

Global Natural Gas Markets in Transition

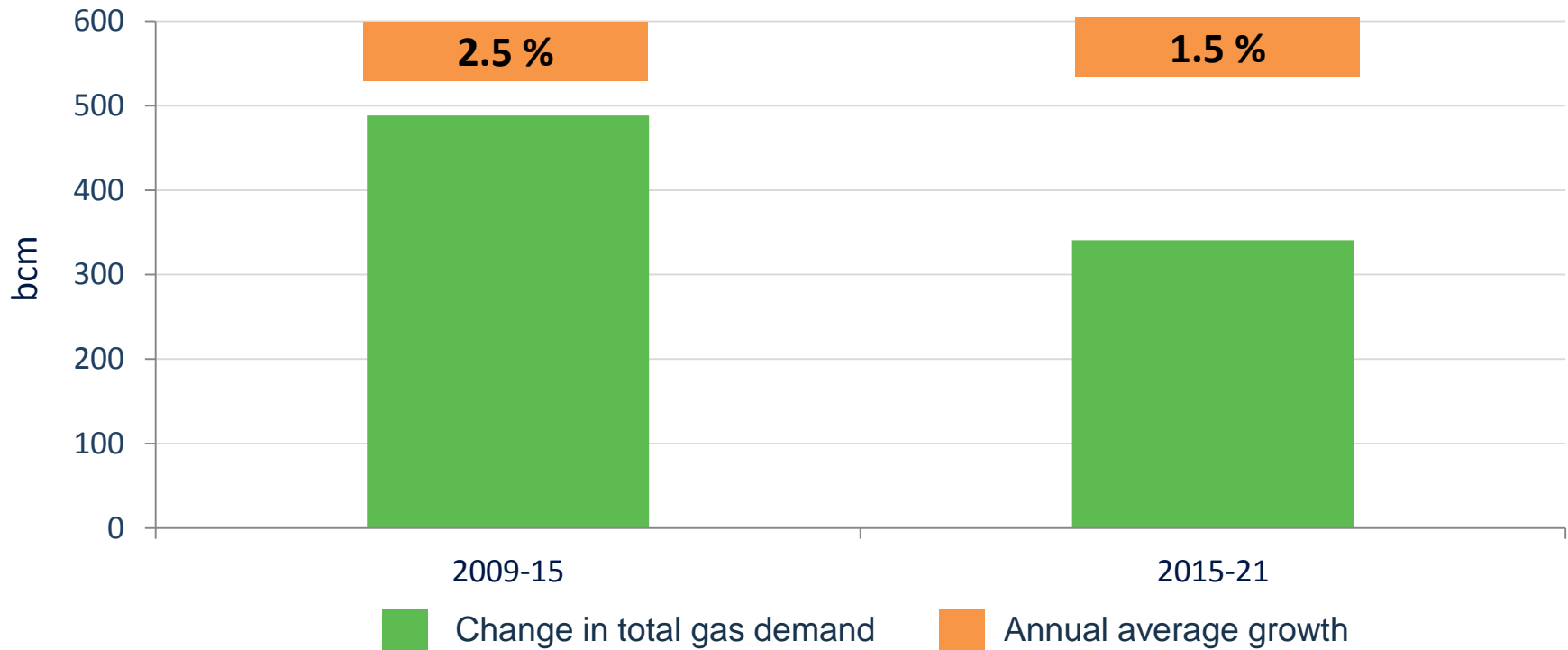
Dr. Fatih Birol

Executive Director, International Energy Agency

NEA-IGU G20 Natural Gas Day

29 June 2016, Beijing

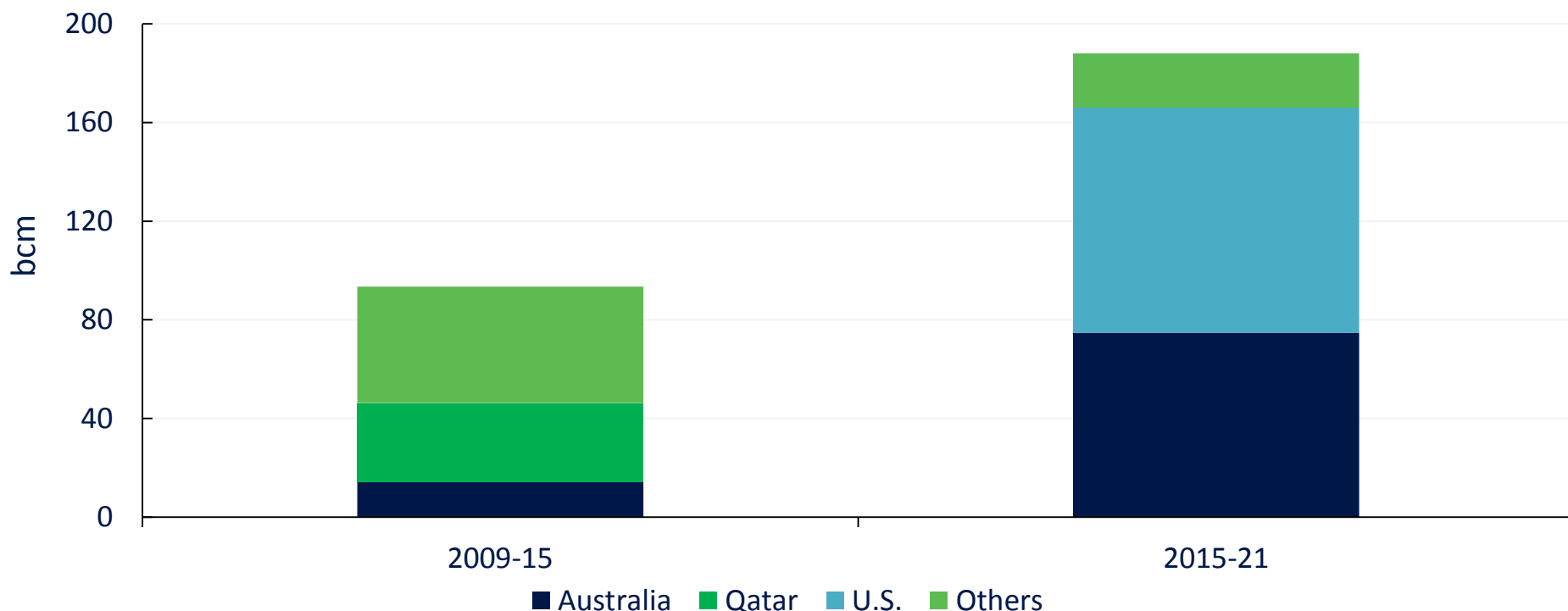
Growth in global gas demand slows



Growth in gas demand slows as it faces greater competition in the power sector; yet it is the only fossil fuel that does not suffer a decline in its share of the energy mix

