

Dialogue for global energy security

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Issues .1

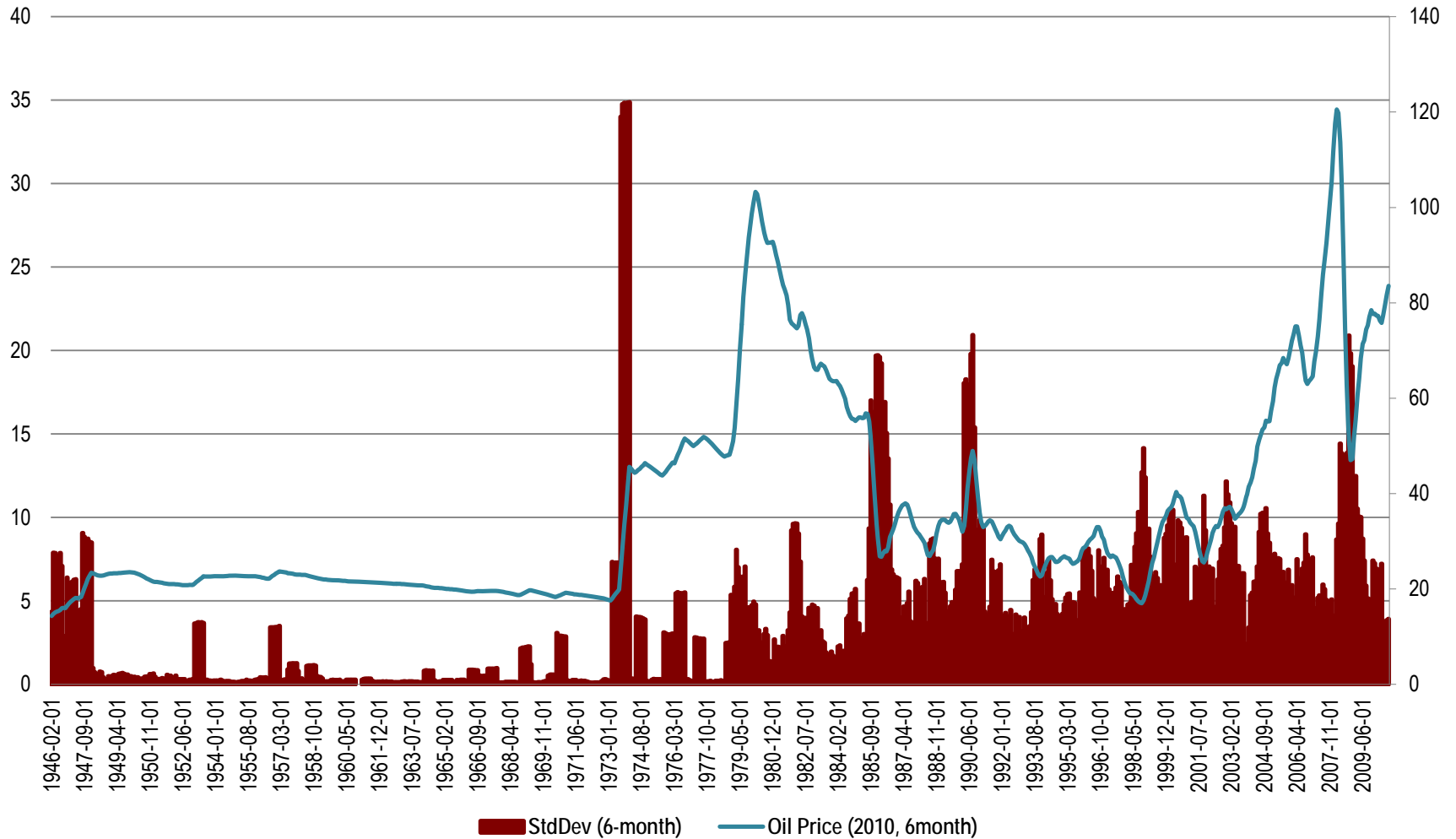
Actions .2

Accomplishments .3

Volatility

Average oil prices and their standard deviation, 1946-2009

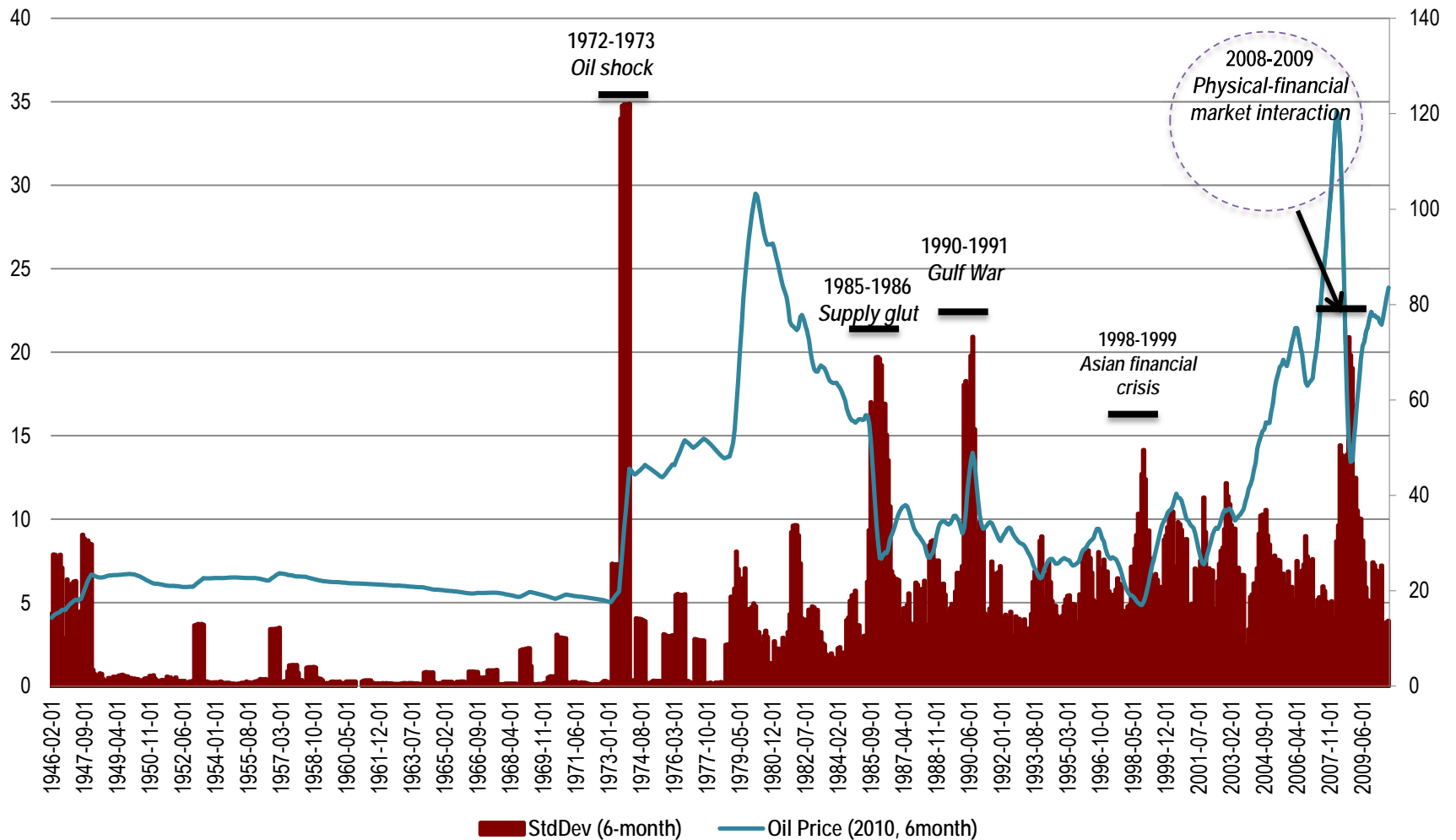
(Six-month moving averages)



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 •

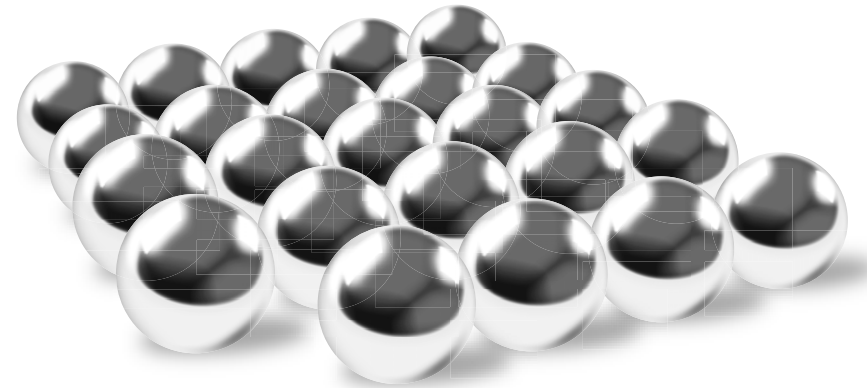
Addressing volatility

	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
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

Many organisations are focused on energy



**What sets the
IEF apart?**

The IEF membership: neutrality means inclusion



89 countries

6 continents

90% of global oil & gas markets

IEA, OPEC, BRICs, MIST

An Industry Advisory Committee of global oil and gas companies participates in the IEF



