

The IEF: Its role and potential in addressing energy challenges

**G20 Workshop
Energy Sustainability Working Group**
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Aldo Flores-Quiroga
Secretary General, IEF

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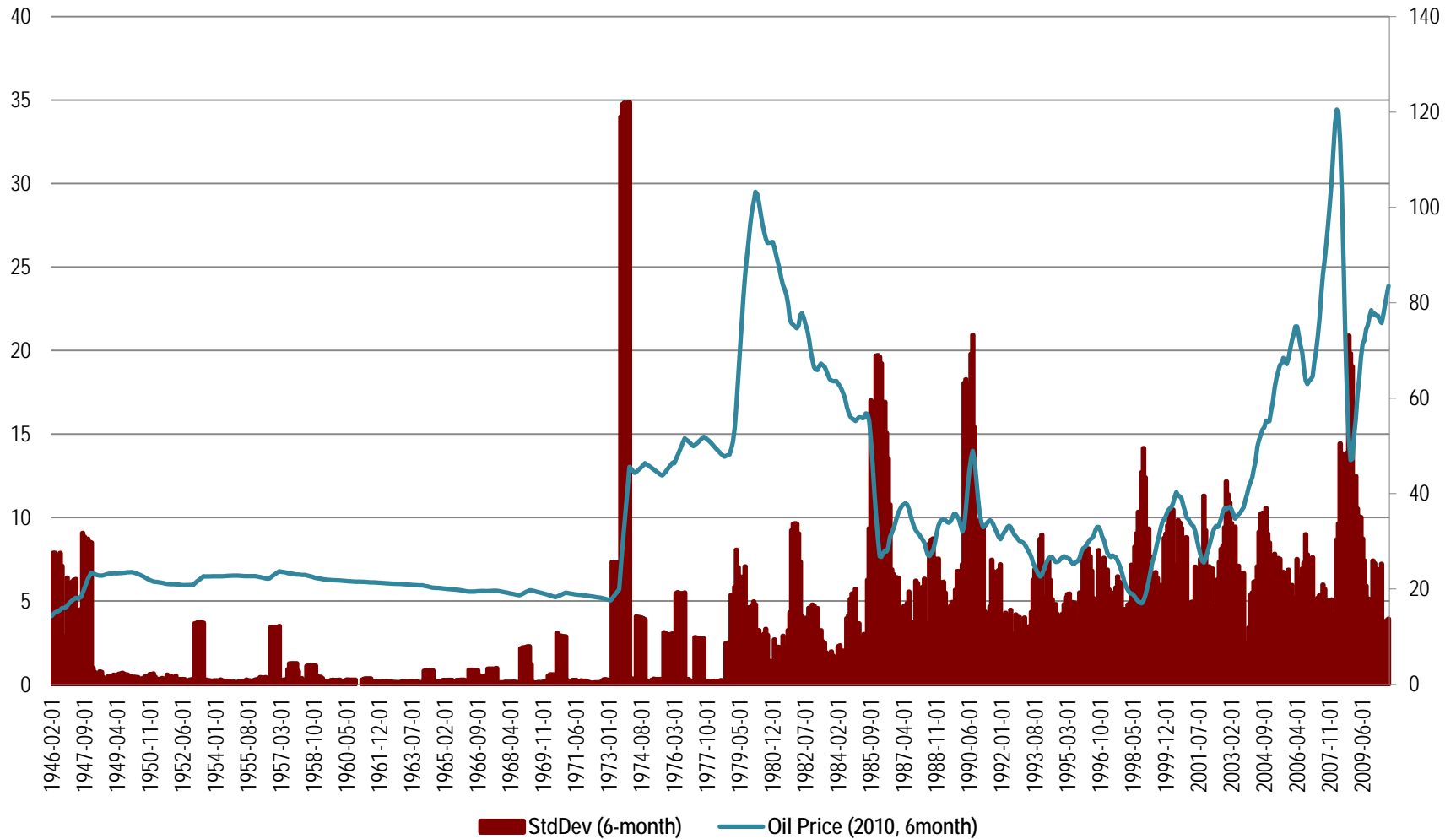
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Volatility