Transformation of LNG markets

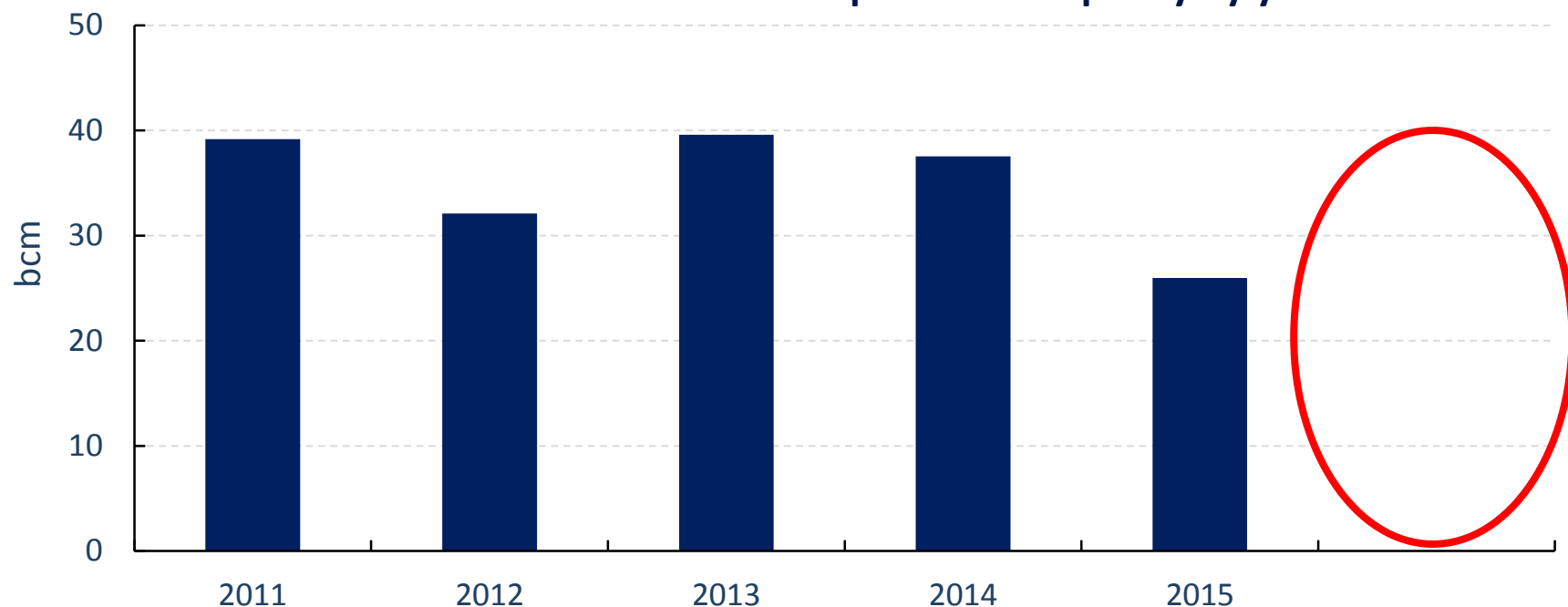
Liquefaction capacity additions



LNG capacity additions will be led by the US & Australia over the next five