Focus of the dialogue

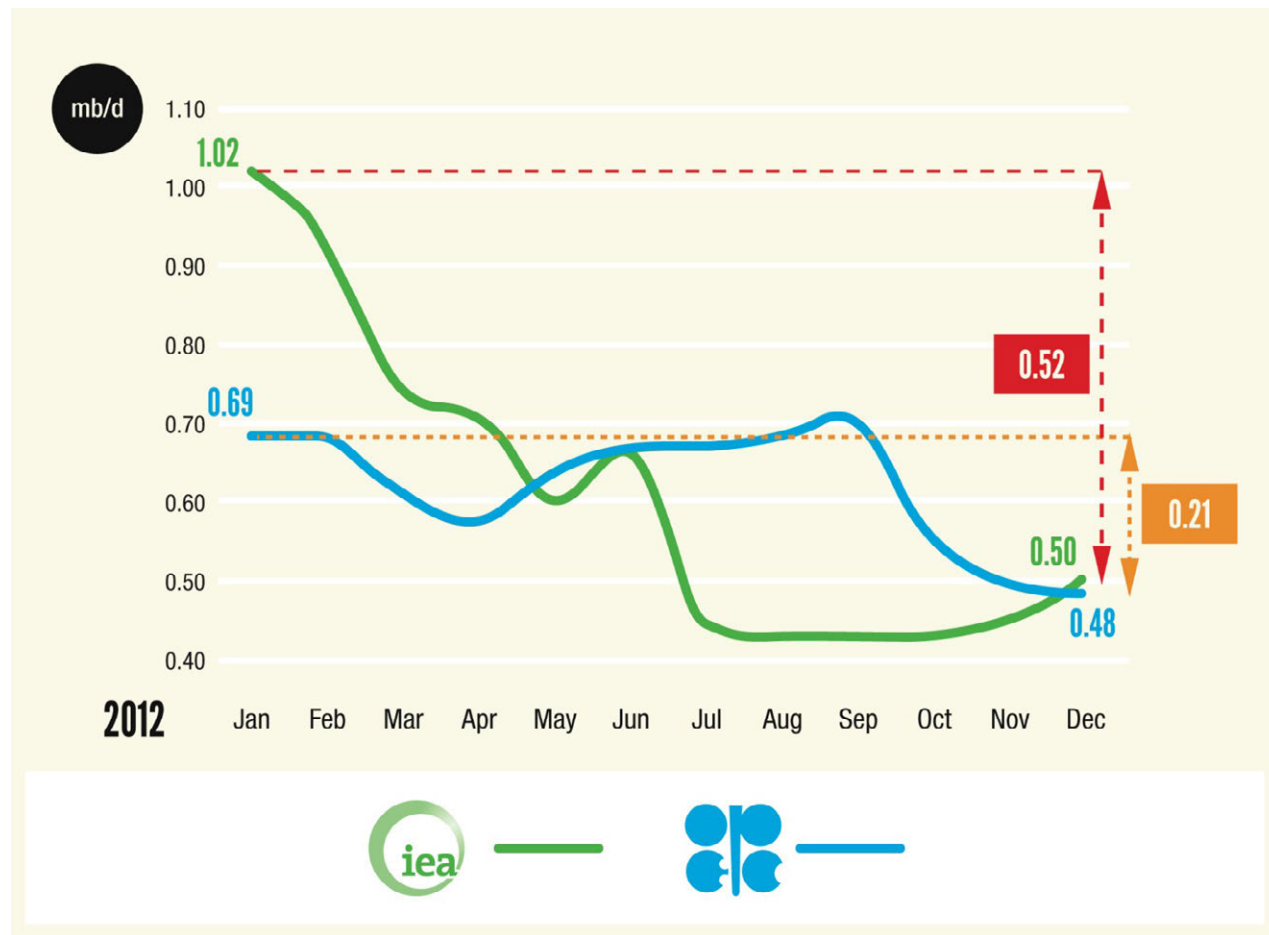
Comparative analysis of **energy outlooks** .1

