

WEAF 5<sup>th</sup> Annual Energy Conference  
central Asia/Caspian Sea  
– the new hydrocarbons gateway for  
Europe

**European values and the future of the European natural gas  
industry**

Margot A. Loudon

# What are European Values?

Key words in the value chain

## Upstream

- Human rights
- Freedom
- Democracy
- Equality and the rule of law

## Downstream

- Economic integration
- Social progress
- Sustainable development
- Environmental protection
- Reinforced cohesion

# One size does not fit all

These apparent absolutes are tempered by among other considerations:

- Subsidiarity
- Proportionality

leading to compromise in the development of legislation and negotiation in interpretations

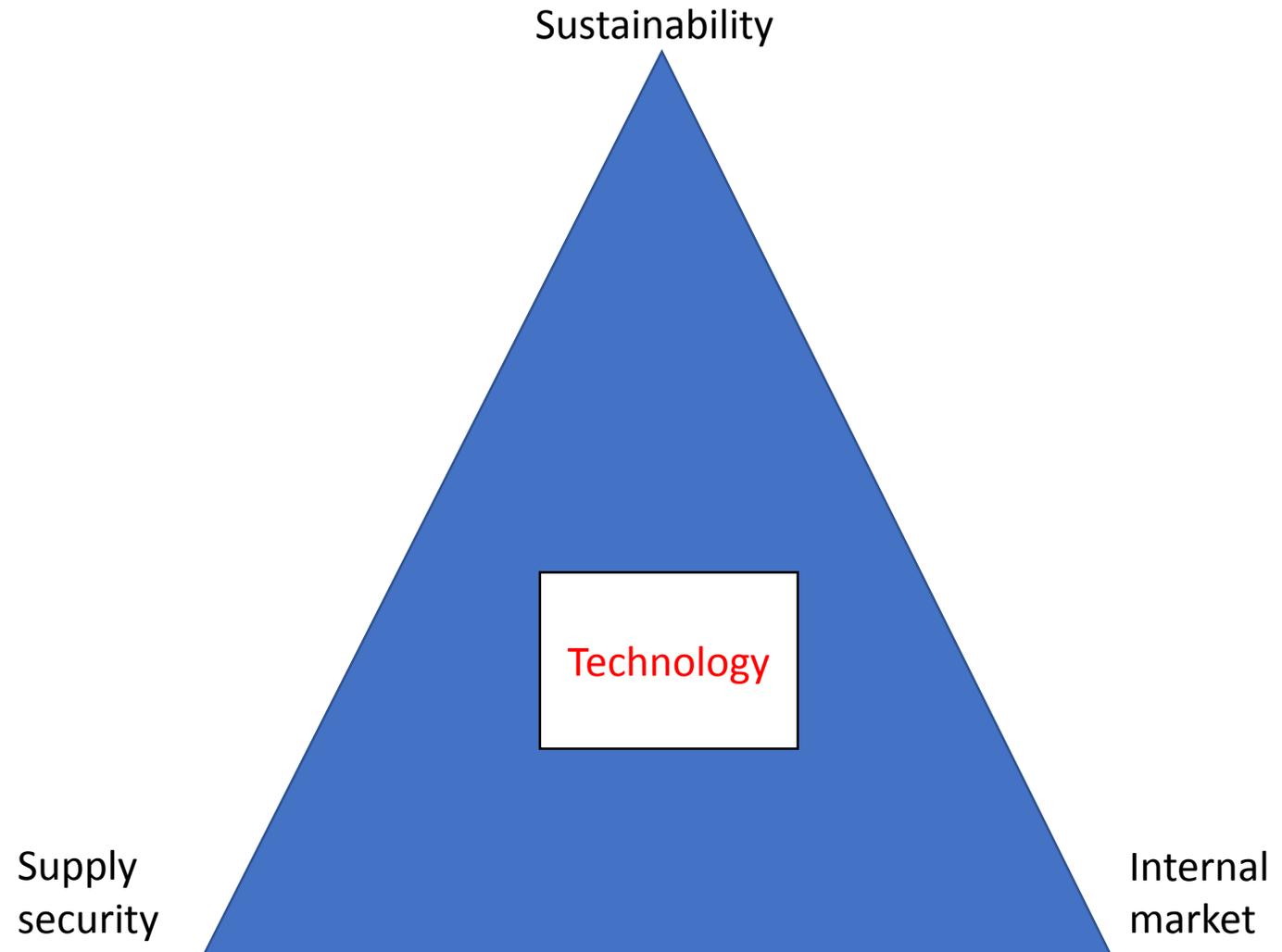
# Energy considerations

Energy, intrinsic to the economy of Europe, is touched by these values through legislation, policy making, and international relations