years; projects in Canada & East Africa could also move ahead if demand & prices recover

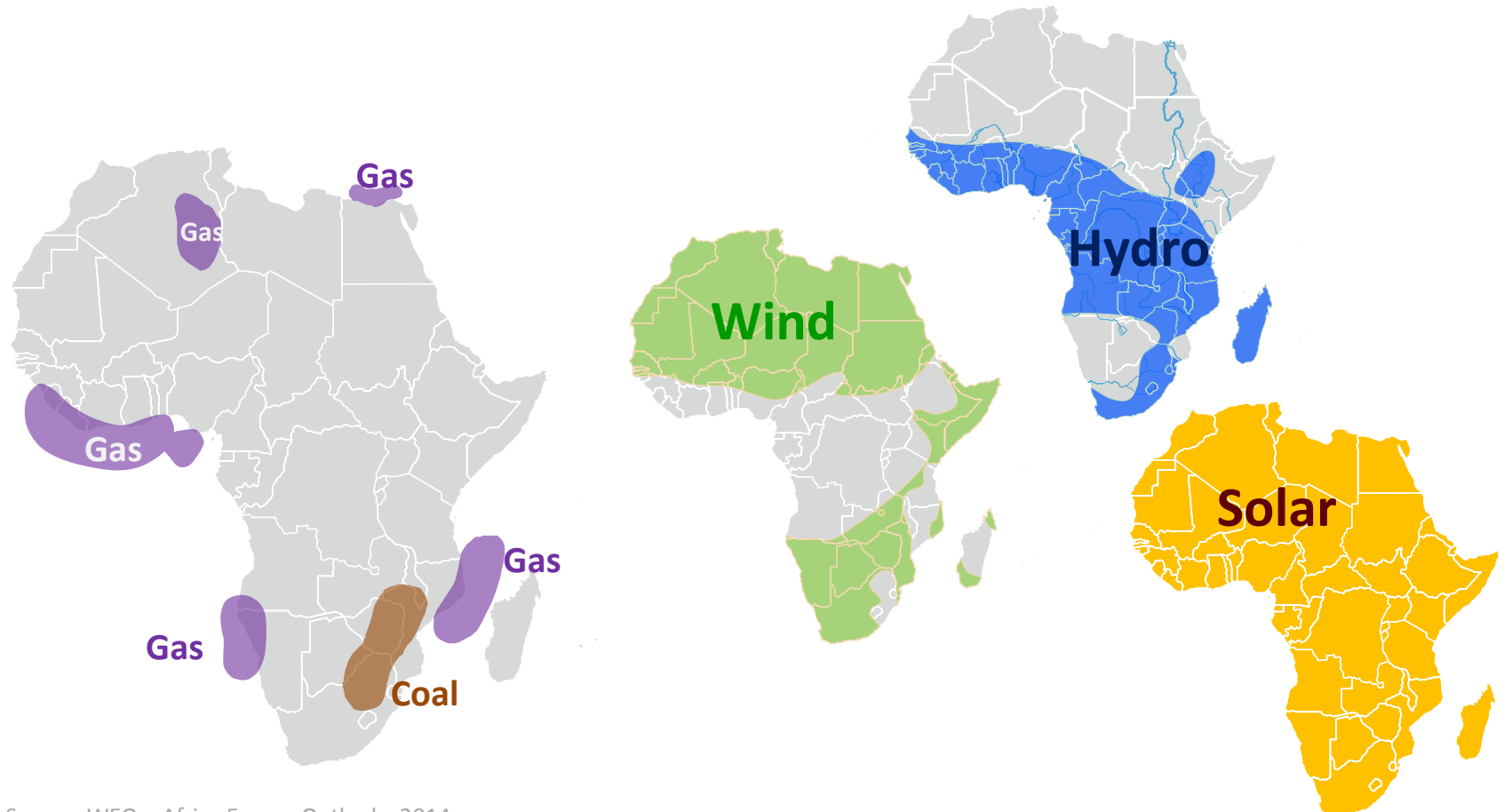
Investment in new LNG export capacity has ground to a halt

