

4th IEF-KAPSARC THOUGHT LEADERS' ROUNDTABLE

Energy Security in Transition: Impacts on Oil & Gas Investment

IEF Headquarters, Riyadh

15 February 2018

The Secretary General of the International Energy Forum and the President of the King Abdullah Petroleum Studies and Research Center invite you to participate in the Fourth IEF-KAPSARC Thought Leaders' Roundtable discussion on oil and gas markets. The Roundtable will contribute toward the understanding of developments that are shaping the producer-consumer dialogue on the future of global energy security.

The Fourth IEF-KAPSARC Thought Leaders' Roundtable is an invitation-only event. The panel's views and roundtable discussions will take place under Chatham House Rule.

Roundtable introduction

Energy transition adds new uncertainties to investment, especially in longer cycle conventional oil production that remains the mainstay of global energy security. Investment in the oil and gas sector has suffered a significant set-back since the market downturn of 2014. However, investment may recover on better economic prospects for demand growth and ongoing efforts by OPEC and key non-OPEC producing countries to adjust production levels. Recent decisions by financial institutions signal that transition will be of growing significance to investment decisions in the fossil fuel sector. Transition means different things depending on the perspective taken in relation to energy matrices, national economic requirements, and the objectives it aims to achieve that range from overcoming local pollution, gaining competitive edge to combating climate change. The role of fossil fuels may differ along different transition trajectories. Will it also have different implications for investment in oil, gas and coal?

The emergence of new energy technologies and growing confidence in the ability and need to address climate change strengthen belief in a relatively rapid transition away from fossil fuels. However, most energy scenarios suggest oil and gas demand and supply balance must grow far beyond the 100 million barrels per day threshold in the medium-term future. Investment deferrals have slowed new project development and deepened production decline rates. As a consequence, energy market security increasingly hinges on more short-cycle existing production, while energy access requirements and rising import dependencies in developing economies and OECD regions call for large-scale investments to move forward. These energy security requirements, however, appear increasingly at odds with the varied perspectives on energy transition.

To enable inclusive and sustainable economic growth and strengthen energy security in a complex and interdependent global energy market, fossil fuel resources must continue to be made readily available. How can this happen in a world banking on energy transition and resurging myths about energy independence? With energy security in transition what are the implications for investment in fossil fuels?

Questions to help to guide discussions

1. *Will transition lead to a zero-sum game where new finds displace existing resources, or do demand growth and advances in technology and performance add up to growth for both fossil and renewables?*
2. *Transition holds different risk and opportunities for oil, gas and coal markets: Will fossil fuels share a common or differentiated future?*
3. *What are the implications of energy transition for global energy security, will it lead to greater concentration in the oil and gas markets?*
4. *How does energy transition affect producer and consumer investment and trade relations?*

Draft Agenda

08:30 **Welcome coffee**

09:00-09:10 **Opening remarks**

Dr Sun Xiansheng, Secretary General, IEF

09:10-10:30 **Session I. Common, or differentiated energy futures?**

Moderator

David Hobbs, Vice President of Research, KAPSARC

Panelists

- **Partha Sarathi Bhattacharyya**, former Chairman of Coal India Ltd
- **Chris Midgely**, Global Director of Analytics S&P Global Platts
- **Jamie Webster**, Senior Director, Center for Energy Impact, BCG
- **Amos Hochstein**, Senior Vice President, Marketing, Tellurian; former US Special Envoy, International Energy Affairs
- **Ramón Espinasa**, General Coordinator, Extractive Sector Initiative, Infrastructure and Energy Sector, Interamerican Development Bank

10:40-11:00 **Coffee break and networking**

11:00-12:30 **Session II. Energy security in transition; realities and visions**

Moderator

Dr Sun Xiansheng, Secretary General, IEF

Panelists

- **Tatiana Mitrova**, Director, Energy Center, Skolkovo Business School
- **Majid Al Moneef**, Advisor to the Royal Court, Chairman Advisory Council, KAPSARC
- **Luis Bertrán Rafecas**, Secretary General, International Gas Union

12:30-13:00 **Concluding remarks and next steps**

Dr Sun Xiansheng, Secretary General, IEF

David Hobbs, Vice President of Research, KAPSARC

13:00 -14:00 **Light lunch and networking**

Background

Energy Ministers gathered at the 15th International Energy Forum on Sept. 26, 2016, called for an enhanced role of the producer-consumer dialogue and greater market transparency. An inclusive and energy-technology neutral dialogue among producing and consuming countries will offer more clarity to investors and market participants, and so may contribute to a more orderly and cost-efficient transformation of energy markets. This will facilitate easier transitions between investment cycles in the interest of overall energy market security. Accelerated deployment of new policies and energy technologies will foster energy productivity gains across regions and supply chains, and place global economic growth on more advanced and healthier footings.

The roundtable follows up on a yearlong engagement to explore scenarios for producers and consumers navigating the transition to a lower carbon energy future launched at the Third IEF-KAPSARC Thought Leaders' Roundtable in 2017. During the year, participants of workshops in The Netherlands, Dubai, UK and Saudi Arabia contributed to the development of modeling infrastructure to describe the transition and its impacts on the global economy – particularly the risks of increased volatility in the oil market and potential impacts on international energy relations. This Fourth IEF-KAPSARC Thought Leaders' Roundtable intends to take stock of the findings gained through KAPSARC and IEF Dialogue meetings and determine the impact of transition on upstream oil and gas investment and how it affects energy security over the long-term.

The outcomes of the discussions at this IEF-KAPSARC Thought Leaders' Roundtable will further help to inform the dialogue among producer and consumer country ministers and industry CEOs at the 16th session of the IEF International Energy Forum Ministerial, hosted by India under the theme “*The Future of Global Energy Security: Transition, Technology, Trade and Investment*” on April 10-12, 2018, in New Delhi.