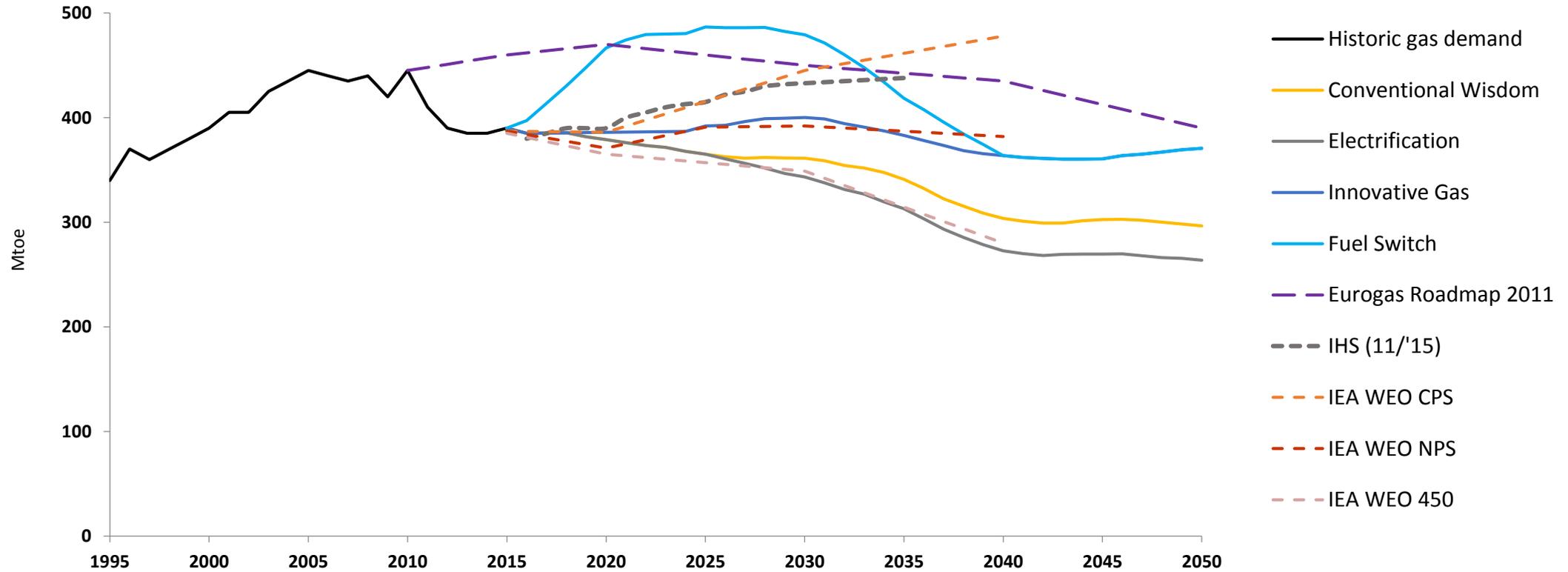
Values are indirectly promulgated in neighbourhood policy