Final investment decisions in liquefaction capacity by year



The collapse in investment increases the risk of tighter markets in the next decade; concerns about gas supply security could quickly re-emerge

Gas & renewables can play a strong role in electrifying Africa

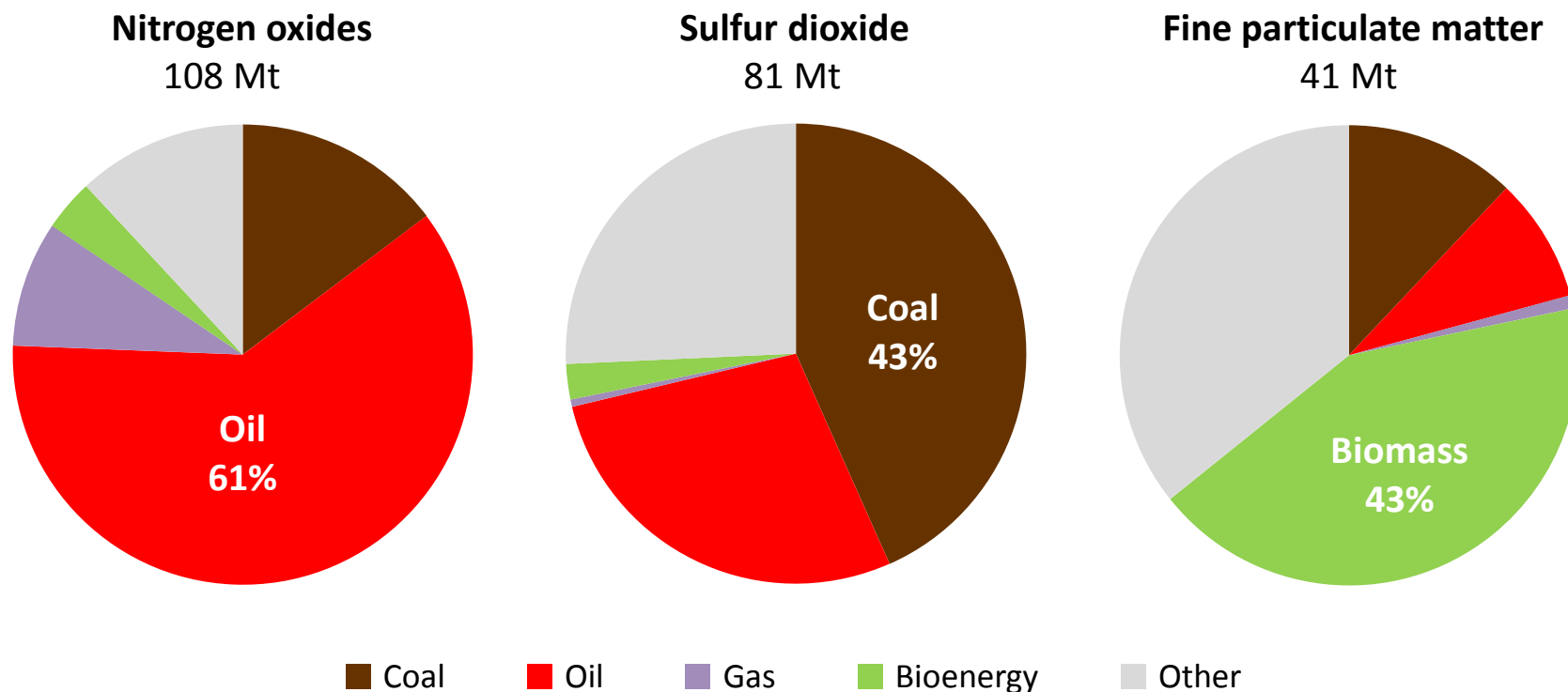


Source: WEO – Africa Energy Outlook, 2014

Gas can complement the region's vast untapped renewables potential, provided that infrastructure is developed in a timely fashion

