



Who will quench the global thirst for gas – and for how long?

Gastech leadership roundtable post event report

Sponsored by



The roundtable

The Gastech Leadership Roundtables formed an integral part of the Gastech 2022 thought leadership agenda. Several closed-door roundtables, on a range of topics, took place within the event's exclusive Gastech Energy Club.

The invitation only roundtables provided a forum for participants to influence and lead the future direction of energy production, supply and use, while building high-level industry connections, with deep networking opportunities.

The aim of the Leadership Roundtables was to create a series of high level, productive discussions with tangible takeaways and reports. Participants benefitted from making extensive, high level industry connections with unique networking and discussion opportunities.

The discussion were held under Chatham House rules, with key takeaways and topic reports produced by Knowledge Partner, Wood Mackenzie, and agreed with all stakeholders.

No comments are attributable to any one participant.

Knowledge partner



Gastech are pleased to announce Wood Mackenzie as the official knowledge partner for the Gastech Leadership Roundtables.

Wood Mackenzie is a global research and consultancy business, partnering with organisations and governments to inspire better decision making. For nearly 50 years, Wood Mackenzie has been providing quality data, analytics, and insights used to power the natural resources industry.





Sponsored by

PROJECT
CANARY

Who will quench the global thirst for gas – and for how long?

Introduction

Tuesday 6 September, 2022 | 10.30am – 12.00pm

Executive Boardroom Gastech Energy Club

Russia's invasion of Ukraine disrupted global energy markets. As European LNG demand soared, new sources of LNG from the U.S., Qatar and elsewhere have been filling the gap. But, high fossil fuel prices are simultaneously strengthening the case for the transition to low-carbon energy. As a result, global gas demand is under increasing pressure, with emerging market LNG demand in Asia faltering due to high prices.

As Europe diversifies away from Russian supplies, the region's strong demand for LNG looks assured through the mid-term. But the EU is also prioritising energy security, renewables and green gases. As these become the preferred energy sources, LNG demand will inevitably come under pressure later this decade.

Asia

New projects continue to look to Asia for long-term demand growth, despite record gas prices causing visible demand destruction across the region's emerging markets. If this persists, governments may need to rethink the role of gas in their decarbonisation strategies, making a stronger case for a 'coal+renewables' energy transition. Without action, the industry risks losing years of expected demand growth.

New strategy needed

To avoid this scenario becoming a reality, gas must regain its position as an affordable lower-carbon fuel – even if prices now look set to remain structurally higher. Stakeholders must support investment in supply, commit to long-term contracts, increase storage and import infrastructure, and build flexibility in the power market through demand response programmes.

The lack of a viable low-carbon baseload alternative to gas should also support gas demand over the next few years. The global economy is less supportive of large-scale renewable deployment as rising capital costs, higher interest rates and a tightening market for energy transition materials drive up costs. Despite numerous challenges, low-cost, low-carbon LNG can be the big winner.

The challenges highlighted in the introduction were discussed at the roundtable, which included a diverse group of Asian LNG buyers and established LNG project suppliers and traders.

The roundtable participants were:

Knowledge partner

Sponsored by



CONFIRMED PARTICIPANTS



**His Excellency
João Galamba**
Secretary of State for
Environment and Energy
Portuguese Republic



Nigel Hearne
Executive Vice President,
Oil, Products and Gas
Chevron



Yukio Kani
Corporate Vice President and
Managing Executive Officer,
Director
JERA



Alan Heng
Chief Executive Officer
Pavilion Energy



Akshay Kumar Singh
Managing Director and
Chief Executive Officer
Petronet LNG



Dr Hongtao Zheng
President
ENN Natural Gas Co., Ltd.



Masood Nabi
Chief Executive Officer and
Managing Director
Pakistan LNG Ltd



Tom Earl
Chief Commercial Officer
Venture Global LNG



Maxim Kolupaev
Global Head of LNG,
Gas & Power
Glencore



Rodrigo Vilanova
Executive Vice President,
Energy Management
Galp Energia
Chairman &
Chief Executive Officer
Galp Trading



Chris Romer
Chief Executive Officer and
Co-Founder
Project Canary



Yngvil Åsheim
Managing Director
BW LNG



Dr Philip Mshelbila
Managing Director and
Chief Executive Officer
Nigeria LNG Limited



Olalekan Olufemi Ogunleye
Deputy Managing Director
Nigeria LNG Limited



Mark Brantley
Group President EMEA & APAC
Worley



Anatol Feygin
Executive Vice President and
Chief Commercial Officer
Cheniere

MODERATORS



Gavin Thomson
Vice Chairman,
Energy - Asia Pacific
Wood Mackenzie



Massimo Di Odoardo
Vice President, Gas & LNG
Research
Wood Mackenzie

FACILITATOR



Arthur Hanna
Board Member
**Copenhagen Institute for
Future Studies**
Visiting Professor of
Energy Economics
Loughborough University



Sponsor a Leadership Roundtable at Gastech 2023
sales@gastechevent.com | gastechevent.com

Roundtable Summary

Gastech has summarised the main points of discussion in six succinct bullet points. They are as follows:

1) Surging LNG demand in Europe

From the outset, it was clear that surging European LNG demand was hitting Asian buyers hard. Participants remarked that few Asian buyers were able to compete to secure spot cargoes at this year's prices. And while, the participants agreed that European market dynamics have recently improved with storage levels at record highs, some also warned that the worst could be yet to come if cold weather and falling Russian pipeline flows push European LNG demand higher still.

