

Energy Investment and the Global Energy Dialogue

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Secretary General, IEF

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- 1. The International Energy Forum**
- 2. The agenda of the global energy dialogue**
- 3. Energy investment in the global energy dialogue: key questions**
- 4. Energy investment in the global energy dialogue: some answers**
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The membership of the IEF



89 countries

6 continents

90% of global oil & gas markets

IEA, OPEC, BRICs, MIST

The IEF is about



Dialogue & Data

Promotes dialogue among producers, consumers, and transit States

- Inclusive
- Neutral
- Open
- Informal
- Informed
- Focused

The IEF helps to:

Manage complex **interdependence**

Build **trust** - an essential ingredient of well-functioning markets

Promote security of supply and demand

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Focus on:

Investment

Data transparency

Sustainability

Energy access

The goals

1. Predictable, reliable, and affordable energy for all
2. A judicious mix of State, market, and international cooperation

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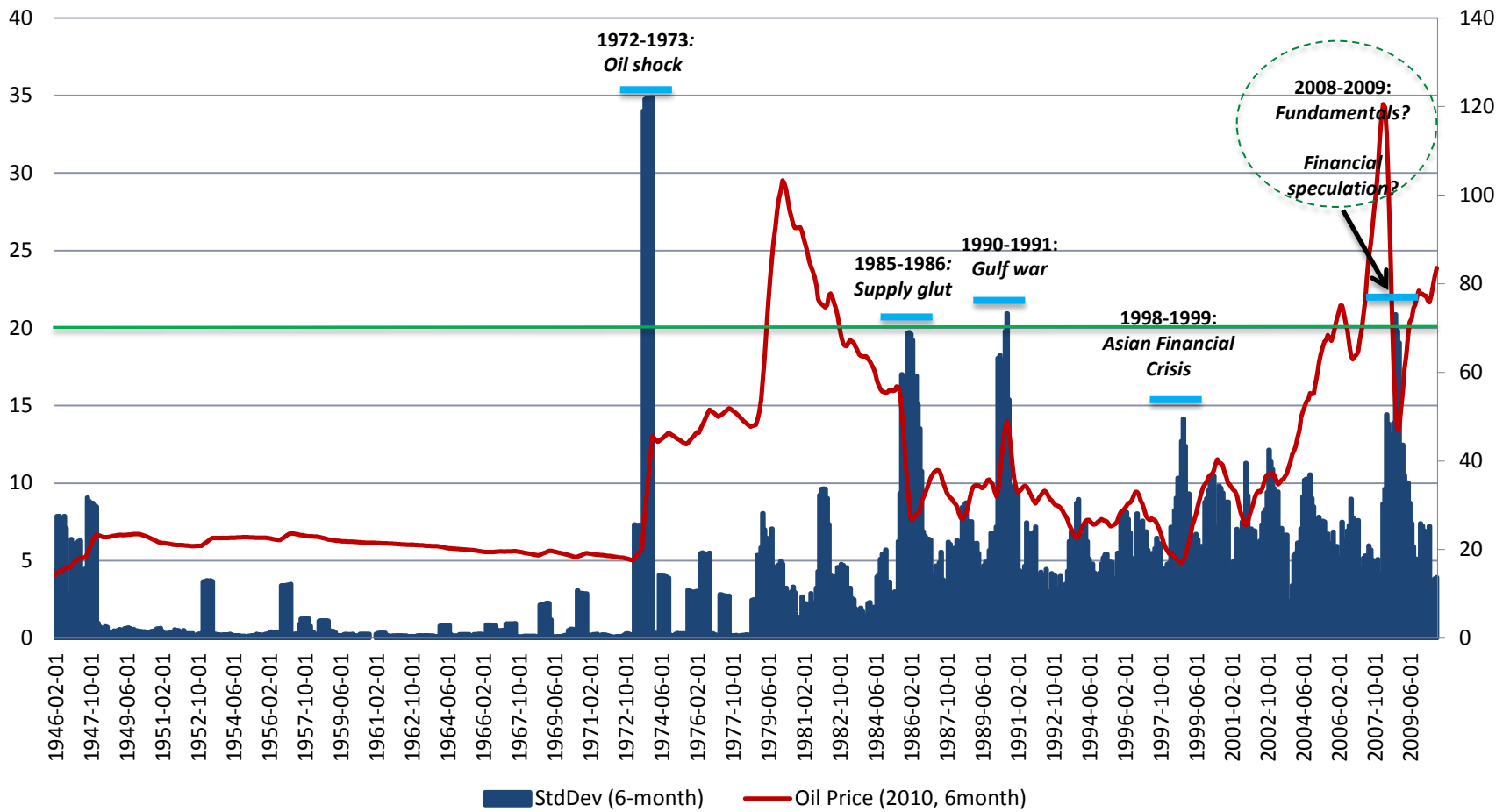
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What Ministers want to know

