Global Natural Gas Markets in Transition

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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

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

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

Source: WEO – Africa Energy Outlook, 2014
Air pollution is an energy problem: and gas can be part of the response

Pollutant emissions, 2015

Nitrogen oxides
108 Mt

Sulfur dioxide
81 Mt

Fine particulate matter
41 Mt

Coal 43%

Oil 61%

Biomass 43%

Bioenergy
Gas
Other

Air pollution is the 4th largest human health risk globally, causing 6.5 million premature deaths annually
Gas in a low-carbon future

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.

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.
Conclusions

- 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