Promotion of **data transparency** .1

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

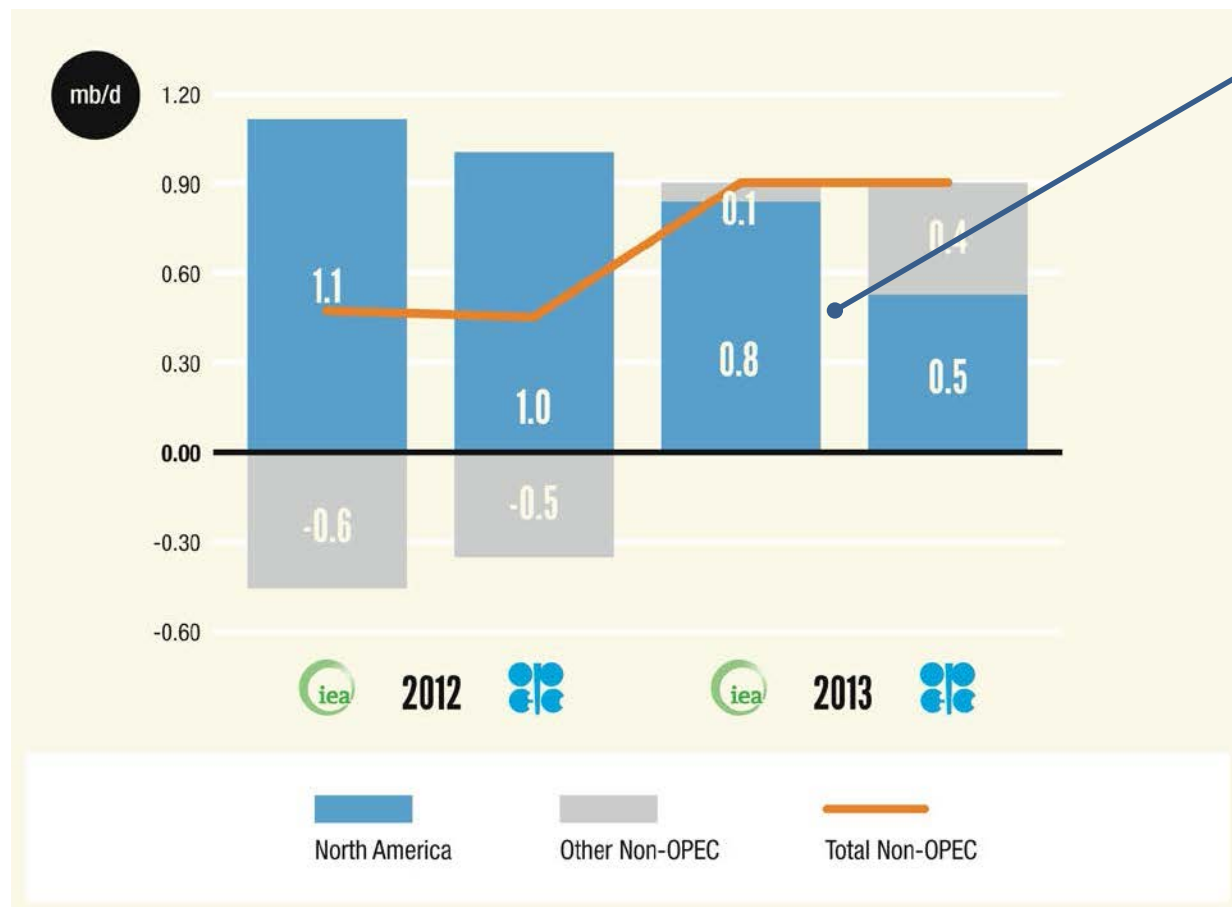
Ongoing downward **short-term supply** adjustments during 2012, due to unexpectedly high levels of production stoppages

IEA and OPEC Monthly Revisions of 2012 non-OPEC Supply Growth Projections



North America leads expected **non-OPEC** supply growth, though the IEA and OPEC differ on the size of that growth

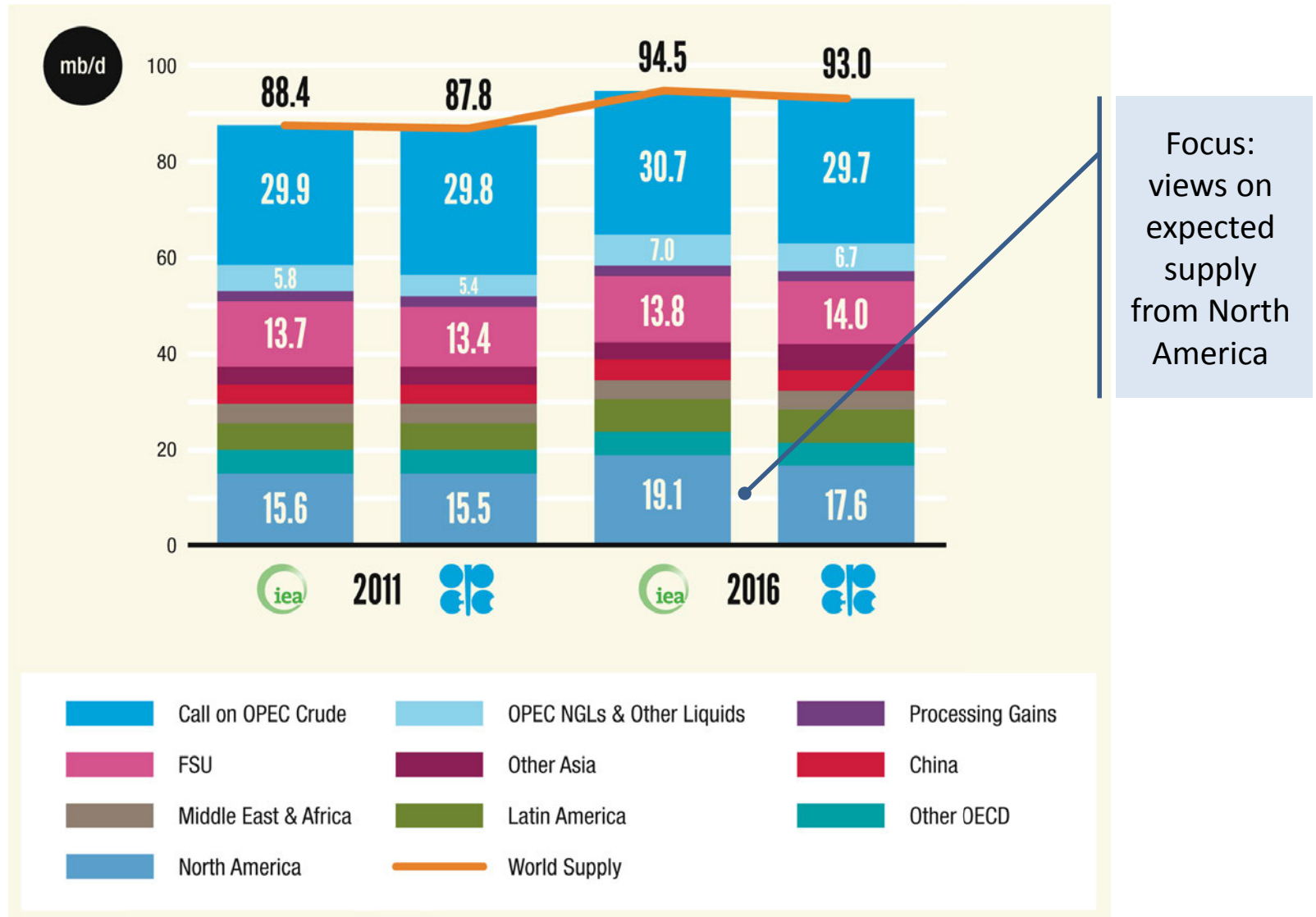
Non-OPEC Short-term Supply Growth by Region