1. **Volatility:** what explains the behavior of oil prices?
2. **Data:** what is the supply-demand balance?
3. **Outlook:** what can we expect of future energy demand and supply?

Volatility: Spikes and triggers

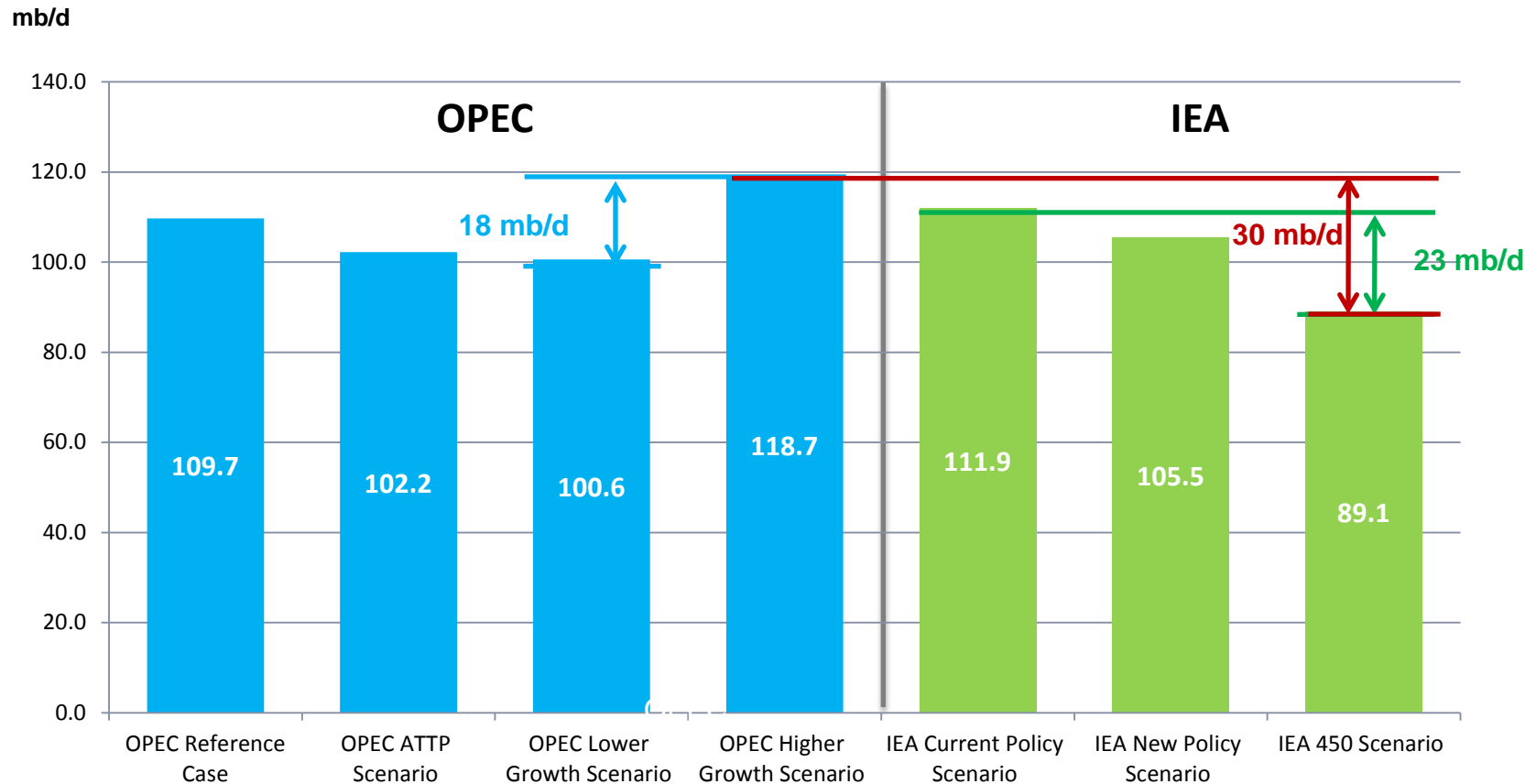
**High volatility does not imply rising prices*



