbon-free Iowa energy boom, renewable integration is easy, wind and solar work together,” March 5, 2014).

17. Variable renewable energy (VRE) refers to utility-scale wind and solar resources as well as distributed solar PV. Distributed wind is also a VRE, but volumes are low, and data was not available for this analysis.
18. EIA, “Detailed state data,” July 30, 2021; EIA, “Small-scale PV estimate,” July 9, 2021.
19. Ibid.
20. Electrification scenario data from NREL, *The North American renewable integration study: A US perspective*, accessed May 10, 2022.
21. Deloitte, *Managing variable and distributed energy resources: A new era for the grid*, accessed May 10, 2022.
22. IRENA, *Innovation landscape for a renewable-powered future*, February 2019.
23. Nord Pool website, accessed May 10, 2022.
24. Silvio Marcacci, “Denmark may hold the key to integrating large amounts of intermittent renewables,” *Greentech Media*, July 27, 2016.
25. Asma Aziz et al., “Issues and mitigations of wind energy penetrated network: Australian network case study,” *Journal of Modern Power Systems and Clean Energy* 6 (2018): pp. 1141–57.
26. Eric Martinot, “How is Denmark integrating and balancing renewable energy today?,” Martinot.info, January 2015.
27. Midcontinent Independent System Operator (MISO), “Corporate fact sheet,” accessed May 10, 2022.
28. Iulia Gheorghiu, “Independent developer proposes \$2.5B underground transmission line, to bring Iowa wind to PJM, MISO,” *Utility Dive*, March 13, 2019.
29. Iowa Environmental Council, “Iowa wind energy fact sheet,” March 2021.
30. MISO, “Corporate fact sheet.”
31. Iowa Environmental Council, “Iowa wind energy fact sheet.”
32. Ibid.
33. Deloitte analysis based on data from MISO, “MISO interactive queue,” accessed May 10, 2022.
34. Ideal Energy, “Renewable hydrogen,” accessed May 10, 2022.
35. California ISO, *Root cause analysis: Mid-August 2020 extreme heat wave*, January 13, 2021. While some have attributed California’s electricity supply shortages to VRE, the causes appear more related to demand

surges from unprecedented multistate heat waves coinciding with wildfires that constrained transmission and triggered systemwide failures (for more details, see Ken Silverstein, “Green energy is not among the culprits behind California’s energy crisis,” *Forbes*, September 8, 2020). Nevertheless, California’s plans to prevent future shortages include accounting for the state’s changing generation mix.

36. Ca.gov, “Distributed energy resources,” accessed May 10, 2022.
37. Edith Hancock, “California amends grid mapping process to make it easier to site distributed energy resources,” *Energy Storage News*, February 4, 2021.
38. Western Energy Imbalance Market, “Home page,” accessed May 10, 2022.
39. Morgan Lewis, *Energy storage procurement tracker*, June 2021.
40. BloombergNEF, “Battery pack prices cited below \$100/kWh for the first time in 2020, while market average sits at \$137/kWh,” December 16, 2020.
41. Jeff St. John, “Biden admin aims to make the US a world leader in lithium-ion batteries,” *Canary Media*, June 9, 2021.
42. Bob Davis, “Biden to deter forced labor with ban on China’s solar-panel materials,” *Wall Street Journal*, June 24, 2021.
43. Daniel Moore, “Biden links his climate, trade goals in comment on making wind turbine blades in Pittsburgh,” *Pittsburgh Post-Gazette*, April 29, 2021.
44. Lawrence Berkeley National Laboratory, *Wind energy technology data update: 2020 edition*, August 2020, p. 30.
45. Wood Mackenzie, *Global wind turbine supply chain trends 2020*, accessed May 10, 2022.
46. Mike Short and James Mancini, “Overcoming the 5 supply chain barriers that threaten the growth of renewable energy,” C.H. Robinson Blog, June 28, 2021.
47. International Energy Agency (IEA), “Clean energy demand for critical minerals set to soar as the world pursues net zero goals,” press release, May 5, 2021.
48. Ibid.
49. Ibid.
50. IEA, *The role of critical minerals in clean energy transitions*, May 2021.
51. Adriaan Davidse and Jacek Guzek, *Trend 10: Meeting demand for green and critical minerals*, Deloitte Insights, February 1, 2021.
52. Claudiu C. Pavel et al., “Substitution strategies for reducing the use of rare earths in wind turbines,” *Resources Policy* 52 (2017): pp. 349–57.
53. Sissi Cao, “Panasonic, GM show off cutting edge electric vehicle batteries, cobalt-free,” *Observer*, January 15, 2021.
54. The White House, “Fact sheet: Biden-Harris administration announces Supply Chain Disruptions Task Force to address short-term supply chain discontinuities,” press release, June 8, 2021.
55. Miranda Willson, “Biden’s ‘Buy America’ plan may hit a solar wall,” *Politico Pro*, March 1, 2021.
56. Melissa R. Allen-Dumas, Binita KC, and Colin Cunliff, *Extreme weather and climate vulnerabilities of the electric grid: A summary*

