

25th world gas conference "Gas: Sustaining Future Global Growth"

The Natural Gas Paradox

How EU Energy Policy Turns a Blind Eye to the Benefits of Natural Gas

By: Alexander Medvedev, Gazprom Export

06 June 2012

25th World Gas Conference, Kuala Lampur



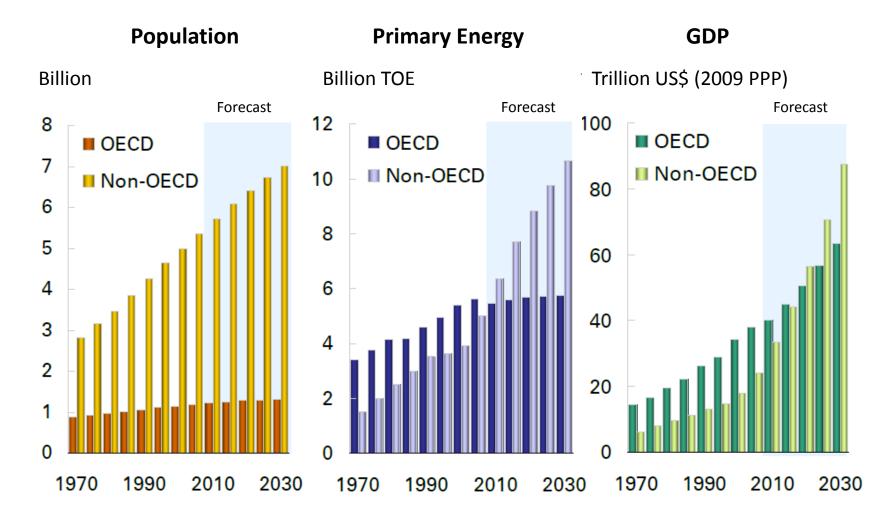






A Growing Population Means Increasing Energy Demand...





Source: BP.

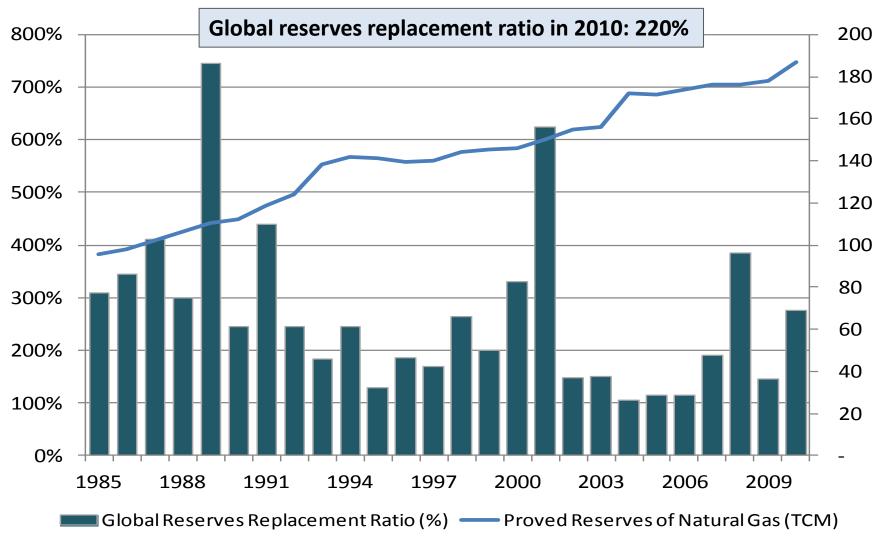
KUALA LUMPUR GU Unconventional 2008 5% The Age of Cheap Oil is over: Future resources will be harder to Non-OPEC extract, and more costly to produce Conventional Production 55% OPEC Conventional 120 Production Unconventional 40% **Liquids Production** 100 Million Barrels/Day 80 Unconventional 2035 **OPEC** Conventional 12% **Liquids Production** 60 Non-OPEC 40 Conventional Non-OPEC 48% Conventional 20 OPEC **Liquids Production** Conventional 40% 0 1990 1995 1998 2000 2003 2005 2008 2010 2015 2020 2025 2030 2035 1993

While the Availability of "Cheap" Oil Declines

Source: EIA.

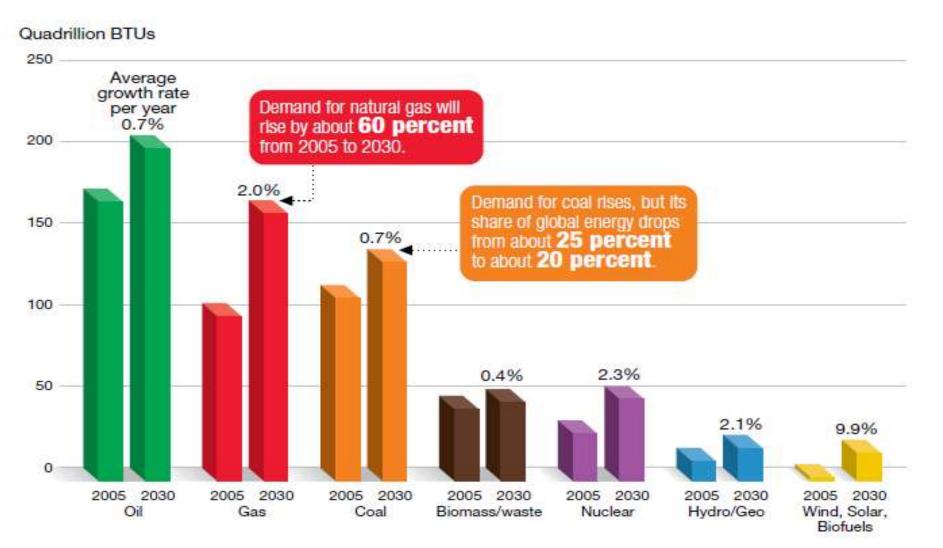
In Contrast, Proven Natural Gas Reserves are More Abundant than Ever





Sources: BP, EIA, IEA, Cedigaz.