Focus:
differing
views on
expected
supply
growth
from North
America

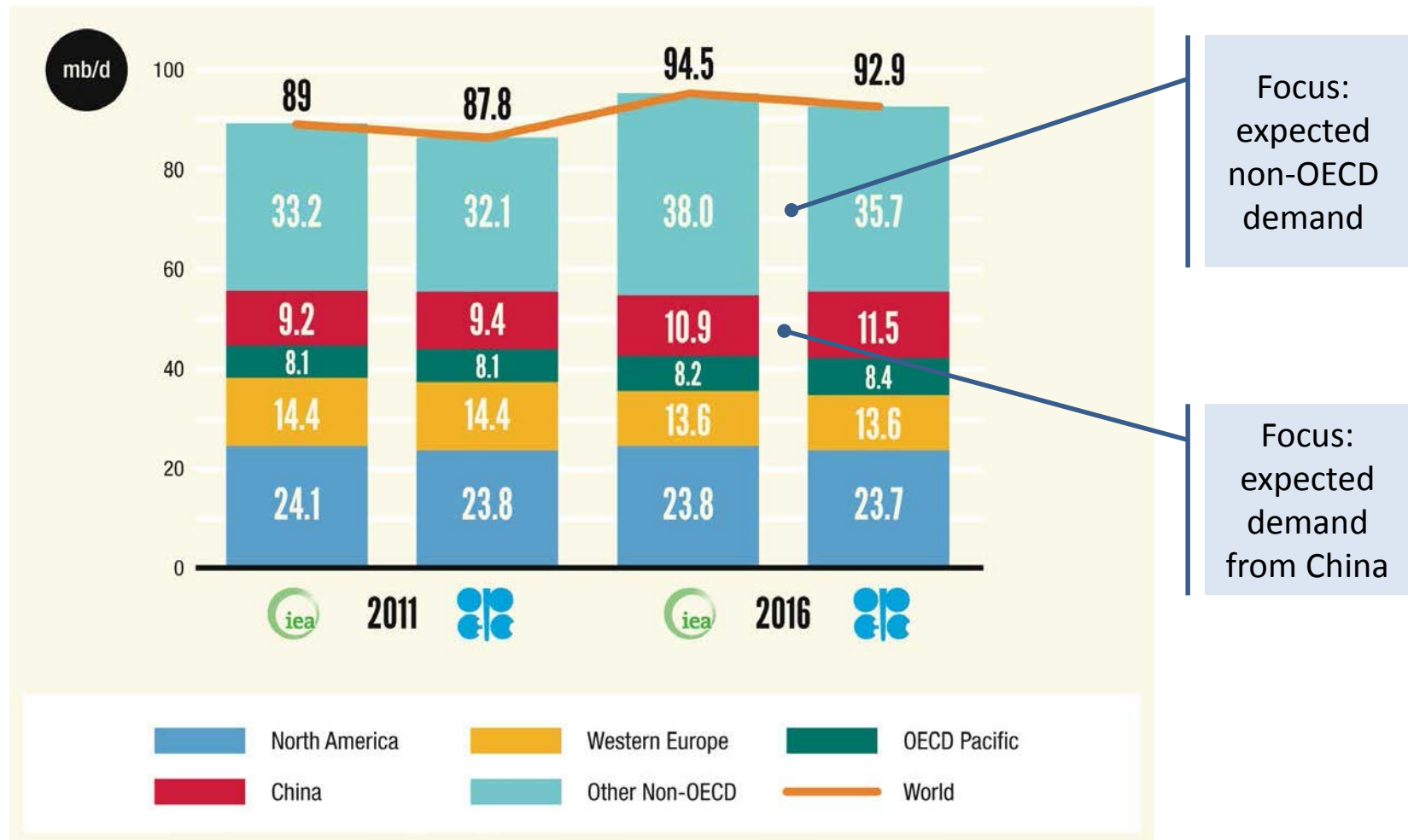
The IEA and OPEC medium-term global supply outlooks present different views on North America

