IGU Reaction to the IEA World Energy Outlook 2015
Greater Use of Natural Gas Will Help
Improve Urban Air Quality and Reduce Emissions Immediately


The IGU urges policymakers to set clear strategies and policies that include the role natural gas should play in a sustainable energy future. David Carroll, President of the IGU stated: "Economic growth goes hand in hand with growing demand for natural gas. By increasing the use of natural gas in the power generation and transport sectors, quality of life will be greatly enhanced.”

Continued Growth Brings Natural Gas towards Parity with Oil and Coal in 2040.

In the IEA’s New Policies scenario – which takes into account the effects of all existing climate policies and declared policy intentions, including the climate pledges made by countries in the run-up to COP21 – global natural gas use continues its upward trend, growing at 1.4% per year to 2040. Gas is the “fastest growing among the fossil fuels; demand of 5.2 tcm (trillion cubic metres) in 2040 brings gas towards parity with coal and oil in the global energy mix.”

Furthermore, in the IEA’s 450 Scenario, which in terms of climate policy is even more ambitious (assuming “a set of policies that bring about a trajectory consistent with the 2 degrees goal”), natural gas also shows a healthy future, growing until the mid-2020s and then staying level until 2040.

As Dr. Fatih Birol, Executive Director of the IEA, noted "not every fossil fuel is a fossil fuel, they are not the same thing, gas is different than coal, coal is different than oil, to put fossil fuels together and lump them in the same group may not be easy to write, but it may not be the right way to put things together.” Dr. Birol noted “in some parts of the world we are entering the golden age of gas but unless we have regulations for local pollution reasons or for climate change reasons," the Golden Age of Gas will be more difficult in some regions.

Greater Use of Natural Gas in Power Generation and Transport Is a Fast Track to Improving Urban Air Quality and Reducing Emissions.

The WEO - 2015 concludes that the global energy sector has embarked on a transition to the future energy world. The WEO – 2015, however, downplays the positive contributions natural gas and carbon capture storage (CCS) could make to this energy transition, and it does not provide a long-term strategy as to what the role of natural gas could be in the global energy mix of the future. The IGU encourages policymakers to do more. Carroll: "A set of sound policy frameworks and strategies should be established that allow the market place develop and implement solutions that ensure a smooth and cost-effective transition while improving the quality of life.”

According to the IGU a sound energy strategy for the future should include greater use of natural gas in power generation and transport. Carroll added: “The best way to reduce emissions dramatically today is to switch to natural gas. From coal to natural gas in power generation, and in greater use of natural gas in the transport sector.” More specifically, the IGU calls upon policymakers to consider the following measures to fast track the energy transition:

- Policies to stimulate coal-to-gas switching in the power sector. These have led to substantial improvement to air quality and reductions in CO₂-emissions, for example in the United States. Where such policies are lacking, coal-fired power production remains dominant. The IGU will present a report that provides substantial proof of how some of the major megacities of the world have been able to achieve this.
- **Policies to stimulate greater use of natural gas in transport.** The WEO-2015 notes that “the fastest growth rate in natural gas consumption, albeit from a low base, is in the transportation sector, in the form of compressed natural gas (primarily for passenger vehicles) and LNG (for trucks and maritime transport).”

- **Policies to stimulate the integration of renewables and natural gas in electricity markets.** For example, given the urgent need for more energy storage capacity as a result of the growth of intermittent renewables, and the limitations of current electricity storage means, the possibilities of using the existing natural gas storage and transmission systems as a form of energy storage (power-to-gas) should be promoted.

- **Forms of effective regulations and carbon pricing to stimulate switching from coal to natural gas.**

- **Accelerated investments in technology and innovation to drive higher efficiency levels should be supported.**

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IEA Recognizes Gas Industry for its Environmental Performance in Unconventional Resource Development.

Finally, the WEO-2015 notes that “resources of shale gas, coalbed methane and tight gas outside North America are estimated to be huge (…) and widely distributed.” Unconventional gas will provide 60% of the growth in gas production over the coming decades. For the world to tap into these resources, however, major barriers still need to be overcome especially because of a lack of public acceptance.”

The IGU is pleased to see a recognition by the IEA of the gas industry’s environmental performance. In a special section to “revisiting” the “Golden Rules” for unconventional gas exploitation, the WEO - 2015 states “that it is clear that there is now much greater transparency in a number of jurisdictions. This trend is increasing, especially with respect to chemical use […].” Also, the protection of water resources is recognized by the IEA and concludes that the “study of the many tens of thousands of wells drilled has not revealed cross-contamination of shallow aquifers from deep hydraulic fracturing operations as a major hazard.”

In short, unconventional gas production has performed well environmentally, although concerns persist and “public concerns remain widespread”. According to the IEA, “the battle for public acceptance is not lost, but more remains to be done to satisfy the public […]” David Carroll commented: “The industry will continue to invest in public dialogue and stakeholder outreach.”

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For more information

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About IGU

The International Gas Union (IGU) was founded in 1931 and is a worldwide non-profit organisation aimed at promoting the political, technical and economic progress of the gas industry. The Union has more than 140 members worldwide on all continents, representing approximately 97% of the world gas market. The members of the IGU are national associations and corporations within the gas industry worldwide. The IGU organises the World Gas Conference (WGC) every three years, with the forthcoming WGC taking place in Paris, France, in June 2015. The IGU's working organisation covers all aspects of the gas industry from exploration and production, storage, LNG, distribution and natural gas utilisation in all market segments. [www.igu.org](http://www.igu.org)