Data: A 2-million barrel per day range in estimates of spare capacity for Q1 2012

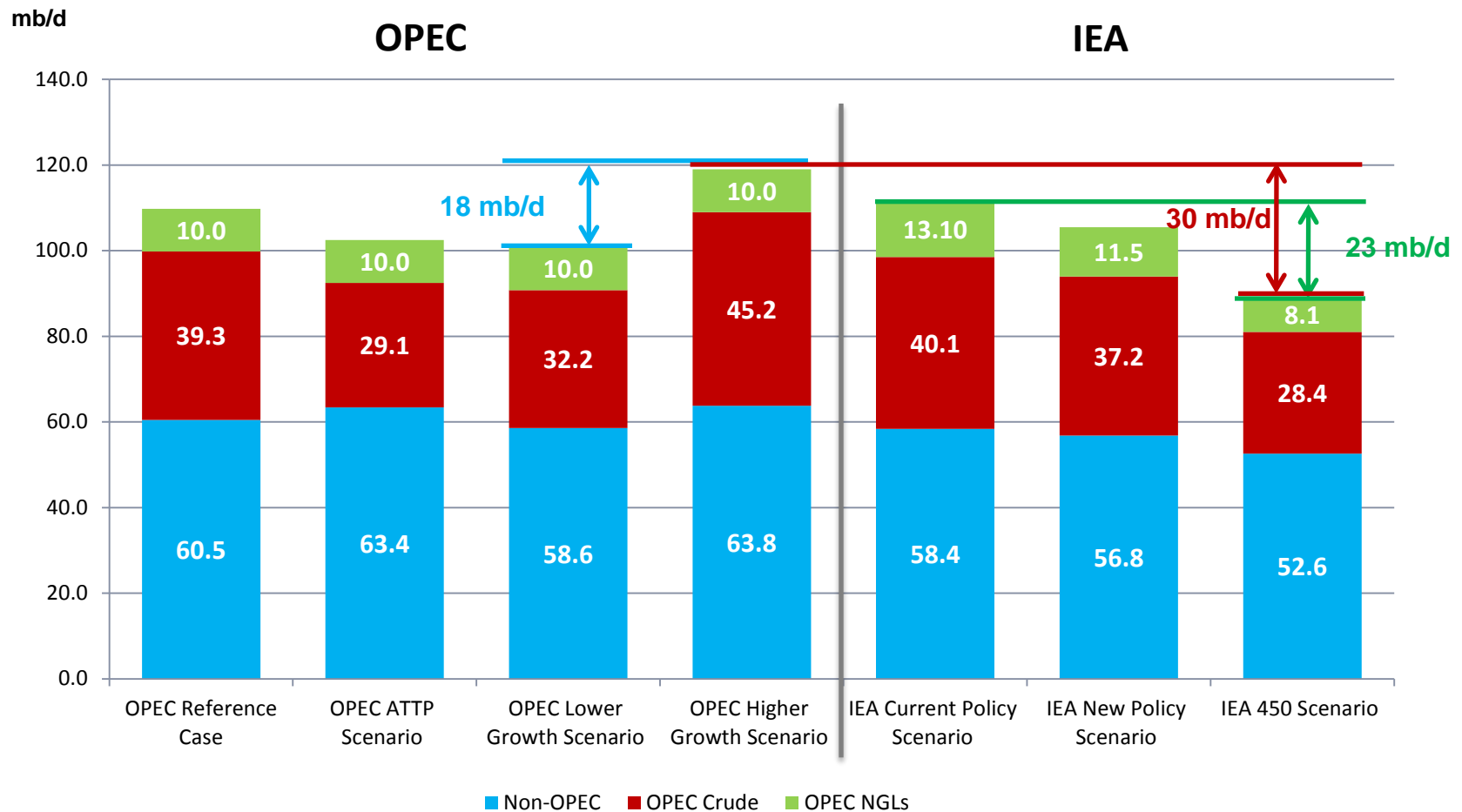
1. **OPEC:** 3.5 mb/d
2. **IEA:** 2.5 mb/d
3. **EIA:** 2.9 mb/d
4. **Barclays:** < 1.5 mb/d