IEA and OPEC Medium-term Global Supply Outlooks



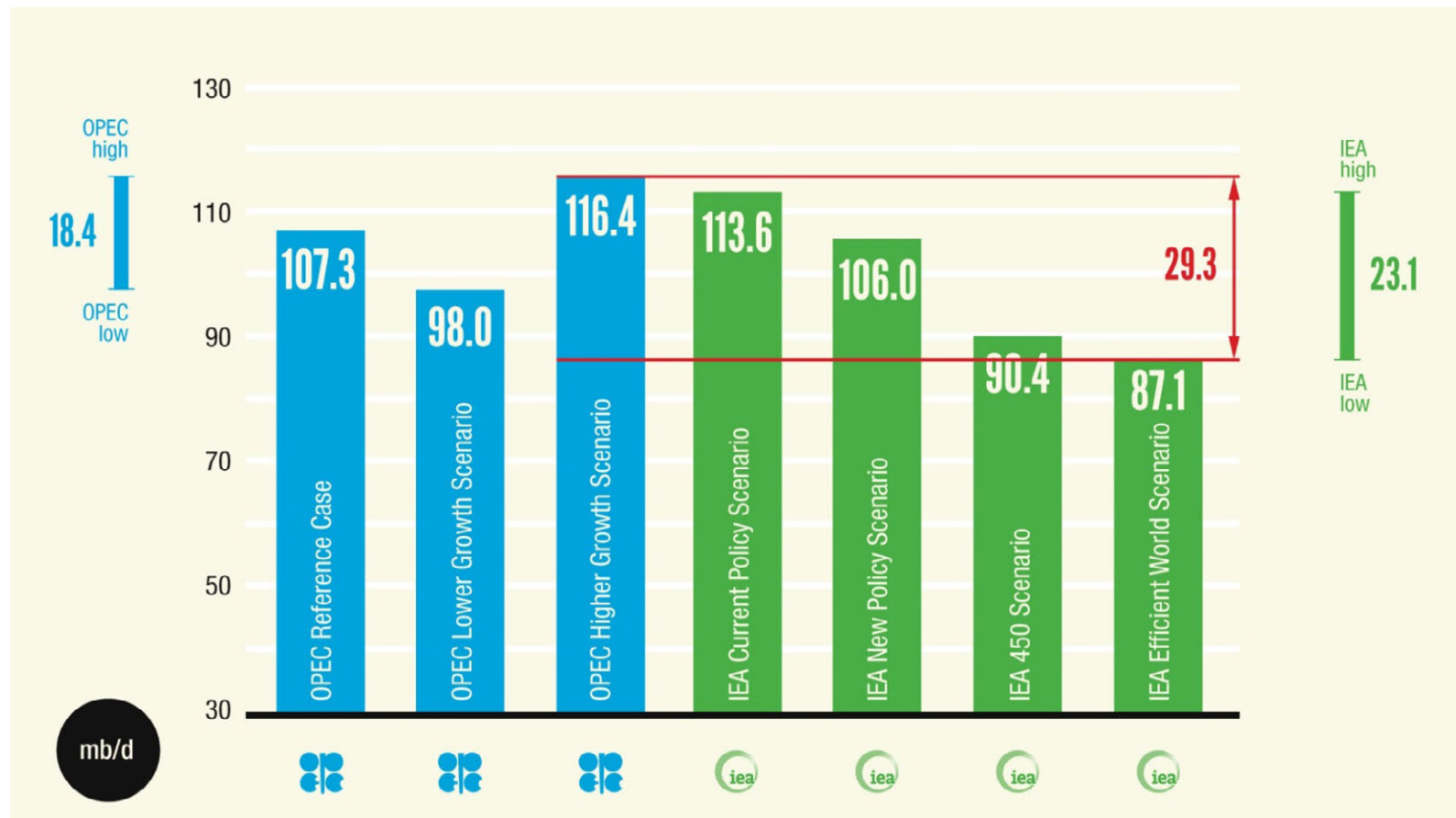
Though the top line outlook figures are similar, there are differences in **medium-term demand** at the regional and country levels that merit closer analysis

