



What role does gas/LNG play in the energy transition and how does the sector need to respond?

Gastech leadership roundtable post event report

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.





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Introduction

Tuesday 6 September, 2022 | 14.00 – 15.30

Executive Boardroom Gastech Energy Club

What role should the LNG industry play in the transition to net zero? It is a key question that Gastech posed to a distinguished roundtable of industry professionals. How will the gas industry meet the stringent targets set out in the Paris Accords? And what is the best way that the industry can decarbonise quickly and at scale?

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The roundtable participants were:

CONFIRMED PARTICIPANTS



Christiana Figueres
Former Executive Secretary
UNFCCC



Bjørn Otto Sverdrup
Chairman of the Executive
Committee
(OGCI)



Jane Liao
Vice President
CPC Taiwan



Mark Brownstein
Senior Vice President,
Energy Transition
Environmental Defense Fund



Rod Christie
Executive Vice President,
Turbomachinery and
Process Solutions
Baker Hughes



Marco Alverà
Chief Executive Officer
TES-H2



Rhea Hamilton
Managing Director
Beyond Net Zero



Paolo Enoizi
Chief Executive Officer
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Marcelo Alfradique
Deputy Superintendent for
Natural Gas
EPE Brazil



Dr Andreas Opfermann
Executive Vice President,
Clean Energy
Linde

MODERATORS



Gavin Law
Head of Global Gas
Consulting
Wood Mackenzie



Frank Harris
Head of Global LNG
Consulting
Wood Mackenzie

FACILITATOR



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

Roundtable Summary

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

1) Energy transition

With natural gas currently playing a significant role in the global energy market, the first question of the Gastech roundtable session focused on the importance of gas in the energy transition. While there was agreement around the table that gas will have to play an important role in the energy transition, the participants felt that to be assured of a reliable energy supply on a long-term basis, it cannot be a case of “business as usual” for gas. Participants took the view that change was required and that it must be driven proactively by the industry itself.

2) Meeting Paris Accords targets

Secondly, the roundtable discussed the changes that the global gas sector needed to make in order to achieve the Paris Accords targets. To meet the Paris Climate Accords, there was broad agreement that the industry must act quickly to decarbonise gas, from production through to consumption. Participants identified easy wins, such as reducing flaring to tackling more complex industrial challenges.

Attendees noted that the industry must focus on reducing methane as well as CO₂ emissions. The roundtable also believed that greater emphasis should be placed on Scope 3 emissions, and not just Scope 1 and 2 emissions. In addition, participants thought that the industry must take the view that Scope 3 emissions associated with gas consumption, present just as serious an issue as its own Scope 1 and 2 emissions. In addition, a call for greater collaboration between gas producers, consumers and other stakeholders was a recurring theme throughout the discussion.

3) Carbon Capture and Storage (CCS)

The roundtable saw Carbon Capture and Storage (CCS) as a key enabler for decarbonisation but felt that there were very substantial challenges in scaling it up beyond existing projects. Participants brought to light the key role of the customer as an industry decarboniser.

4) Demand reduction

The roundtable highlighted demand reduction, or demand-side management, as a key tool in achieving the necessary level of decarbonisation. The overwhelming consensus was that the industry needs to work closely with its customers to make their operations more efficient and so reduce consumption and emissions. Additionally, in the current high price environment, participants noted the important role of demand-



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side management as an instrument to help to lower gas prices and to prevent long-term demand destruction. There was much discussion about the need for the gas industry to champion decarbonisation. The roundtable felt that not doing so would increase the risk of gas being stranded by more competitive and lower carbon alternatives. As one participant argued, gas needs to become “a differentiated commodity”.

5) Pace of change will vary

There was also recognition that the pace of the energy transition and the role and longevity of gas will vary from region to region. The roundtable attendees agreed that there was no homogenous pathway for gas. They held that the energy transition solutions for Europe are not necessarily the same as those for Sub-Saharan Africa.

6) Crisis in Europe is a distraction

In addition, participants felt that the current crisis in Europe was distracting the hydrocarbon industry from the challenges associated with climate change. They noted that the sector’s main focus was on maintaining the security of supply to provide heat and light. They also observed that this focus on energy security can only be temporary if the industry’s long-term future is to be secured. They concluded that the crisis cannot become an excuse for business as usual.

7) Supporting the decarbonisation process

Participants debated how key stakeholders in the natural gas value chain could best help support the industry to decarbonise and deliver the energy transition. The group agreed that the gas industry needed to work proactively, innovatively and collaboratively with a range of stakeholders, from customers to investors to NGOs, to secure its long-term future. Climate change, it was felt, was everybody’s problem and there should be no “us and them” mentality. Participants agreed that investors, NGOs and customers all needed greater transparency from the gas industry, but at the same time, there was broad agreement that the gas sector needed to propose its own solutions for the decarbonisation of gas. The roundtable concluded that the investor base can reward companies that address the decarbonisation challenge through equity premiums.

8) Hydrogen

There were some interesting exchanges about hydrogen, which many agreed, faced numerous challenges if it is one day to be widely adopted. The roundtable agreed that hydrogen was not a panacea for addressing climate change. Furthermore, it believed that there was a risk that new hydrogen value chains were being developed in glorious isolation without sufficient consideration of how they might leverage existing infrastructure.

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



Conclusion

The general consensus was that gas/LNG is likely to play a key role in the transition to cleaner energy. Participants agreed that if it is to do so, however, the industry must move quickly to decarbonise gas, while meeting the requirements of the Paris Accords.

The roundtable concluded that the world tends to look to Europe to produce the decarbonisation roadmap. This, it believed, confers great responsibility on European players. If real change is to occur, the world must come together. If it chooses not to and a “Greater Asia”, led by China, chooses not to fully embrace addressing climate change, the world, says the Gastech roundtable, will struggle to achieve its goals.



Gastech



Hydrogen



Climatetech

EXHIBITION & CONFERENCE

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