Demand outlook: A range of estimates of close to 30 million barrels per day in global liquids demand to 2035



Includes biofuels (volumetric bases) and international marine and aviation fuels.

Supply outlook: Differences in the demand scenarios translate into uncertainties about fuel-mix requirements



1. Biofuels (volumetric basis)
2. OPEC crude includes Venezuela extra-heavy

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In search of answers

1. Ministerial Meetings

- a. IEF Ministerial
- b. IEF-IGU Ministerial

2. Industry Dialogue

- a. Industry Advisory Committee
- b. NOC-IOC Forum

3. Joint Organisations Data Initiative (JODI)

- a. Global energy commodity data gathering and dissemination
- b. Capacity building effort
- c. Transparency Conference

4. IEA-IEF-OPEC Cooperation

- a. Workshop on Physical-Financial Market Interaction
- b. Symposium on Energy Outlooks

What Ministers want to know...and what we are finding out

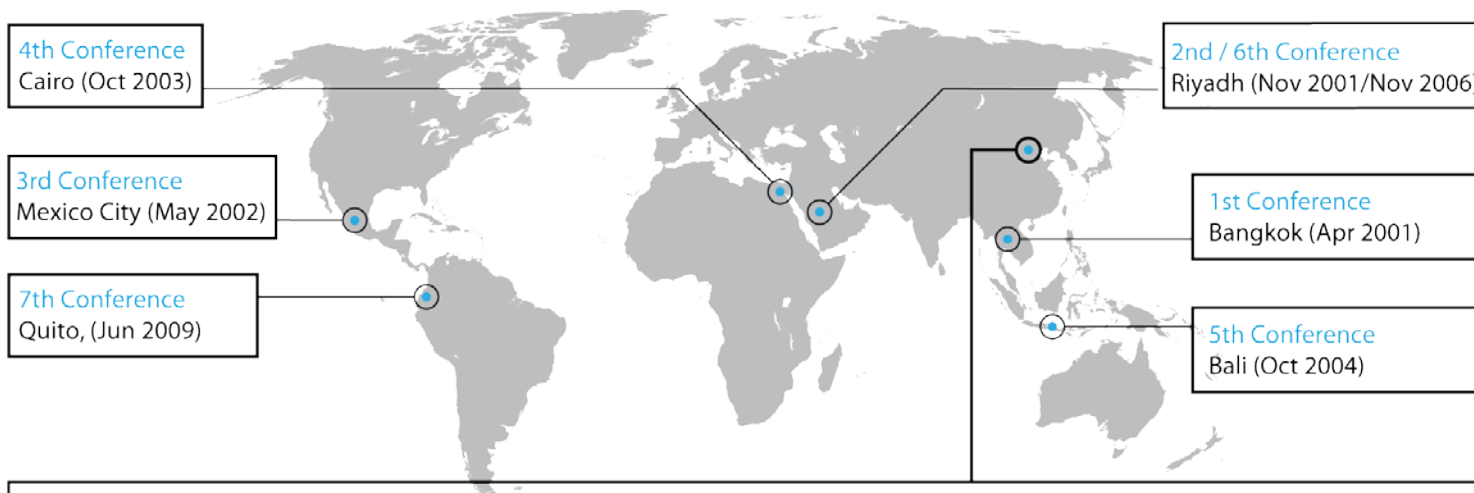
1. **Volatility:** Consensus on its causes remains elusive, which makes consensus on policy actions difficult to reach
2. **Data:** Strong consensus in favour of market data transparency, but institutional, technical and legal challenges must be addressed
3. **Outlooks:** Methodological differences require further exploration