# The energy trilemma

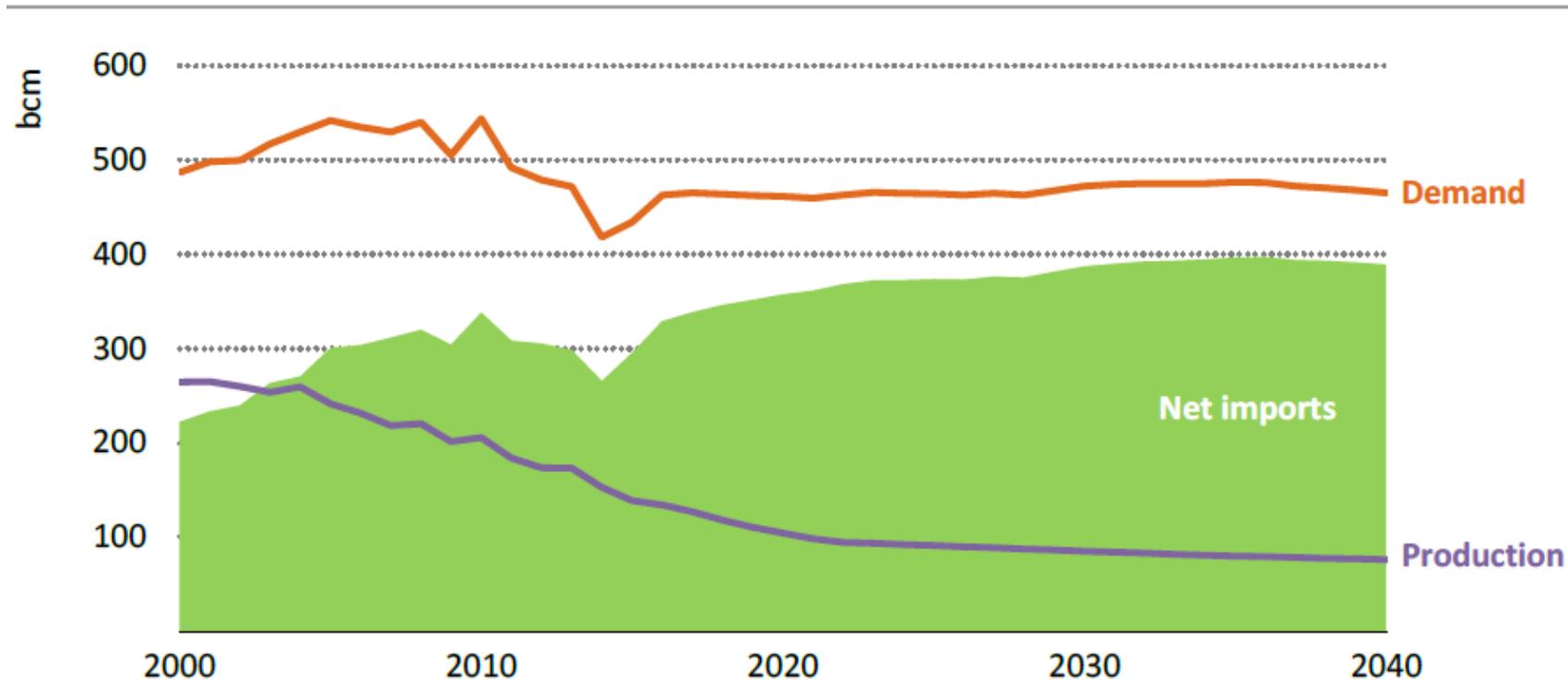
The energy triangle or trilemma involves a meeting of economics, policy, and crucially very often politics/geopolitics. Accustomed to think about how the trilemma impacts on gas, we must now address the issues in a wider context.



