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CWC LNG 2019: Industry fails to rally around solutions to decarbonisation threat

Industry experts speaking at the 20th CWC World LNG Summit in Rome struck a consensus on Thursday by stating the importance of reducing LNG's carbon footprint, but this quickly disintegrated as the debate moved onto which solutions to implement and how far market reforms should go.

Industry veteran Octávio Simões, currently senior advisor to Tellurian CEO Meg Gentle, opened with a keynote address calling on operators to “end flaring to ensure we have a business” in the future.

Simões warned the gas industry must “get on with” tackling emissions if natural gas is to have a “seat at the table” in the future power mix. He suggested it would not be expensive to fix the “plumbing issue” of methane leaks, and called for “zero tolerance” of routine flaring.

Justin Bird, president of Semptra LNG, agreed by calling for unity around emissions reductions efforts, and warned: “We cannot underestimate the size of the wave coming for us on this issue.” Bird suggested the gas industry too often relies on comparisons with coal, but fails to acknowledge it is competing with “other sources of energy” too.

Thomas Maurrisse, deputy SVP LNG at Total, called for “real... consistent actions” such as a carbon price that adequately penalises fuels in proportion to their emissions to “trigger investment in lower emissions fuels”. Maurrisse added that the industry must partner with renewable companies if it is to achieve the “maximum impact of decarbonisation”.

The unified call for action on emissions comes after Jonty Shepard, COO LNG at BP, said yesterday the industry must “do more” to both reduce emissions and ensure LNG is viewed as a low emissions fuel.

Still, 90% of attendees said in a poll that they believed the world would not meet carbon reduction goals set out in the Paris Agreement, while 70% said they believed gas would not be punished if that was the case. In contrast, just 21% said they believed gas would be penalised alongside other fossil fuels if Paris agreement climate targets are not met, while 9% said they believed demand for gas would rise.

Wake-up call

Lisa Fischer, senior policy advisor at climate change think tank E3G offered an alternative perspective, suggesting climate change would cause significant disruption to the gas industry. She noted current research suggests climate sensitivities are stronger than previously thought, and the impact of climate change on infrastructure would result in “a very disruptive scenario”.

Fischer provocatively asserted that “gas is no longer the clean kid on the block,” as the fuel is now responsible for 20% of global fossil fuel emissions, and growing emissions in Europe and the US. She added that the industry has failed to foresee past trends, and that any transformation of the industry

needs to happen fast because carbon capture and storage (CCS) projects have failed to meet expectations so far.

Steinar Eikaas, head of CSS and hydrogen solutions at Equinor, touted hydrogen produced using natural gas and carbon capture technology as the solution to decarbonisation, and suggested hydrogen can replace gas in almost all sectors. But Fischer countered by suggesting existing LNG infrastructure is not suitable to be fully repurposed for hydrogen.

Susannah Pierce, director of corporate affairs at LNG Canada, added that policy levers including carbon offsetting would play a major role alongside CCS. Fischer responded by saying offsetting and carbon capture must instead be used only as “insurance” instead of the main strategy.

Martin Lambert, research fellow at the Oxford Institute for Energy Studies (OIES) and Gas Strategies associate, said the scale of the global energy system will require a “range of solutions” but suggested that carbon capture and offsetting alone would not be enough. - LG



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