2) Asian demand hit by Europe's gas crisis

The participants broadly agreed that with European LNG demand expected to remain strong over the next few years, further demand response from Asia looked almost inevitable, given limited LNG supply growth. They noted that Asian LNG demand has fallen 7% year-to-date in the face of surging European demand and prices. Asian buyers in Milan were clear that this may continue for some time. Several spoke of further demand response being needed through the first half of this decade until new LNG supply eases the market from 2026.

3) The importance of long-term contracts

Many highlighted the differences between demand served through long-term LNG contracts vs demand accommodated via uncontracted spot imports. It was noted how the latter is really at risk in the current crisis, particularly from those consumers with weaker purchasing power. And many convened that only long-term LNG contracts provide security of supply.

4) Asia demand key for new LNG supply

The question of how and when Asian LNG demand recovers was raised by LNG suppliers and traders at the roundtable. Some observed that it was future Asian demand that would dictate the profitability of both new U.S. Gulf Coast supply and large-scale conventional LNG projects. Europe, they noted, may be the chosen destination for gas right now, but with Europe seeking to move away from gas as soon as is practicably feasible, sellers largely felt that LNG must find a home in Asia in the not-too-distant future. And so, it was Asian demand that was ultimately underpinning the current wave of LNG investment. Indeed, there was a widely held belief that displacing coal with gas in the power sector must be central to Asia's decarbonisation goals. The participants remarked that it was no coincidence that despite the current crisis, Asian orders for new combined-cycle gas turbines were at their highest level in a decade.

5) Market will rebalance

Participants observed that an anticipated growth in supply – particularly from the U.S. and Qatar – will help the market rebalance and bring prices down from current levels which are not sustainable for the LNG industry as a whole. Indeed, Asian buyers recognised the potential for an LNG glut and even a possible price crash after 2026 as substantial volumes are poised to hit the market.

6) Cautious optimism

But the participants did not wish to get too carried away. Instead they placed caveats on their optimistic vision for the future. They highlighted the fact that government policies regarding coal in several Asian countries remain ambiguous at best. They also noted that buyers from across Asia, particularly those from China who have contracted massively over the past two years, were anxious to stress that they were not always able to commit to 20-year deals. Therefore, there was general agreement that incorporating flexibility and optionality within deals is critical to those looking to manage a less certain demand outlook.

The content of this report is accurate as of the time of the roundtable which took place on Tuesday, 6th September 2022.

Conclusion

As evidenced throughout the roundtable, confidence in the fundamentals of long-term Asian demand remains robust. As suppliers, buyers and traders look to meet this head-on with a new wave of LNG supply, affordability and sustainability will be critical to success.



Sponsor a Leadership Roundtable at Gastech 2023
sales@gastechevent.com | gastechevent.com



Gastech



Hydrogen



ClimateTech

EXHIBITION & CONFERENCE

SINGAPORE EXPO | SINGAPORE | 5-8 SEPTEMBER 2023

Sponsor a Leadership Roundtable at Gastech 2023
sales@gastechevent.com | gastechevent.com

Our Offices:

UNITED KINGDOM
dmg events
Northcliffe House
2 Derry Street
London
W8 5TT
United Kingdom

UNITED KINGDOM
dmg events
Quartz House
20 Clarendon Road
Redhill Surrey
RH1 1QX
United Kingdom

UNITED ARAB
EMIRATES
dmg events
5th Floor, The Palladium, Cluster C
Jumeirah Lakes Towers
P.O. Box 33817
Dubai
United Arab Emirates

UNITED ARAB
EMIRATES
dmg events
Yas Creative Hub
Yas Island
Tower 4, Level 6
office C40-L06-10
PO Box 769256
Abu Dhabi
United Arab Emirates

EGYPT
dmg events
Office B2, Plaza 2 between Halls 3 & 4
Egypt International
Exhibition Centre
El Moushir Tantawy Axis
New Cairo
Egypt

SINGAPORE
dmg events
63 Robinson Road
#08-01
Afro Asia
Exhibition Centre
068894
Singapore

CANADA
dmg events
#1510 140 10th Ave SE
Calgary, Alberta
T2G 0R1
Canada

SAUDI ARABIA
dmg events
Office 408, Sakura Plaza
Al Madinah
Al Munawarah Road
As Salamah District
PO Box 3650
Jeddah, Saudi Arabia

SAUDI ARABIA
dmg events
Office 502, Al Madar building
Ad Diyar street, Al Ulaya district
ZIP Code 12611
Riyadh, Saudi Arabia

SOUTH AFRICA
dmg events
PO Box 650302
Benmore, 2010
Johannesburg
South Africa

SOUTH AFRICA
dmg events
PO Box 30372
Tokai, 7966
Cape Town
South Africa

NIGERIA
dmg events
3rd Floor, Mulliner Towers
Alfred Rewane Road
Ikoyi, Lagos
Nigeria

dmg events Northcliffe House, 2 Derry Street,
Kensington, London, W8 5TT, UK
Registered in England and Wales
Company Number 2246951 | VAT No. GB 494 1614 35
Part of Daily Mail and General Trust ('DMGT') group of companies
T: +44 (0) 20 4551 1602 E: sales@gastechevent.com
www.gastechevent.com



Held in



Supported by



Organised by



gastechevent.com

[@gastechevent](https://twitter.com/gastechevent)

[#Gastech](https://twitter.com/Gastech)

