

## Richard H Jones, IEA: All energy sources that we have today matter

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The question of what kind of energy future we face was a most important topic at this year's Bled Strategic Forum, held in Ljubljana, Slovenia, on 9-10 September. The energy panel was peopled by prominent experts from around the world, with Richard H. Jones, Deputy Executive Director of the International Energy Agency (IEA), headlining the talks. Ambassador Jones underlined that "all energy sources that we have today matter". To Energetika.NET exclusively, he explained why oil will stay a dominant energy source for a while.

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**PHOTO: [www.iea.org](http://www.iea.org)** Richard H. Jones took up his duties as Deputy Executive Director of the International Energy Agency on 1 October 2008. Jones, a former American diplomat, brings to the IEA more than 30 years of diplomatic and policy experience on issues ranging from Middle East politics to trade negotiations and energy security. After a rapid rise through the ranks of the US Foreign Service, he served as the American ambassador to four countries: Israel (2005-2008), Kuwait (2001-2004), Kazakhstan (1998-2001) and Lebanon (1996-1998). He also acted as the US secretary of state's senior advisor and co-ordinator for Iraq policy from February-August 2005. Source: IEA

**Despite an increased share of gas in the global energy mix, according to IEA estimates, oil is to remain the largest energy source in 2035. Why that long? Are we not experiencing a "climate crisis"?**

You have to think about the different sources of energy that we use. Oil is primarily used in transportation,

but there are more important sources of emissions, such as energy sources used for generating electricity, particularly coal. Right now renewables are not really competing with oil. Gas will increase as an energy source too, but not as fast as renewables.

We speak about renewables in transportation only on the biofuel level. But here we also have a dilemma – should crops be grown for food or for fuel? Maybe there will be a breakthrough with algae, but most people think that over the next 25 years, it will be very difficult to displace oil as the preferred fuel for transportation. It has very high energy density, it's found in many parts of the world and it's a known and mature technology. We are also looking for new oil in new places, like offshore.

Therefore, we believe that not only will oil continue to be in demand, but there will also be enough oil to supply this demand.

### **But after this period, will there be a mix in the transport sector as well?**

That's a good question. We think that there will be growth in electricity, but more likely there will be natural gas growth for transportation, especially in public transport. We know that natural gas does not cause as much greenhouse gas emissions as oil, so it's very acceptable for many countries and consumers, for use in vehicles like garbage collection trucks and taxis.

### **You've mentioned using electricity for transport, but we know that this cannot be a sustainable solution, if the electricity is coming from coal power plants.**

That's right, yes. And that's why renewables should be promoted to become even more competitive. As we are already witnessing today, they are already very competitive and for some uses, photovoltaic cells are already more efficient than paying for the construction of an electricity line. But to get renewables completely competitive with grid electricity will still take a while.

### **How long do you think this will take?**

Five to 10 ten years at least. Another concern is that renewable energy takes a lot of space – a lot more than a fossil fuel power plant, in most cases. There are always choices to be made, and utilities must take both profitability and environmental aspects into account... Governments can help with the first, but in the second case there is public opinion. A lot of people do not want an energy facility in their back yard and in some cases that is understandable.

Finally, it's hard to compare capacities. If we look at wind energy, we know that the wind does not blow all the time, but nevertheless the plant requires a lot of space. Perhaps turbines are rotating just one-third of the time, then we would need three times more turbines to produce the same output of another plant of the same size with more constant technology, for example.

### **So, what will happen in the future? Will we stick with the traditional energy mix?**

I believe so. As I said, the share of gas will certainly grow, also because of the recently discovered resources of shale gas. That means that gas will displace coal in some markets in the near future. At the IEA, we recently did a study entitled "Are we on the verge on the golden age of gas?" And the answer is "yes, we probably are". You know, gas is cleaner than coal, but it still produces more carbon dioxide than renewable energies. Because of that, we believe that we need to use a mix of all sources of energy and use the whole portfolio of energy technologies. Where we can use renewables, that's great, where we can use nuclear power, then that's fine, too, just don't build the plant in an earthquake zone or on the coast of one. Also, coal will remain an important source of energy. The reason for this is that it is still very cheap and also, it can be found all around the world. So, it's also very reliable source of energy.

### **So, I guess there will also be CCS (carbon capture and storage) technologies needed?**

Absolutely. But, CCS will take a while; we expect it will need another 20 years to take off. That means that we have to start working on it now! I am going to China for an annual meeting of the Carbon Sequestration Leadership Forum, an intergovernmental group to promote CCS, at the end of September

and I'm going there because we think CCS a very important issue that we have to develop very quickly, especially in China, where we see the number of coal power plants growing very rapidly. In this economic climate, it's very hard to convince people of CCS, so major efforts are in place.

### **Going back to gas. How do you see the gas future, having in mind all these gas pipeline projects in Europe: Nabucco, South and North Stream, and South Corridor (which also includes Nabucco)?**

I think that these gas projects could be realised, yes. Maybe not in the timeframes that we have heard but still, they are realistic. There are also shale reserves in Europe, but European countries are not that interested in the new shale technologies at this point, not like China or the US. To supplement their pipelines, these countries are more interested in building LNG terminals. For us, the key issue to improving security is diversity. I am speaking of diversity of not only technology, but also about a diversity of suppliers. As we see it, a lot of the Central Asian gas will go to China.

### **One final thing. Nowadays, energy efficiency is a business, for example, energy management for industries, energy efficient buildings... What do energy efficient solutions mean for the IEA and its policies?**

There is no source of energy that is cheaper or cleaner than the energy we do not use. We have the technologies and we have the know-how, but still – not many people are investing in this area. In the US, we have a lot of residential rental properties. The landlord usually does not pay the energy bills and the tenant who pays this bill does not want to invest in the landlord's property. That's where the government can step in, while it would make sense for the whole society to have, let's say, better insulated houses.

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