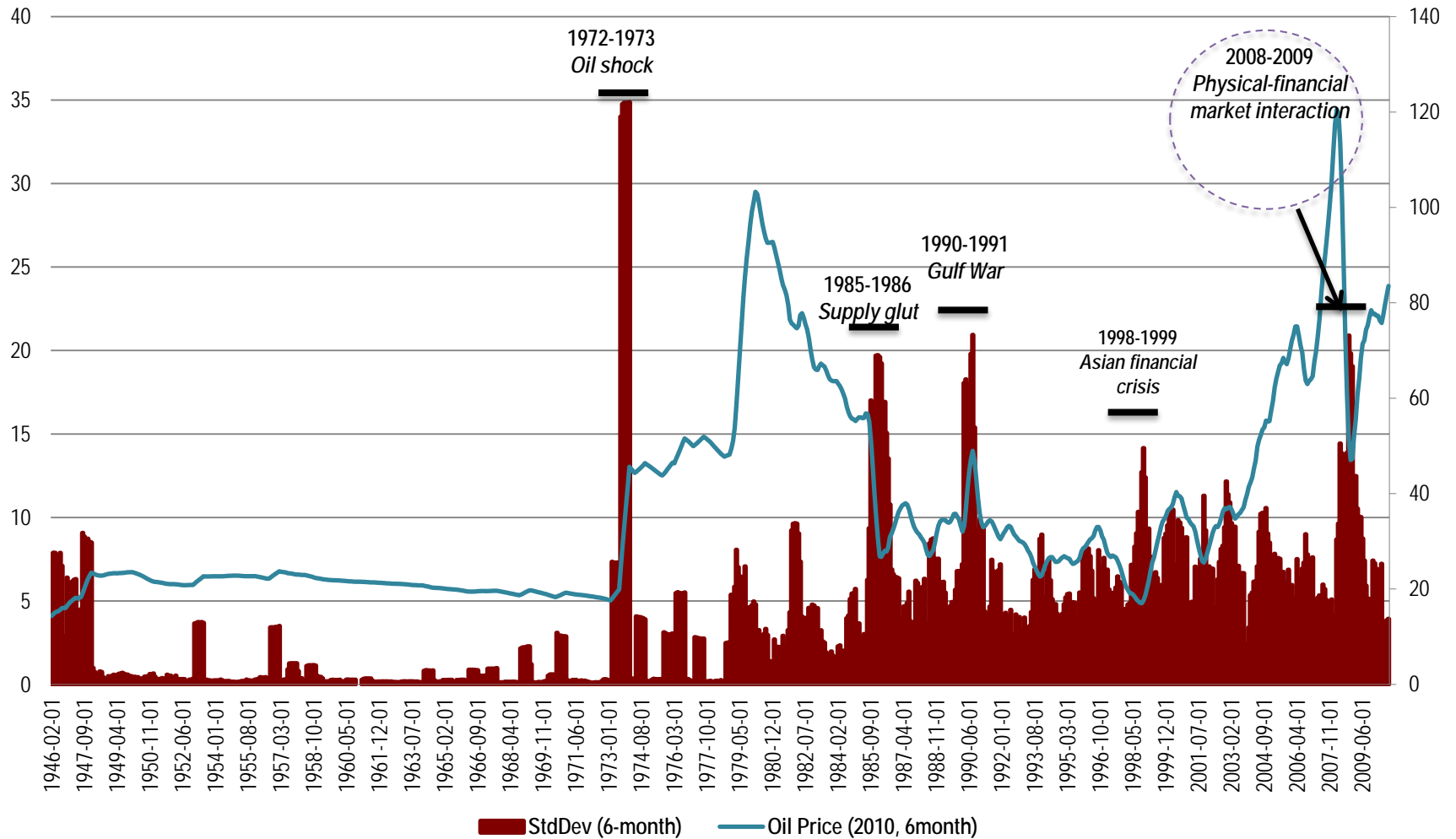
Average oil prices and their standard deviation, 1946-2009
(Six-month moving averages)



Volatility

Average oil prices and their standard deviation, 1946-2009

(Six-month moving averages)



It's about **investment**

Long-term commitment .1

Policy consistency .2

Solution to investment coordination challenges .3

Robustness and resiliency .4

Efficient price formation .1

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Addressing volatility

	Supply	Demand	Other market processes
National policies	<ul style="list-style-type: none">Production subsidies •Regulation •Spare capacity •Strategic reserves •Diversification •	<ul style="list-style-type: none">Consumption taxes •Energy efficiency •Regulation •	<ul style="list-style-type: none">Competition and anti-trust policies •Hub-pricing vs. other pricing mechanisms •Hedging •Regulation •

