Speech
by The Hon. Pehin Dato (Dr) Mohammad Yasmin Umar
Minister of Energy and Industry at the Prime Minister’s Office
Brunei Darussalam
at
The 7th Asian Ministerial Energy Roundtable

Plenary Session 2:
“Natural gas: Market and policy hurdles to the golden age of gas”

2 November 2017

Your Excellency General Anantaporn Kanjanarat, Minister of Energy of Thailand,

Your Excellency Suhail Mohamed Al Mazrouei, Minister of Energy, United Arab Emirates

Your Excellency Sun Xiansheng, Secretary General of the International Energy Forum,

Your Excellency Seyed Mohammad Hossein Adeli, Secretary General, Gas Exporting Countries Forum

Your Excellencies, Ladies and Gentlemen,

1. I am honoured to be a part of this panel today and I thank our host, Your Excellency General Anantaporn Kanjanarat, Minister of Energy of Thailand and our co-host, Your Excellency Suhail Mohamed Al Mazrouei, Minister of Energy, United Arab Emirates for organizing this timely event.
2. Before I begin, allow me to share that it is also a great honour to be able to visit Thailand at these times to join in commemorating the passing of His Majesty, the late King Bhumibol Adulyadej and to pay our last respects. Our hearts go out to the people of Thailand and please accept again our deepest sorrow and condolences.

Your Excellencies, Ladies and Gentlemen,

(Introduction)

3. Natural Gas has continuously been, as highlighted by a number of speakers before me, an enabler for energy security. Among its important advantages are that it is flexible; its supply is abundant and diverse; its range of uses is expanding; and it is a low carbon, clean-burning ally to renewables such as solar and wind.

4. For Southeast Asia, demand for natural gas is expected to grow by around 60% up to 2040, due to rising consumption in power generation and industry. This is based on the International Energy Agency (IEA)’s Southeast Asia Energy Outlook 2017.

5. However, the Golden Age of Gas is not a given. We will need to work hard to achieve it. Two key hurdles that we have to overcome are: firstly, to ensure that we have effective policy to encourage the use of natural gas; and secondly, to ensure an affordable supply of natural gas. Hence, we need concerted efforts by everybody to promote its use and to make it affordable.
Your Excellencies, Ladies and Gentlemen,

(Market and Policy Hurdles)

6. Policies addressing affordability would enhance market penetration for natural gas. We have to come up with innovative policies to make the use of gas more attractive for industries and power generation, including special tariffs for gas-fired power generation; and setting up a carbon emissions trading system or carbon tax to promote the use of natural gas.

7. However, we have to be careful to balance these with their effects on overall energy costs. If costs increase, the impact may slow economic growth of some developing countries. We have to look at ways to ensure that the cost of gas is affordable to emerging economies or even on par with coal.

8. Our policies need to encourage the industry to drive down the capital cost of natural gas development through technological innovation, such as floating LNG, Floating Storage Re-gasification (FSRU); more efficient transportation; and more efficient gas liquefaction.

(Brunei’s Context)

9. Brunei Darussalam recognises these challenges but also sets an example where it is possible to depend on natural gas as a reliable energy source for power generation. 99% of Brunei’s power generation comes from natural gas. We are implementing a policy whereby all future power plants will have higher efficiency through combined cycle power generation or co-generation.
10. Brunei is also taking steps to make natural gas more affordable, by exploring different ways of investing in the development of gas projects. For example, we are looking into the development of a 3rd party hub and pipelines that will connect several potential offshore discoveries that will encourage upstream investors to develop gas projects under the current lower oil price environment.

Your Excellencies, Ladies and Gentlemen,

11. As we look forward, we are confident that the future of natural gas will be bright if our policies continue to drive innovations that improve its competitiveness and affordability.

12. In Brunei, as part of our commitment to natural gas production, we have spent more than 700 million US Dollars (USD) to rejuvenate the existing LNG plant and we are going to spend another 1.1 billion US Dollars (USD) in the next few years to rejuvenate upstream facilities to ensure the reliability of supply to our existing and future customers for the next 30 years. We are also committed to fulfilling our global climate change commitment under the Paris Agreement.
Concluding Remarks

13. To conclude, I would again reiterate effective policies need to be put into place to encourage the use of natural gas and that such supply of natural gas be affordable.

14. These policies need to be innovative and incentivise the industry to drive down costs through technological advances to drive down the costs of gas development.

15. This is to increase market penetration for gas and increase its competitiveness against other fuel sources such as coal and renewables, in order to meaningfully materialise the Golden Age of Gas.

16. With that, I thank you very much for your kind attention.