

IGU Side Event to COP 19
Warsaw, November 17th 2013
Welcome address by Jérôme Ferrier
President IGU

Dear Delegates and Panellists,
Ladies and Gentlemen,

I am delighted to welcome you at this Side Event to the COP 19, organized by The *International Gas Union (IGU)* as an informal session focused on the capacity of natural gas to mitigate the global climate change and on the role of IGU for complementing the action of the Parties to the present conference in reaching the UNFCCC goals.

IGU is representing the worldwide gas industry, from the production stage to the final consumers, gathering 83 countries and covering 95 % of the natural gas and LNG global market.

I wish to apologize for holding this Session on a Sunday morning, particularly in Poland, a Christian country. However, I hope that our initiative will be well taken by all concerned, since it is motivated by a desire of delivering the messages of our organization without interfering with the very dense programme of the conference.

Although it may not sound like an excuse, I would like to say that, after the very hard work that you have done during the first week of the conference, and which is due to continue next week, our aim is that this informal session will come to you as a moment of calm if not of actual rest...

For too many years, in policy makers and opinion leaders' minds, natural gas has been marked by the *Original sin* of its carbon print and should therefore be phased out as soon as possible from the global energy mix, with no more indulgence than for coal and oil. The prevailing motto was to switch as early as possible to a global energy model resting on renewables.

However, we see that the global energy supply is not getting cleaner, since coal continues to dominate the fast growth in power generation and that, at the exception of North America, where the boom in unconventional gas production keeps gas prices low, coal-to-gas switching is far from reaching expectations.

The dependence on coal for economic growth is particularly strong in emerging economies, which represents a threat to a low-carbon future. China and, to a lesser extent India, continue to play a key role in driving coal demand growth. China's coal consumption represented 50 % of global coal demand in 2012 and India's share was close to 10 %.

In Europe, we have observed during the past 5 years a worrying come back of coal for power generation, triggered by the relatively low prices of imported coal, and resulting in the mothballing or closure of more than 10 GW of CCGT plants. This trend jeopardizes the capacity of Europe to reach its long-term climate goals. It has been encouraged by the necessity to keep the price of electricity at an affordable level for exporting industries, while the average cost of production was sharply increasing, as a consequence of the political decision to develop subsidized solar and wind electricity production.

However, IGU is confident in the capacity of natural gas to reverse this trend and to displace coal-fired generation in several regions of the world. It will be a silent revolution, but is already engaged and, as a British proverb says: *"A growing forest makes less noise than a falling tree"*.

Firstly, natural gas is abundant and the development of unconventional gas resources will help bringing down gas prices and trigger coal-to-gas switching, alike in North America, in countries that currently rely heavily on coal; such conversion meaning a 50 % trimming in GHG emissions.

In China, for instance, shale gas reserves have been estimated by the *Energy Intelligence Agency (EIA)* in 2013 at more than 1 100 Tcf, which is equivalent to 15 years of the total coal consumption of the country. In other part of the world, huge conventional and unconventional natural gas resources, still untapped or under development should contribute to making natural gas and electricity affordable on local markets, particularly in Africa, and South America, and allow gas exports to other regions.

Secondly, natural gas is not only the fossil fuel with the lowest carbon print, but is itself a renewable energy, insofar as it unlocks immense potential resources of scattered biogas productions that can be tied-in to the existing natural gas transmission and distribution grids, at a marginal cost, which would not reach economic breakeven otherwise.

Thirdly, natural gas is the ideal complement and back up to renewables. It can improve the balancing regime of electricity grids supplied by renewables, using hydrogen as intermediation (the *"Power to Gas"* concept) and smart grids. Furthermore, natural gas, after transformation into LNG or GTL (*Gas to Liquid*), opens new avenues as a fuel for transportation for freight trucks and for bunkering, a major contributing sector to GHG emissions.

On these solid grounds, IGU endeavours to promote natural gas as the cornerstone of the global energy mix, alongside renewables, which will enable reaching the goals of the Kyoto protocol and the climate mitigation targets of UNFCCC.

IGU's responsibility is not only to enhance the potential of natural gas to meet the climate challenge through the "*Savoir faire*" of its experts and Working Groups, it is also to contribute by its "*Faire savoir*" to the success of the programmes driven by other international organizations in charge of fostering a global sustainable energy model and an environmentally friendly economic and social development.

To this end, the 2012-2015 triennial programme of IGU gives a priority to enhancing IGU's medium-term cooperation with UNO and its agencies UNIDO, UNESCO and UNFCCC, and with OECD and IEA.

IGU is actively engaged into the programme "*Energy for All*" of UNIDO launched in last May at the Vienna Energy Forum and has been invited to present at the G20 meeting in last July in St Petersburg. Earlier this month, IGU has been part to the *Gulf of Guinea Gas Conference* in Abidjan, advocating for the role of natural gas to a sustainable development in Africa.

In a few days, more precisely on December 10th, IGU will hold in cooperation with UNESCO a conference in Paris on the theme "*Women in engineering in Africa and the Middle East*". This important event will gather representatives of these regions, at high governments' levels, and will give IGU the opportunity to report on concrete actions engaged by the gas industry to foster the development of local human resources.

IGU will also present to this conference the activities of its Task Force "*Youth program*" dedicated to training programmes and cooperation with schools and universities, and its Task Force "*R&D*", ensuring technological and scientific exchanges among its members and inter-relating with local research centres.

Finally, I would like to invite you to join the *2015 World Gas Conference* of IGU, which will be held in Paris in June 2015, where we will make a complete review of the progress achieved by the gas industry towards the goals of UNFCCC and the Kyoto protocol, a few months ahead of the COP 20, also in Paris, by the end of 2015.