of environmental sensitivity quantification methods, Oak Ridge National Laboratory, August 16, 2019.

57. National Oceanic and Atmospheric Administration, *Billion-dollar weather and climate disasters*, accessed May 10, 2022.
58. Aaron Larson, “Prepare your coal plant for cold weather operations,” *Power*, October 1, 2014.
59. Sunrun, “Do solar panels work in cold weather?,” November 29, 2021.
60. Collin Eaton, James Rundle, and David Uberti, “U.S. pipeline shutdown exposes cyber threat to energy sector,” *Wall Street Journal*, May 9, 2021.
61. Alexandra Van Dine, Michael Assante, and Page Stoutland, *Outpacing cyber threats*, Nuclear Threat Initiative, January 1, 2016.
62. Andy Greenberg, “Researchers found they could hack entire wind farms,” *Wired*, June 28, 2017.
63. The White House, “Executive order on improving the nation’s cybersecurity,” May 12, 2021.
64. US Department of Energy (DOE), *Roadmap for wind cybersecurity*, accessed May 10, 2022.
65. Anmar Frangoul, “Renewable electricity generation is growing—but it’s not enough to meet rising demand, IEA says,” *CNBC*, July 15, 2021.
66. Frost & Sullivan, “Global digital grid (sensors, meters, and communications) growth opportunities,” August 20, 2021, pp. 50–51.
67. Brad Plumer, “A glimpse of America’s future: Climate change means trouble for power grids,” *New York Times*, February 16, 2021.
68. Edison Electric Institute, “The clean energy transformation: Electric companies are leading the way,” accessed May 10, 2022.
69. Stanley Porter et al., *Utility decarbonization strategies: Renew, reshape, and refuel to zero*, Deloitte Insights, September 21, 2020.
70. Deloitte analysis of data from S&P Global Market Intelligence.
71. Joseph Rand et al., *Queued up: Characteristics of power plants seeking transmission interconnection as of the end of 2020*, Lawrence Berkeley National Laboratory, May 2021, p. 3.
72. EIA, “Form EIA-860 detailed data with previous form data (EIA-860A/860B),” accessed May 10, 2022.
73. Galen Barbose, *U.S. renewables portfolio standards*, Lawrence Berkeley National Laboratory, February 2021, p. 16.
74. DOE, “DOE announces \$52.5 million to accelerate progress in clean hydrogen,” July 7, 2021; Julian Spector, “Newsletter: DOE goes long on long-duration storage,” *Canary Media*, July 15, 2021; United States Senate, 117th Congress, 1st session, H.R.3684, “Infrastructure Investment and Jobs Act, Division D – Energy: Title III—Fuels and Technology Infrastructure Investments,” accessed May 10, 2022.

P88

The end note: The shifting balance between health, safety, and financial concerns

1. Deloitte, “Global State of the Consumer Tracker,” accessed May 26, 2022.
2. Ibid.
3. Ibid.

Deloitte.

Insights

CONTACT

Email: insights@deloitte.com

 [@DeloitteInsight](https://twitter.com/DeloitteInsight) [#DeloitteInsightsMagazine](https://twitter.com/DeloitteInsightsMagazine)

 www.linkedin.com/company/deloitte-insights



Go straight to smart.

Download the Deloitte Insights app

www.deloitte.com/insights/app

