

# G20 2016 CHINA



## G20 Natural Gas Day

Natural Gas Promoting Sustainable Development

### Joint Hosted by

National Energy Administration & the  
International Gas Union (IGU)

### Organizers

China Gas Society, China Gas Association,  
Beijing Gas Group Co., Ltd.

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Beijing, China

Beijing Yanqi Lake International Conference Center

**Abundant, clean, secure, complementary. How natural gas can support sustainable economic development by reshaping the global energy landscape.**

It is a time of both opportunities and challenges for world energy. Factors such as resources, environment, industrial development, affordable energy, energy poverty, policies and geopolitics are shaping the future energy structure and giving direction towards its development.

Currently, energy globally has entered a phase where traditional supply exceeds demand. It is against this background that the global energy industry has to consider how we develop clean energy, improve energy efficiency and enhance air quality to raise the quality of life, and ultimately, achieve sustainable development; while also tackling climate change. Following Paris COP21, China assumed the G20 presidency to facilitate the international energy dialogue, contribute to global energy governance and advance efforts towards meeting the targets identified at COP21.

Consistent with the above, the National Energy Administration and International Gas Union (IGU) are pleased jointly to host the G20 Natural Gas Day on June 29th. The event is part of the G20 Energy Meeting Series, which is composed of G20 ESWG meeting (June 28th), G20 Energy Accessibility and G20 Natural Gas Day (June 29th), leading to G20 Ministerial Meeting on June 30th.

The following outlines the areas of focus and questions to be explored and debated by the three panels that will shape the G20 Natural Gas Day.

## **Panel 1 – Natural Gas: An Economic, Secure and Flexible Energy Source**

*Natural gas offers solutions to the world's economic and environmental challenges in a secure, flexible and sustainable way. Enhanced usage of natural gas is the single most effective way for the world to reduce emissions responsibly. Through its flexibility, natural gas can complement other energy sources. Natural gas provides a proven solution that works in almost any application for all energy uses, is affordable and plentiful around the world and foremost an enabler for the incoming renewable energy.*

Enormous quantities of affordable natural gas are readily available on a global scale. Greater availability of secure and flexible supplies of Liquefied Natural Gas (LNG) will enable and enhance access and security of supply, particularly for industries that were previously shut in from global gas markets. China and India are well positioned to benefit from new access to the global supply market and are on the road to becoming major players in the global gas industry.

The global gas market itself is going through a transition. The expectation is that a more liquid market with various regional pricing hubs will develop in the years to come. Although long-term contracts still dominate, the current share of short-term and spot trade has already increased to around 30%. The expectation is that this will further increase to around 50% towards 2020 when additional volumes from Australia and the US enter the market.

The following questions will shape the panel discussion:

Q: What is the role of the government to ensure that economic, secure and flexible natural gas is an essential energy source?

Q: What is the role of (technical) innovation to further develop cost-efficient gas solutions and how should it be supported?

Q: Will gas commoditization enhance the security of supply and will it be critical in support of renewable energy deployment?

Q: Will the further globalization of natural gas result in lower gas prices or will global oil pricing coupling be inevitable for the long run?

Q: What are the critical prerequisites for the successful development of regional gas hubs to enhance liquidity and what is the role of logistics? While most of the global regions operate with hubs, Asia does not. Will Asia hubs be lead by Governments or will they evolve by market forces?

## **Panel 2 – Strategic / Future Scenario of Natural Gas: Responding to Climate Change and Clean Air**

*Natural gas is a clean fuel from an environmental perspective. It is also highly efficient in its production, transportation and use. This combination of low pollutants and emissions and high-efficiency levels results in the less environmental impact on climate change, acid rain, urban smog, solid waste, water quality and visibility. The challenge for environmental and energy policy makers is to create a framework within which natural gas can play its full and important part of the energy mix and above all enhance the incoming renewable energy.*

The Chinese government and Chinese companies have recognized the long-term need for secure and clean energy supply. The expectation is that coal consumption will decline, especially in the coastal areas and in the highly populated cities along the coast given the concerns over polluted and dirty air that is impacting the quality of life of citizens and as a side effect damaging industrial productivity. Next to the growing role of gas in power generation and domestic heating, it is also foreseen that China will use lighter feedstock, including gas, for its chemical industry, as well as a switch from oil to LNG in road and marine transportation. The major cities in China are a good example, with an impressive fleet of LNG-fueled busses and trucks as well as compressed natural gas (CNG) used for passenger transportation, such as taxis and cars.

The following questions will shape the panel discussion:

Q: Will the COP 21 targets be pursued through market forces and/or should regulations also be considered to stimulate energy efficiency and emissions reductions? How important is the consideration of full externality costs?

Q: Clean air is a critical and urgent issue that needs to be addressed. The provision of energy and mobility in highly populated cities greatly contribute to the issue. What is the role of regulations versus energy innovation and economic drivers in dealing with sustainable solutions?

Q: Which specific segments can natural gas contribute in responding to the clean air challenge?

Q: Should the (policy) approach be differently for developed versus emerging energy markets and what is the role of natural gas in these markets?

### **Panel 3 - Strategic / Future Scenario of Natural Gas: Responding to Energy Transition**

*Natural gas will make a bigger contribution to people's energy needs than they otherwise could as is an ideal partner for a low carbon future. Moreover, natural gas will continue to contribute to low carbon solutions in the long term. Our world needs to make the most efficient use of all available energy sources. The world needs to embrace enhanced natural gas usage, and understand that it is the most sensible option to enhance the lives of people across the globe today with clean air and reduce CO<sub>2</sub> emissions.*

Today, more than ever and as an outcome of COP21, governments around the world face the challenge of addressing climate change and lowering CO<sub>2</sub> emissions. However, on the other hand, they need to ensure that the security of energy supply is assured.

Factors such as resource & energy policies as well as geopolitics are shaping the future energy structure and direction of this development. All energy related issues are becoming more than ever global– and the globalization of the gas industry from what had previously been a continental based system is merely another example of this dynamic. Part of the answer is to increase the share of renewable energies in the energy mix, supported by the greater availability and use of natural gas. The reason for this direction is that gas is the cleanest, most flexible and most efficient fossil fuel and therefore highly suitable for facilitating the transition and greater deployment of renewable energies.

The following questions will shape the panel discussion:

Q: What is the best way to reconcile the seemingly contradictory energy objectives of fighting climate change and lowering CO<sub>2</sub> emissions and on the other hand, ensuring affordability and security of energy supply?

Q: Energy security is a critical domestic issue that must be balanced between domestic production and access and interconnection to the global streams of energy sourcing. Should there be certain benchmarks to enhance energy security through connection to the global energy markets?

Q: How could renewable energy be expanded into the energy mix? Can the energy needs be met by renewable energies only?

Q: How can natural gas make a greater contribution in both developed and emerging energy markets in the reshaped energy landscape?