



THE GAS INDUSTRY NEEDS ANOTHER VIEW ON ITS PRODUCT AND MISSION

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The global gas industry faces a number of challenges. In recent years focus has shifted from energy security and affordability to the environment, particularly climate change and air quality. The conference on climate change, COP21, which last year was held in Paris has only emphasised that UN Member States want to curb greenhouse gas emissions and are prepared to take strong measures to get it done. In this context, natural gas definitely can play a positive role, but that doesn't mean that the world automatically and massively will turn to gas to deal with this issue. If the gas industry wants to be seen by society as part of the solution it needs to take a critical look at itself.

Especially in Europe natural gas has had a hard time in recent years. Cheap coal and low CO₂-prices squeezed the market share of natural gas in the power sector; cooperation on energy within the European Union was inadequate; because of the one-sided focus on renewables, ideology often triumphed over pragmatism and, of course, the tense relationship between Russia and the rest of Europe didn't help either. Many of these topics are still current, although the new European Commission hasn't sat still. The Energy Union it proposed has become a familiar concept, even a buzzword. It deserves support. The five pillars on which it rests are not typical European, for that matter: curbing greenhouse gas emissions, increasing energy efficiency, ensuring energy security, boosting a free internal energy market and innovation are universal, sound principles. However, a lot of work still has to be done. In general industry and lawmakers agree on the purpose, but often we hold different views about the way we should realise the objectives.

Diversification is the key

Energy security is a good example. We are convinced that the best way to secure the flow of gas to all consumers is diversification. In a free market customers are able to choose from different suppliers. This simple fact ensures competition between suppliers, forces them to offer the best deal to their customers and prevents dependency on a single supplier. In other words, a favourable environment needs to be created for those who want to invest in the production and distribution of gas. Reducing greenhouse gas emissions is another issue where we agree on the substance but not necessarily on the methods. We strongly believe in a single CO₂ target to focus on the real problem and to avoid being distracted by secondary objectives such

as setting a percentage target for renewable sources. Reforming the market-based Emissions Trading System (ETS) is the best way to curb emissions and at the same time stimulate the position of gas. Meddling with the price of CO₂ is not a sustainable solution.

COP21

Last year more than 160 nations gathered in Paris to negotiate a new agreement to combat climate change. COP21 resulted in a firm commitment to limit the average rise in temperatures to 1.5 °C. This will be extremely difficult. At the same time many are convinced that COP21 represents a real paradigm shift. Authorities and politicians, especially but not only in Europe, treat climate change policy with the same urgency as energy security. Recently, the Vice-President of the European Commission responsible for the Energy Union, Maroš Šefčovič, said that from now on energy policy and climate policy will be treated as a tandem. This is another indication that energy policy has to be in line with environmental ambitions.

So the urgency of the key issue – curbing greenhouse gas, particularly CO₂ emissions – has only increased. This also means that we find ourselves in a different ball game than a couple of years ago. One thing hasn't changed: the prime objective for the gas industry is to advance the case for gas. Gas is an excellent product which not only secures the flow of affordable energy, but also reduces CO₂ emissions if it is applied the right way, at the right time and at the right spot.

Another view on our product

Clearly, the readers of this magazine and the visitors to the International Energy Forum are not the audience we need to convince that gas is part of the solution. Unfortunately, many informed influentials believe that gas is part of the problem. In the present political and social environment, gas advocacy will not work if we apply old school lobbying, derived exclusively from the benefits of our product. We should base our work increasingly on the concerns and ambitions of our key stakeholders. That requires another view on our product and our mission. To summarise: we will offer the market no longer gas by default, but gas by design. Each gas application, whether it is for heating, power production, mobility or as feedstock, should meet two requirements: that it helps fulfil the ambitious demands of society, both in terms of climate change and energy security. If it doesn't, before long it will be obsolete. ■