Diplomatic Gas Forum

The Vital Role of Natural Gas Towards a Sustainable Energy Future

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As the global voice of gas, IGU seeks to improve the quality of life by advancing gas as a key contributor to a sustainable energy future.

- 86 Charter Members
- 14 Premium Members
- 61 Associate Members
- Founded in 1931

- IGU Secretariat
  Barcelona, Spain

- WGC 2021, Daegu, Korea
  Korea Presidency 2018-2021
2018 World in Review

**Trends**

**Poor Air Quality**

91% of World Population lives in Areas with Unhealthy Air

PM10 Annual mean concentration (ug/m3) 2014-17

Source: WHO

**Urbanisation**

Over half of the world’s population lived in cities in 2018, up from just a third in 1960.

World Urban and Rural Population billions

Source: UN

**1 Billion Without Electricity**

Globally energy access continues to increase, but much more needs to be done to meet UN Sustainable Development Goals.

Annual electricity access growth rate 2010-2016

Source: World Bank

A Sustainable Future – Powered by Gas
Greatest urbanization will occur in regions with lowest gas penetration to date

**Gas share of energy consumption**

- Middle East: 59%
- Non-OECD Europe: 40%
- OECD Americas: 33%
- OECD Asia Oceania: 24%
- OECD Europe: 24%
- Non-OECD Americas: 22%
- Africa: 13%
- Non-OECD Asia (ex. China): 12%
- China: 4%

**Projected urban population growth (2015-50)**

- Middle East: 118 M
- Non-OECD Europe: -11 M
- OECD Americas: 134 M
- OECD Asia Oceania: 2 M
- OECD Europe: 70 M
- Non-OECD Americas: 132 M
- Africa: 867 M
- Non-OECD Asia (ex. China): 797 M
- China: 271 M

Includes weighted average of power generation, buildings, and industry sectors; based on 2015 data
Source: IEA, UN Population Division, BCG analysis
Policy plays a critical role for shaping gas market development

Policy is critical to developing gas value chains

Examples of successful policies

- Production targets
- Priority upstream licensing
- Market-based pricing
- Competitive tariff structures
- Foreign gas trade agreements
- Anchor agreements by public utilities
- Capacity development targets
- Expedited permitting
- Capex support/lending programs
- Pricing of environmental externalities
- Fuel switching requirements/incentives
- Priority sector-based incentives

Example: Divergence between China and India
Looking Toward the Future

Industry Priorities

1. Cost competitiveness
   1A. Reducing LNG costs through the supply chain
   1B. Pricing environmental externalities
   1C. Development of local gas production

2. Security of supply
   2A. Expanding gas pipeline and storage infrastructure
   2B. More flexible LNG contracting
   2C. Development of new access-enabling technologies

3. Sustainability
   3A. Adoption of local air pollution policies
   3B. Development of low carbon technologies for gas
   3C. Addressing the methane emissions challenge

⚠ Industry action required
⚠ Gov. action required
Thank you