Addressing volatility

	Supply	Demand	Other market processes
National policies	<ul style="list-style-type: none"> Production subsidies • Regulation • Spare capacity • Strategic reserves • Diversification • 	<ul style="list-style-type: none"> Consumption taxes • Energy efficiency • Regulation • 	<ul style="list-style-type: none"> Competition and anti-trust policies • Hub-pricing vs. other pricing mechanisms • Hedging • Regulation •
International cooperation	<ul style="list-style-type: none"> Production quotas • Strategic reserves • Producer-Consumer Dialogue • Research • Experience- sharing • Peer reviews • 	<ul style="list-style-type: none"> Agreements to reduce greenhouse-gas emissions • Producer-Consumer Dialogue • Research • Experience- sharing • Peer reviews • 	<ul style="list-style-type: none"> Negotiation of energy trade and investment treaties • Data transparency initiatives • Evaluation of price-reporting and other components of price formation • Experience- sharing • Peer reviews •

Where the IEF **adds value**

	Supply	Demand	Other market processes
National policies	<ul style="list-style-type: none"> Production subsidies Regulation Spare capacity Strategic reserves Diversification 	<ul style="list-style-type: none"> Consumption taxes Energy efficiency Regulation 	<ul style="list-style-type: none"> Competition and anti-trust policies Hub-pricing vs. other pricing mechanism Hedging Regulation
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Focus of the IEF

Ministerial dialogue .1

Promotion of **data transparency** .2

Comparative analysis of **energy outlooks** .3

Analysis of the interaction between **physical** .1
and financial markets

Accomplishments

Sustaining a neutral, inclusive, and open conversation among producing, consuming and transit States .1

Bringing **NOCs and IOCs** into the conversation .2

Advancing **outlook comparability** .3

IEA-IEF-OPEC Symposium •
Harmonization – definitions and geographical groupings •

Going **beyond simplistic perspectives** on the interaction of physical and financial markets .4

IEA-IEF-OPEC Workshop •

Providing **greater market data availability** through JODI .1

Non-OECD and non-OPEC data •

Underused tools of the dialogue

Extraordinary ministerial meetings .1

Working groups for special tasks .1

Neutral facilitation .2

Transnational expert network .3

Transparency promotion and capacity building .4

Linking policy goals and interests with IEF activities

Energy policy goal	Unique IEF quality or activity linked to goal	Background on the unique IEF quality or activity	What more can countries do to support the IEF in this regard?
Resolve energy disputes and promote energy cooperation among governments	A neutral platform that facilitates open and informal dialogue among its 89 member nations	As the world's energy geography shifts, the IEF is perfectly positioned to engage with members from all regions	Help raise awareness of the IEF in general as a global, inclusive platform for energy cooperation
Resolve energy disputes and promote energy cooperation among NOCs and IOCs	The IEF Industry Advisory Committee: a neutral platform that facilitates dialogue among its 40+ members	The IEF's IAC connects market actors that would otherwise not gather around the same table	Help the IEF raise the profile of the IAC as a platform to discuss private sector issues Encourage IOCs to redouble their commitments to the IAC
Promote energy cooperation and help market actors understand new trends and technologies	The IEF's neutrality enables it to gather diverse groups of stakeholders for focused Thought-Leaders Roundtable discussions, Symposia, Workshops, and other gatherings	<ul style="list-style-type: none"> IEF Ministerials IEF-IGU Ministerial IEA-IEF-OPEC Symposia IEF Roundtables IEF Workshops 	<ul style="list-style-type: none"> Circulate roundtable findings among government officials Continue to send high-level officials to IEF events Consider sponsoring a roundtable on topics relevant to the global energy market
Keep energy markets stable	Coordination of JODI and Support for Greater Energy Data Transparency	<ul style="list-style-type: none"> JODI-Oil: 102 countries JODI-Gas: 66 countries; beta version launched in Jan 2013 	<ul style="list-style-type: none"> Encourage key nations to submit data Send a statisticians to the IEF for a short-term period to help JODI and to learn more about the platform
Resolve energy disputes, keep energy markets and supplies stable	IEF cooperation with the IEA and OPEC; helping to advance the comparability of energy outlooks	<ul style="list-style-type: none"> Symposium on Energy Outlooks Technical meetings to advance comparability 	<ul style="list-style-type: none"> Help raise awareness about the event, and encourage the IEA and OPEC to commit to greater transparency of its outlooks