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## IGU Newsletter - March 2016

[IGU Webcast: Global Advocacy Efforts of the IGU Takes Place](#)

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### **Global Advocacy Efforts of the IGU Takes Shape.**

With the IGU Webcast *Live from Berlin*, the IGU Marketing and Communications committee launched IGU's new webcast series on Thursday 25 February. The webcast, hosted by Hansch van der Velden and Dimitri Schildmeijer, wants to feature the players and issues that really matter to the natural gas industry. This first webcast included the following three guests:

- **IGU Secretary General, Pål Rasmussen;**
- **Marcel Hoenderdos, manager communications at the Dutch State participation company EBN; and**
- **Alex Burnett, chair of the IGU Strategic Communications and Outreach Taskforce.**

**Pål Rasmussen: clean air is a key advocacy point**

Pål opened his remarks by indicating that the global primary energy market share of natural gas has grown over the last year - after being flat for some years. He also noted that all current forecast scenarios point to increased use of gas well into the future. Pål sees more and more signals that natural gas and renewables are indeed complementary partners.

**DID YOU KNOW that according to the World Health Organization, air pollution contributed to 3.7 million premature deaths each year? This may be an underestimate since it does not include deaths from exposure to long-term pollutants other than particulate matter.**

Then Pål spoke about the IGU's launch of the advocacy campaign on clean air at the COP21 UN climate conference. The launch included IGU's release of the report "Case Studies in Improving Air Quality." The report gained global media coverage including a timely and relevant coverage during COP 21 in The Financial Times. "Urban air quality and the role of gas will remain high on the IGU agenda for 2016;" Pål said. He stated that IGU has received interest from both the G20 and the IEA to advance work to deal with this very real and critical issue.

**DID YOU KNOW that about  
one half of The  
Netherland's energy  
consumption comes from  
natural gas?**

### **Marcel Hoenderdos: move to gas by design, not gas by default**

Marcel Hoenderdos spoke about GILDE, a Dutch initiative to rethink the role of natural gas in a sustainable energy future particularly at a time when The Netherlands has experienced a dramatic drop in the perception of natural gas due to concerns over shale exploration and earthquakes.

GILDE is a collaborative platform that allows the industry and stakeholders outside the gas industry to work together, as a group, on "What is the role of gas in a long-term sustainable energy future?" The question mark at the end of this sentence, Marcel explains, ensures an open dialogue. It emphasizes the importance of NGO's and other stakeholders to help shape the proposition of gas. "We believe the role of gas moves from "Gas by Default" to "Gas by Design"", he stated. And when asked whether that means that in some cases you pack up and go when there is no role for gas," Marcel said, "That might well be the case in some situations - but from an overall energy perspective and in the long run, gas is necessary."

### **Alex Burnett: IGU to step up efforts on being a global voice of gas**

Alex Burnett was the last guest. He is the Chair the IGU Strategic Communications and Outreach Taskforce. His task force aims to guide and provide advice to the IGU to raise the global voice of gas and efficiently advocate for gas. Alex stated that it is more than ever important that we provide as strong global message on gas.

"In many parts of the world, growing or sustaining the role of natural gas will increasingly depend on the emergence of favourable policy frameworks that

recognise its many advantages. Likewise, capital allocation in our industry will be shaped by investors' perceptions of the sustainability of that policy support. So it's more important than ever that we have a strong global voice making the case for gas. With a renewed focus on advocacy and communications, the IGU has to clearly articulate the role that gas can play in providing secure, economic, environmentally and socially sustainable energy."

Alex also stressed the importance for the IGU to have adequate resources to expand its activities in advocacy. Finally, Alex made a point of the importance of the work of the committees in developing the IGU's a global voice for gas.

Please join our next webcast! More information will follow later.

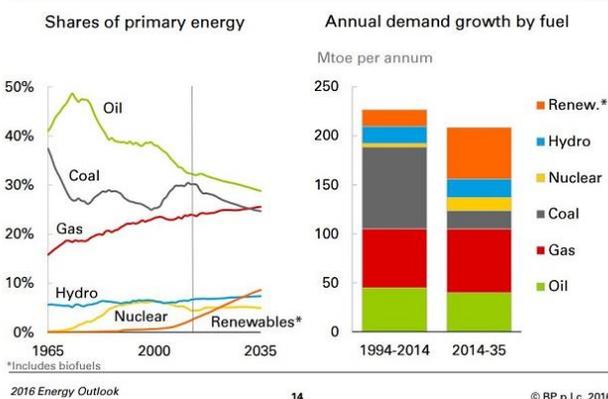
*Written by Dimtiri Schildmeijer, member of the IGU Marketing and Communications Committee and Anette S. Nordal, Coordination Committee Secretary*

## BP Energy Outlook 2016 – Positive on Natural Gas

The BP Energy Outlook for 2035 presents a scenario that indicates that the global energy demand will continue to rise, due to some factors including the doubling of the global GDP. The largest growth in GDP occurs mainly in the emerging countries. Thanks to improvements in energy efficiency, the growth in global energy demand is limited to limited to 34% between 2014 and 2035.