Enhance Data Transparency



Joint Organisations Data Initiative

JODI Conferences



8th Conference, Beijing (Oct 2011)

Some 80 participants from 33 countries/economies, 16 market analysts and experts from industry and the financial sector as well as consultants and technical experts from the specialist media

Observations

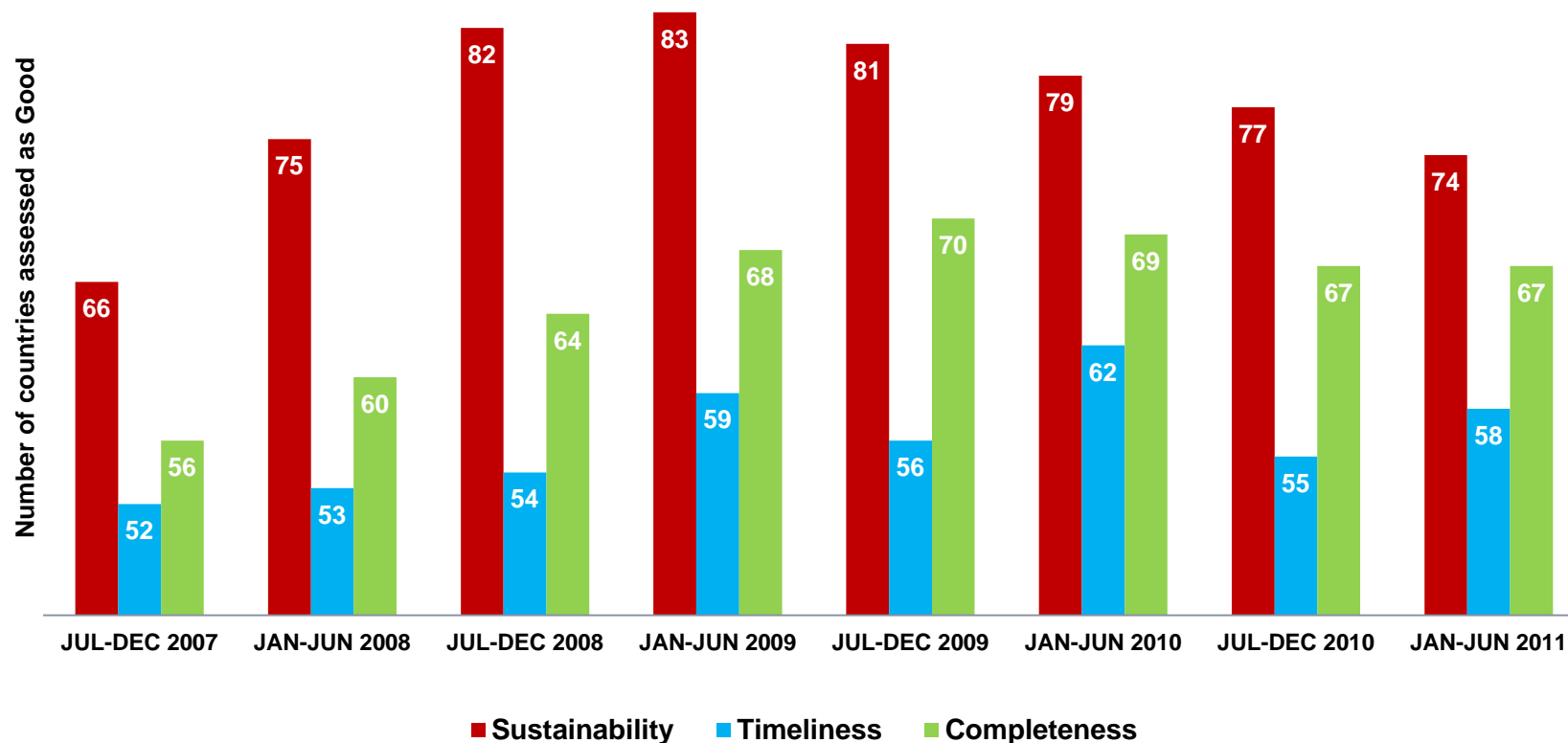
- Improved visibility of the Initiative is increasingly a function of Media interest.
- User-feedback plays a crucial role in improving the Initiative and will continue to be actively encouraged.
- Improving the accuracy and coverage of stock-level / change data is considered a priority as they are key market indicators.
- Improvements in data quality are dependent on the success of capacity building efforts with regard to statisticians responsible for completing the JODI questionnaires.
- Particular attention needs to be paid to encouraging the sustainable submission of a complete data set including the relevant qualitative information (metadata) so as to further improve market transparency.



