

IEA chief's keynote highlights opportunities amidst uncertainties

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Website Published: <http://www.siew.sg/energy-perspectives/siew-2012/iea-chiefs-keynote-highlights-opportunities-amidst-uncertainties>

Date: 22 Oct 2012

"Uncertainty is the new reality", Maria van der Hoeven, Executive Director of the International Energy Agency (IEA), told delegates at today's opening of Singapore International Energy Week (SIEW). But it is against this backdrop that the challenges of "Shaping a New Energy Landscape" must be addressed.

Delivering her keynote address at SIEW 2012, Ms van der Hoeven covered a range of global priorities--from natural gas to renewable energies, from energy efficiency to key energy technologies, and the current and coming shifts in the energy landscape.

Ms van der Hoeven noted that geopolitical and economic risks are increasingly important factors in determining national energy outcomes.

"The global energy map is changing and this new energy landscape is one marked by risk and uncertainty", Ms van der Hoeven said.

She said issues such as the Libyan civil war in 2011 and international sanctions on Iran in 2012, as well as unplanned non-OPEC output stoppages, had buffeted the oil market, sending prices near 2008 highs.

But the IEA chief also highlighted success stories including the growth in North American light, tight oil and non-conventional supplies, which she said had "reached game-changing levels".

The growing role of natural gas, especially LNG, was another positive development, said Ms van der Hoeven.

With a vast, geographically-dispersed resource base, gas reserves are currently estimated to last for another 120 years. And with the addition of unconventional gas such as shale, tight gas and coalbed methane (CBM), this could well exceed 250 years.

Ms van der Hoeven said that according to IEA's estimates, global LNG trade will increase by a third over the next five years. She said many countries in the region are turning to LNG imports and that Singapore has a key role to play in this transformation.

Noting Singapore's key location, experience with oil trading and advanced institutional framework for the electricity market, Ms van der Hoeven said LNG developments in Singapore were "a milestone for Asian gas".

Noting the price differentials between Asian gas prices and those in the US, she stressed the importance of trading hubs providing an alternative to oil-linked imports and argued for the need to have alternative regional pricing for gas.

On natural gas' role in power generation, Ms van der Hoeven also pointed out "how the power provided and used will have a major impact on sustainability", emphasizing that gas is the most benign fossil fuel in terms of CO₂ emissions, and could play an important role in power generation and rural electrification for 1.3 billion of the world's energy poor.

Ms van der Hoeven identified energy efficiency as an important factor in improving energy security. She said it was the most affordable and effective way that countries can reduce consumption and lower emissions while achieving economic growth.

On renewable energy, Ms van der Hoeven cited the IEA's most recent Energy Technology Perspective (ETP) report. Speaking on medium-term trends in renewable energy, she said that as the portfolio of renewable technology matures, global renewable power generation is forecasted to rise 40 percent over 2011-2017.

While projected growth is accelerated, Ms van der Hoeven expressed concern about the lack of policy in some Asian countries, particularly in transmission and distribution infrastructure, which is the backbone of bringing energy to those who need it the most.

In all, an increased share of liquefied natural gas (LNG) in the global energy mix will inevitably affect energy trade, transportation and markets, especially in the Asia-Pacific region.

China and India, both net importers of gas, will become major drivers of world gas demand in the coming decades, particularly as the growing middle classes become more concerned about air quality and environmental degradation. Energy efficiency and new energy technologies such as renewables will continue to play integral roles as countries continue to grow and demand more energy.