Gas Investments Are Key to A Sustainable Recovery

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Excellencies, Ladies and Gentlemen,

Allow me to join my Esteemed Colleagues in welcoming you to this first-ever virtual Ministerial event and to thank you for joining from all corners of the world. I commend our wonderful hosts and sponsors for organizing it so superbly, despite the tremendous challenges placed on us by the global pandemic situation. And of course, our partner – the IEF – without IEF this event would not be possible. I am extremely proud to welcome you to the 7th IEF-IGU Gas Ministerial event.

The pandemic has truly shaken up the world, taking lives and crippling livelihoods.

This year has not been kind to the most vulnerable.

According to the World Bank, over 100 million people can be pushed into extreme poverty. Budget deficits reached levels, not seen since the World War 2, and the global economy will likely be almost One Tenth smaller in 2030, than it would have been otherwise.

It has also had an Historic impact on the energy sector – a dramatic 20 percent decline in investments, something we have never experienced.

It threatens the sustainable development agenda, setting Energy Access back and forcing people to switch to dirtier fuels because of an affordability crisis. That in turn contributes to worsening air pollution, a major contributor to premature mortality, including from COVID-19.

As His Excellency noted earlier, there was one positive impact, and GHG emissions dropped to levels not seen in a decade – also biggest single cut in history. But it came at a great cost and unless significant actions to re-tool our economies for a sustainable recovery are planned in the coming months, it will may be short-lived.

Even though this current picture looks pretty grim, I think that it highlights the great opportunity that is in front of us. The opportunity is to rebuild better.

In his ASEAN keynote, **H.E. Mr. Nguyen Xuan Phuc, Prime Minister of Viet Nam,** captured this very well, noting that, *"(t)he ongoing public health crisis presents .. an opportunity to reset and recalibrate the region's growth trajectory on a more sustainable, accelerated, and resilient track*."

The ASEAN's recovery framework and implementation plan include an important commitment to advancing a more sustainable and resilient future, and I will draw on some of its elements to highlight the decisive contribution that gas can make to achieving this goal.

The plan places priority on *sustainability and investing in clean technologies*, and gas technologies are ideally placed to meet the region's energy and development needs, cleaning up the air, progressively reducing emissions, increasing efficiency, and supporting renewable integration. All with immediate impact once built. In fact, investing in gas technologies to their economic potential can deliver a huge reduction in the global energy sector emissions – one third of emissions can effectively be taken out.

For example, increasing access to gas in areas of growing demand can provide immediate reductions in GHGs and particulate emissions. This would have a great cumulative impact over the next 30 years, in terms of reduced carbon emissions and a healthier living environment, and all at a lower cost than the alternatives.

Most importantly, this would be an investment with a positive economic return, under sustainable development scenarios, in line with the Paris Agreement and the UN Sustainable Development Agenda.

Gas is also an indispensable tool for supporting the transition to renewable energy and energy efficiency. Thanks to its flexibility and operational advantages, gas helps to push the level of renewables system penetration higher, contributing to overall efficiency and ensuring strong reliability and security of supply.

It is none other than gas, which provides the lowest-cost, low-emitting source of flexible generation for long durations, hence it has a key role in meeting the demand for grid balancing, needed to scale up renewable generation. While batteries are an excellent short-duration flexibility provider, analysis indicates that gas is likely to remain the lowest levelized cost option for managing intermittency, beyond 4- to 8-hour range, and close to half of peaking events fall into that category.

The *energy transition* needs to deliver an affordable, resilient, secure and sustainable energy system, reducing greenhouse gas and air pollutant emissions. In this process, it also needs to expand access to clean and modern energy to those who do not have it. This challenge can only be met with a well-rounded combination of policy measures and sustained investment in cleantech. Renewable energy and natural gas are critical pieces of that combination.

The ASEAN plan calls for *"… the use of holistic tools and frameworks to assess the impact of relevant measures to cover not only the levelized cost of energy – but also broader impacts in terms of emissions, water footprint, air quality and human health, job creation, energy access and resilience"*

The importance of this cannot be overstated.

The levelized cost of gas is already lower than coal or oil in many parts of the world. Natural gas is typically one-half to one-third of the cost of oil, based on energy supplied. However, when the environmental impact of different fuels is valued, for example via carbon pricing or the cost of air quality regulations, gas's price advantage becomes universal anywhere in the world.

Action on pricing carbon and addressing the cost of pollution is critical to bring the world on a path consistent with the Paris Agreement, and gas technologies can competitively deliver immediate reductions in emissions of air pollutants and GHG's needed to stay on course.

Gas is highly affordable, when the full cost to society is considered.

Finally, I will conclude with this strong appeal to the policymakers and the financial community in the region and around the world: gas infrastructure investments will not be stranded, even where strict climate commitments are in place. On the contrary, investments in gas infrastructure will support and accelerate meeting climate and development commitments.

They would do so by enabling first the switch away from dirtier fuels and integrating growing shares of renewables. At the same time, they will support sustainable economic growth, development, and urbanisation, and unlock access to modern and clean energy. Gas technologies will improve lives.

These assets unlock opportunities for immediate reduction in emissions from power, industry, transport, and buildings today. And in the future, they provide a tremendous reliability and resilience resource for the energy system by being a backbone for low and zero carbon gas technologies.

In providing flexibility and security of energy supply, gas technologies are a critical enabler of the expansion of renewables and offer an attainable pathway toward carbon-neutrality. Gas-fired power plants provide the flexibility to support the expansion of variable renewable energy supply; gas storage, pipelines and LNG terminals provide security of energy; and gas can be used to produce hydrogen, which in combination with other technologies, is a potential means of decarbonising gas supply.

Gas infrastructure is a conduit for delivering low or zero carbon gas in the future, using critical decarbonisation solutions like biomethane, hydrogen, and carbon capture and storage.

However, without access to gas, countries cannot switch from oil and coal; nor can they reap the benefits of gas enabling higher integration of renewables into their energy systems.

Thank you very much.