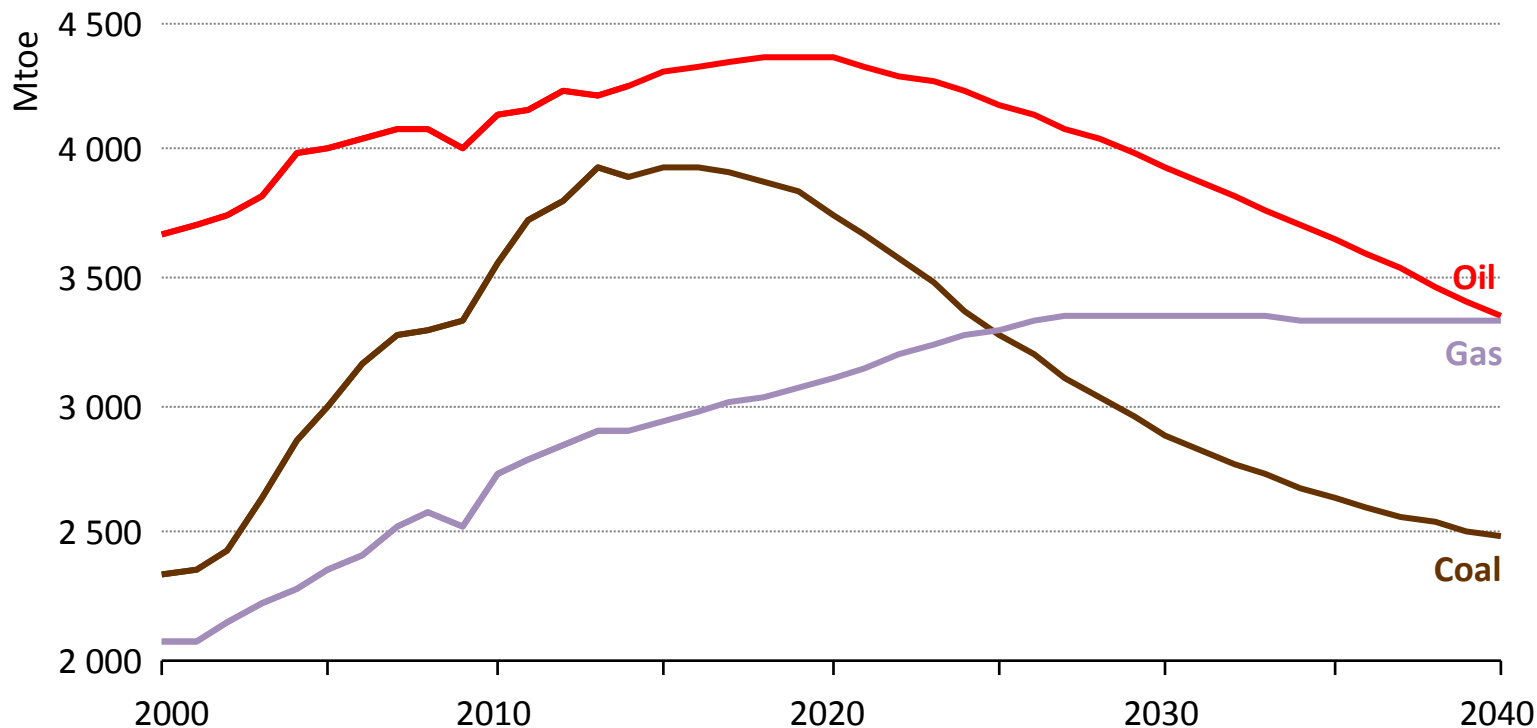
Air pollution is an energy problem: and gas can be part of the response

Pollutant emissions, 2015



Air pollution is the 4th largest human health risk globally, causing 6.5 million premature deaths annually