IEA and OPEC Medium-term Global Demand Outlooks



Mind the gaps: a 29 mb/d gap between IEA's low **long-term demand** and OPEC's high; and a 6 mb/d gap between the two central scenarios

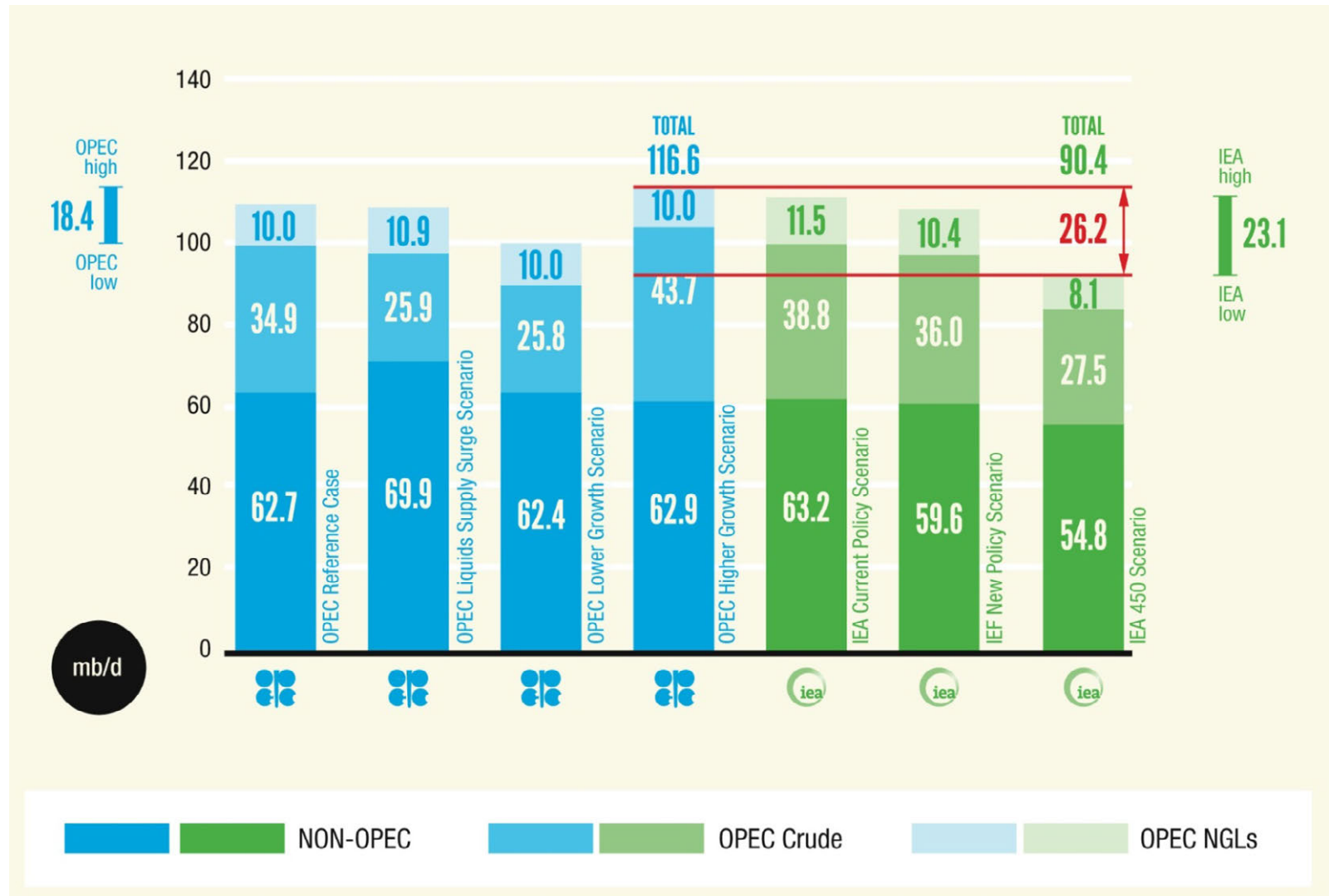
Long-term Global Demand Scenarios



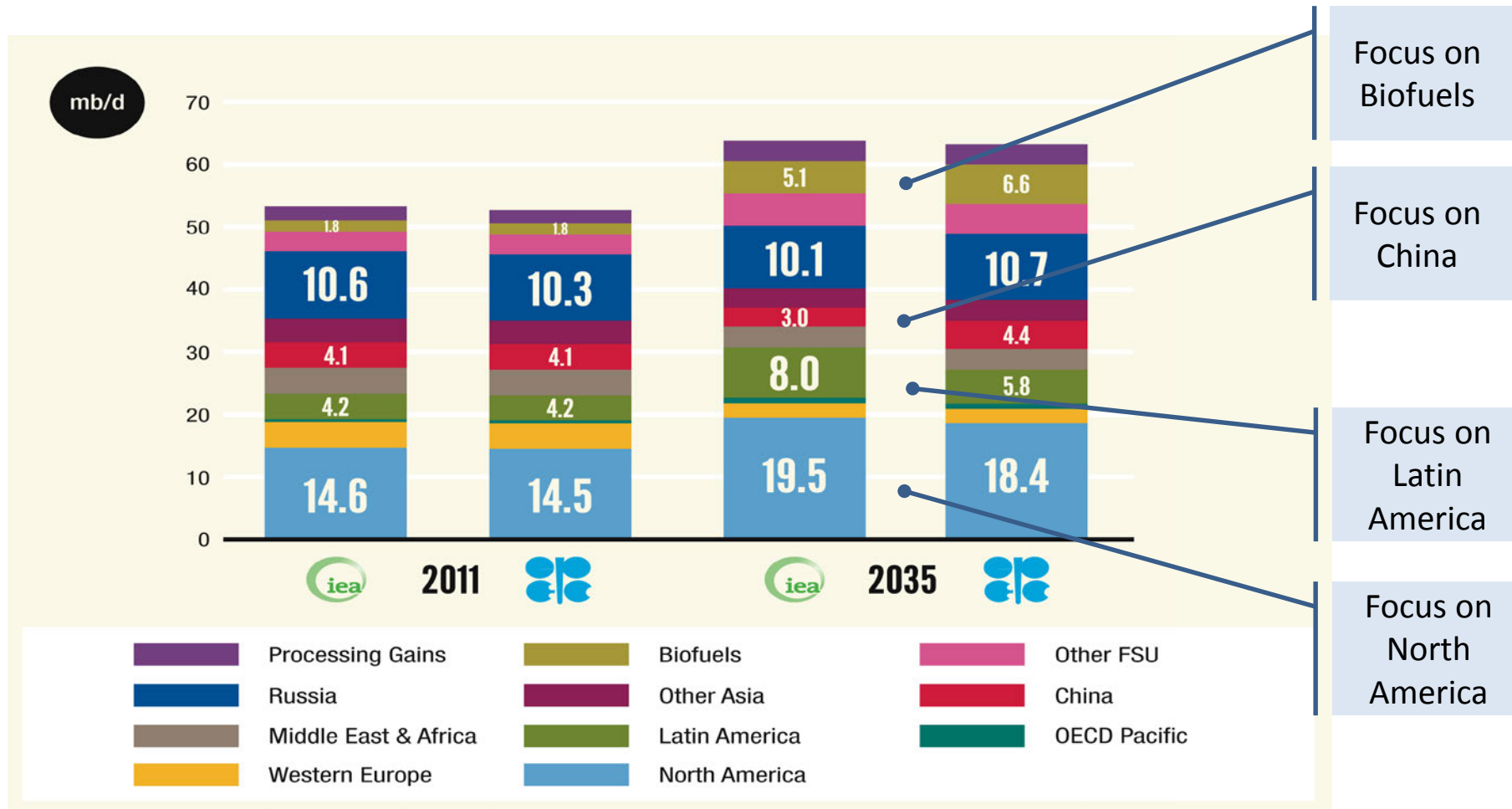
Assumptions

	OPEC Reference Case	IEA Current Policies Scenario
Oil prices (nominal)	\$100/bbl over the medium-term, reaching \$155/bbl by 2035	\$157/bbl in 2020, reaching \$250/bbl by 2035
World Economic Growth	3.4% (2012-2035)	3.5% (2010-2035)
Population Growth	0.9%	0.9%
Energy and Environmental Policies	Only policies currently in place or widely expected to be implemented influence supply and demand	No policies are added to those in place as of mid-2012

To invest or not to invest? Different outlooks, methodologies, expected regional crude demand and regional cost assumptions to meet demand in 2035



Long-term non-OPEC supply: National, regional and fuel-type differences merit discussion



Data transparency: JODI requires coordinating many steps and actors

**National statistics offices collect information
From oil and gas companies**



**National statistics offices fill the JODI questionnaires
and pass this information to the JODI partner organization**



**JODI partner reviews the data, checks for outliers,
compares with secondary sources, and sends data to IEF**



**IEF rechecks, integrates, and publishes the information
it receives from partner organisations**

Example: JODI-Gas challenges and countermeasures

Challenges	Countermeasures
Confidentiality	Working toward formalizing JODI-Gas
Political will	Beta testing of JODI-Gas
Lack of trained personnel	Ongoing JODI Training sessions
Need for data harmonization	Development of JODI-Gas training manual

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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 •