# Views on gas demand

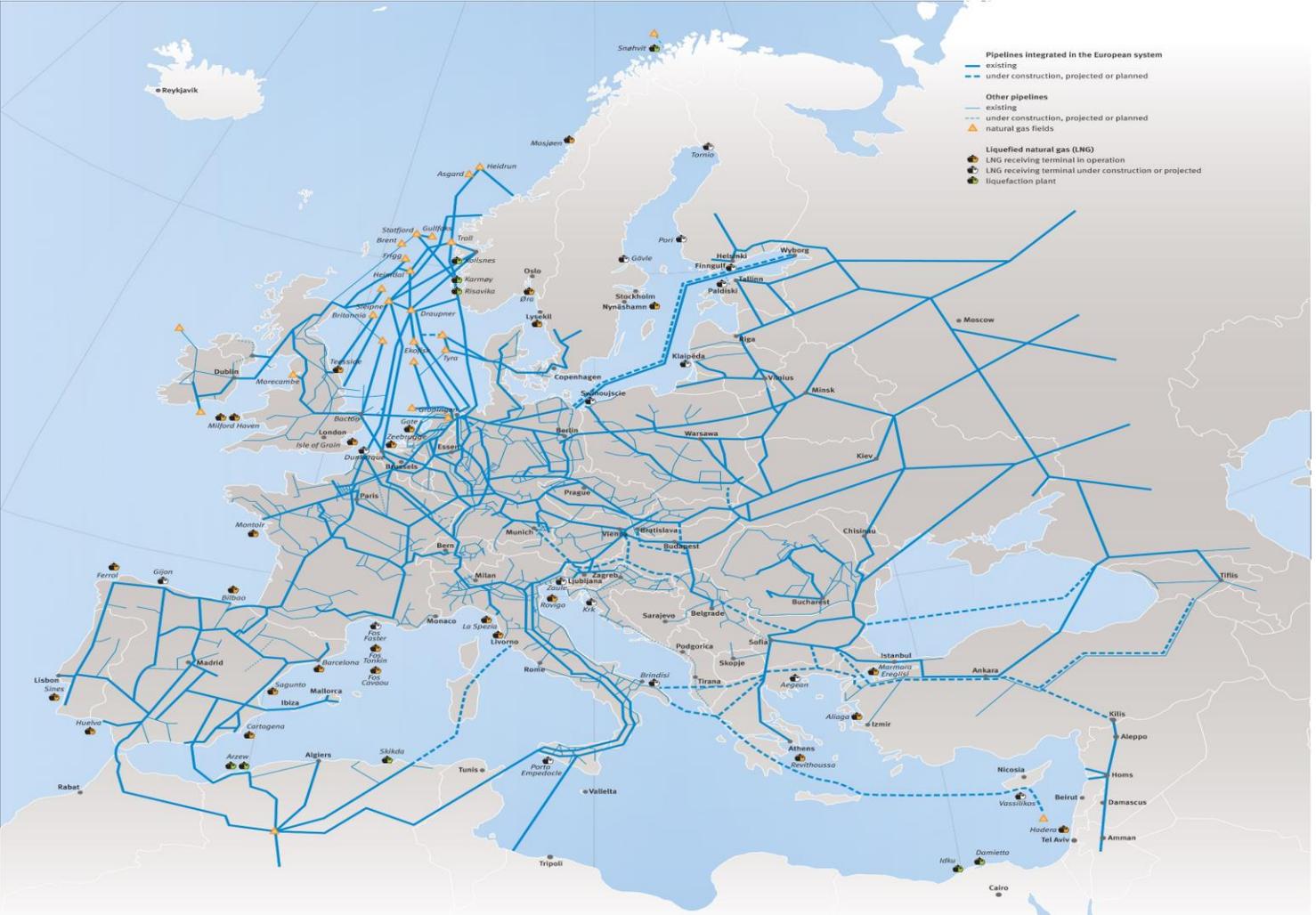


# Natural gas balance of the EU in the IEA's New Policy Scenario



*Even with a flat demand outlook, the European Union's gas imports increase to 2040 as domestic output continues to decline*

# Supply options for Europe



# The future of the market

The gas market is facing the challenges of transition-what are the implications?

Carbon reduction → restraints on fossil fuel use  
→ switching opportunities but for how long?  
→ CCS/CCU?

Shift from fossil gas/innovation including RES and synthetic gases

Electrification in traditional markets

?? current market design and future supply patterns??

# Timescales matter

To around 2030

- Affordable roadmap to reduce CO2 emissions
- Imports compensating for a decline in indigenous production
- Diversification enhancing security of supply

# Beyond 2030

- Case for using current assets in an integrated energy market approach
  - Lower demand for fossil gas, coupled with rigorous methane emission control and CCS
  - Customer empowerment-no one can be left behind
  - More decentralisation of energy supply/democratisation of supply decisions
- Implications for upstream assets and investment decisions

# Broad conclusions

- Sustainability and supply security merge in decentralised innovative gas solutions
- External supplies may underestimate EU commitment to energy transition and its implications for gas at their own risk
- Sustainability values will be main policy drivers
- Economic case for gas E and P affected, also in a global context

Fossil gas offers innovative solutions but will need to compete with advancing technologies and innovation in electrification. Alternative gas may support some assets but raises questions about others.