Base case: Primary energy

The fuel mix is set to change significantly...

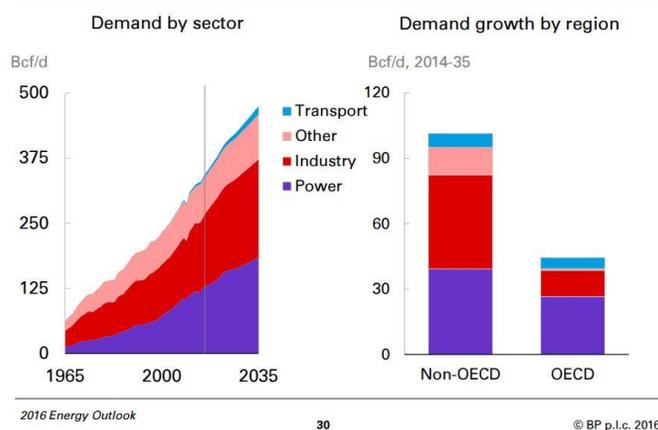


Until 2035 renewable energy production will increase by almost 7% annually and reach a 9% share in global energy demand. Fossil fuels will account for nearly 80% of global energy supply. The remainder is filled by nuclear and hydro. The Outlook suggests that the growth rate of carbon emissions slows sharply, but not enough without further policy changes.

## Natural gas and Renewables are the winners

Base case: Fuel by fuel detail

Demand for natural gas grows strongly...



Gas and renewables are seen by the BP Outlook as the energy sources that will grow the most until 2035. According to BP, global gas demand will increase by 40% or about 1300 Mtoe, compared to current level. The increase of renewable energy production is similar.

Together, natural gas and renewables deliver the majority of the additional energy for the world. According to BP Outlook, oil remains in 2035 the dominant fuel for transport. And, despite its environmental aspects, coal remains the dominant global energy source for power production.

**DID YOU KNOW that natural gas is projected to grow at 1.8 % every year the next 14 years according to the BP Energy Outlook 2016?**

Compared to the IEA New Policies scenario, the BP Outlook forecasts for 2035 a 10% higher gas production, a 5% higher oil production and a slightly lower coal

production. Both scenarios assume a similar production of non-CO2 energy sources.

The BP Outlook predicts that global CO2 emissions will increase by 20% to about 40 Gton annually. This increase is in sharp contrast with the requirements from the Paris agreement.

### **Faster Transition Scenario**

Consequently, BP has developed a separate “Faster Transition” scenario assuming a series of policies to steer that faster transition, including a CO2 price equal to 100 \$/ton in OECD economies and 50 \$/ton elsewhere (in real \$2015), stringent energy efficiency measures, and a substantial reduction in the use of oil in transport. In this Faster Transition scenario, global CO2 emissions peak in 2020, while in 2035, the CO2-emission is 8% below the current level of 33 Gton.

Renewables are the clear winner in this scenario, with a growth rate of nearly 9%, compared to 6.6% in the BP Outlook. In this Faster Transition scenario, fossil fuels still account for 70% of global energy demand in 2035, down from 80% in the Outlook. The utilization of coal for power generation decreases considerably, and is replaced by a combination of renewables and gas. The demand for natural gas in 2035 is higher than today, albeit although with only 50% of the growth in the BP Outlook.

### **Shale Gas**

The BP outlook predicts shale gas to be the main source of the global gas demand. It predicts that in 2035, nearly 25% of global gas production will originate from shales, up from 10% today.

In an alternative scenario, BP has assumed an even stronger growth of shale. It concludes that this stronger growth of shale gas will partially result in less natural gas production from (challenging) conventional sources and partially in a decline in

the demand for coal. Consequently, the global CO2 emissions in this Shale scenario are significantly lower than in the BP outlook.

*Written by Martien Visser, member of the IGU Strategy Committee*

**DID YOU KNOW** that the IGU Strategy committee focuses on the long term gas market study and gas pricing, as well as best practices in governance and regulations? For the 26th World Gas Conference 2015 in Paris the committee prepared the IGU report on Prospects of Natural Gas, identifying the key developments that will shape the gas market in 2050. Their "flagship report" is the IGU Wholesale Gas Price report which is published every year.



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Stand 2142

**IGU**  
Stand 2144

**LNG 2019**  
Stand 2142



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