Enhance Data Transparency



Performance



Improve energy outlook predictability and comparability

1. Harmonise definitions where possible
2. Disclose more data in a more timely manner
1. Conduct studies and joint technical meetings on:
 - a. Demand growth in China, India, and the Middle East
 - b. Costs and price assumptions
 - c. Elasticity assumptions for supply and demand
 - d. NGLs, unconventional oils and biofuels assumptions and projections
2. Enhance data exchange and information through a strengthened and improved JODI

...and optimize NOC-IOC partnerships

Challenges

1. Access to technology, finance, and reserves
2. Energy policy
3. Cost control
4. Fiscal frameworks
5. Health, safety and environmental risks
6. Human resources
7. New operational difficulties and challenging environments
8. Climate change concerns
9. Price volatility
10. Evolving transportation technologies

Opportunities

1. New Frontiers
2. Unconventional sources
3. Conventional resources in difficult areas
4. Rising emerging market demand
5. NOC-IOC partnerships
6. Investing in innovation and R&D
7. Cross-sector strategic cooperation
8. Building regulatory confidence
9. New models of partnerships
10. Renewable fuels

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The basics

1. Energy interdependence is here to stay, and it is complex
2. Global energy security requires producer, consumer, and transit States to acknowledge and manage their interdependence
3. The producer-consumer dialogue adds value in the search for global energy security

Issues

- Oil price volatility
- Security of energy supply and demand
- Emerging markets and their effect on current and future energy investments
- Transit countries and the promotion of a smooth energy trade
- Global gas market dynamics
- Cooperation between national and international oil companies
- Safety and security in the production of energy services and products
- Energy access
- Energy efficiency goals and their implications for energy consumption
- Environmentally friendly generation, delivery, and use of energy
- Renewable sources and their effect on planning and execution of investments in fossil fuels
- R&D for harder to get energy sources
- Human capital development throughout the complete energy supply chain

Let's talk

Let's have a dialogue and explore avenues for collaboration

We're eager to engage as many relevant stakeholders as we can

We want to hear from you



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THROUGH DIALOGUE**

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BETTER DATA. BETTER DECISIONS.**

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