Fossil-fuel demand in the 2 Degrees Scenario

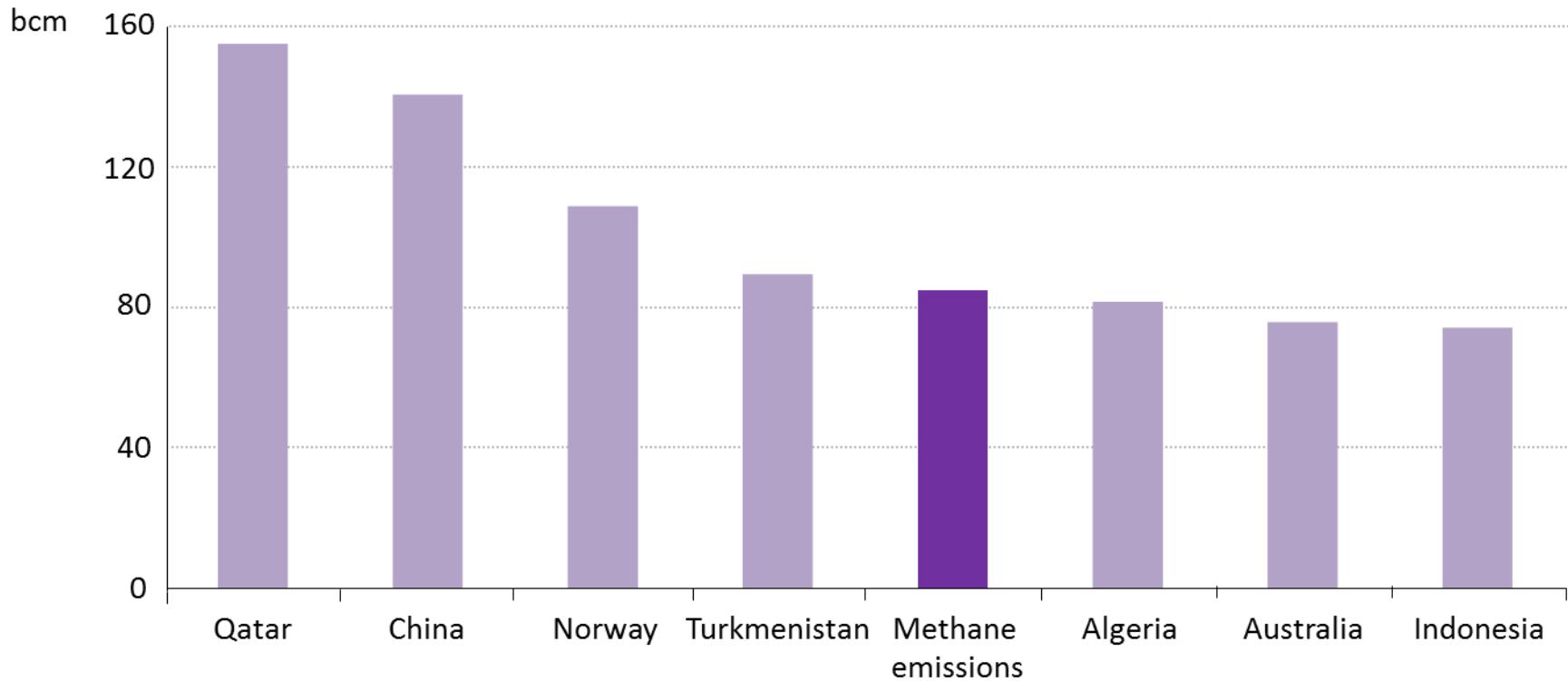


Source: World Energy Outlook 2015, 450 Scenario

Reaching the 2 °C target will see a slowdown in gas demand growth, but gas will still remain a core component of the energy mix

Methane leaks pose climate risks and represent \$9 billion per year in lost revenues

Global oil & gas sector methane emissions and gas production



Methane is a potent greenhouse gas; failing to take action to reduce these emissions is a major missed opportunity to tackle near-term warming alongside long-term reductions in CO₂

- **The gas landscape is changing: production growth is increasingly driven by the US & Australia; demand growth by developing Asia**
- **Global gas prices are set to stay under pressure as a huge amount of LNG export capacity is coming online just as demand slows**
- **Gas has a key role to play in the low-carbon transition & improving air quality, but methane emissions need to be addressed**
- **Low prices & well supplied markets give no cause for complacency
- IEA is taking on a new mandate on gas security**