Natural Gas Will Play an Increasing Role in Global Energy Demand

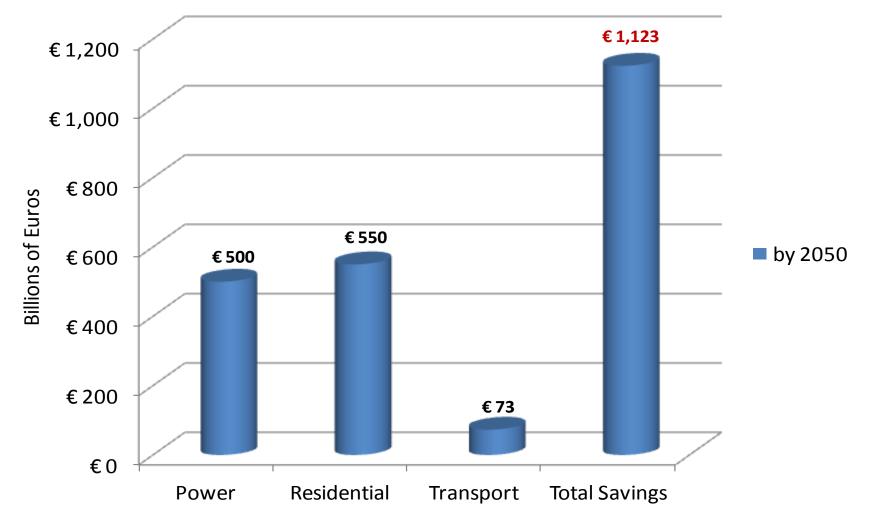


Source: ExxonMobil.

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Cumulative Savings from Using Gas to Achieve EU Emissions Reductions Goals: €1.1 trillion by 2050



Source: EGAF.

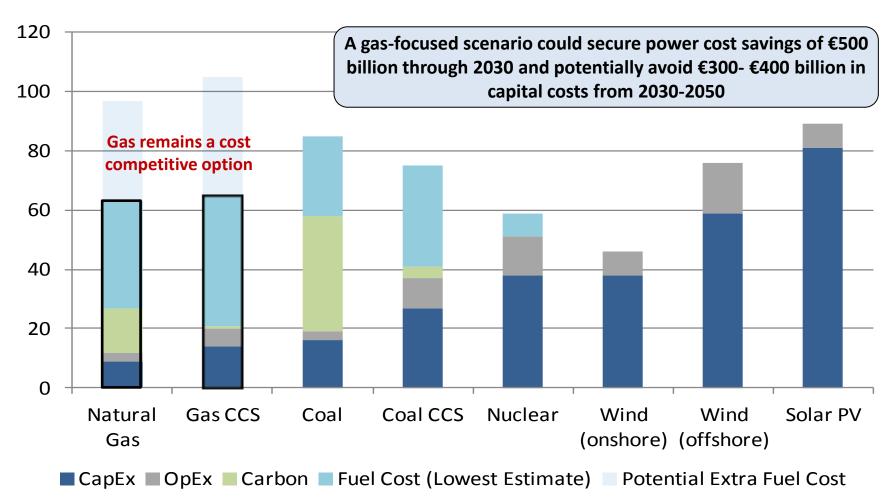
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Power Sector: Natural Gas Could Save the EU up to €500 billion by 2030



Total Levelized Cost in 2030, €/MWh

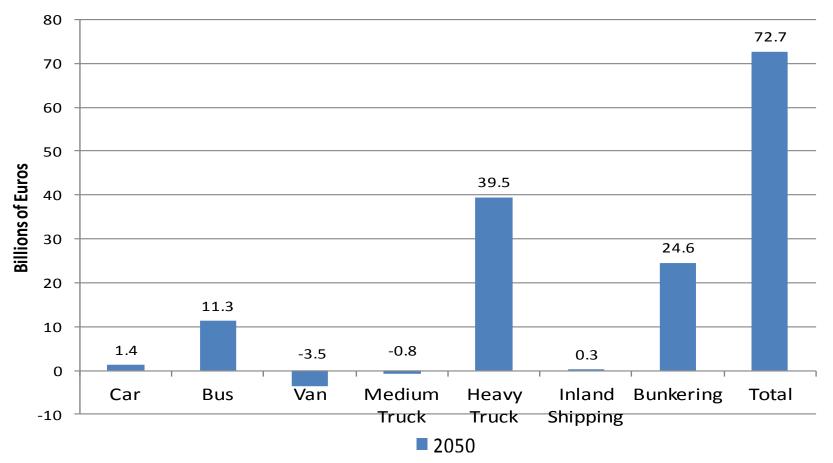


Residential Sector: Natural Gas Could Save the EU up to €550 billion by 2050 KUALA LUMPUR GU ...And would result in a 30% reduction in total carbon emissions €350 Billion 5500 €550 Billion 5000 2010€ Billions 4500 4000 3500 3000 2500 Baseline (No **Diversified Supply High Electrification** Optimised Abatement) **Technologies** (~30% natural gas) 2050

Transport Sector: Natural Gas Could Save the EU up to €73 billion by 2050



Cost Savings Associated with Utilizing Natural Gas in European Transportation



Source: EGAF, 2012. Savings are estimated as the difference between the natural gas scenario and baseline projections.



THANK YOU