EXCLUSIVE INSIGHTS /// ACTIONABLE INTELLIGENCE /// EXCLUSIVE SURVEY ANALYSIS

ENERGY TRANSITION DIALOGUES

INTELLIGENCE BRIEFING

ISSUE 12, MONDAY, JUNE 14th

GI Consultancy Intelligence Publishing

SCROLL DOWN!

FIRMS' ESG DNA? | HYDROGEN HUBS? | BIG OIL'S PAIN?

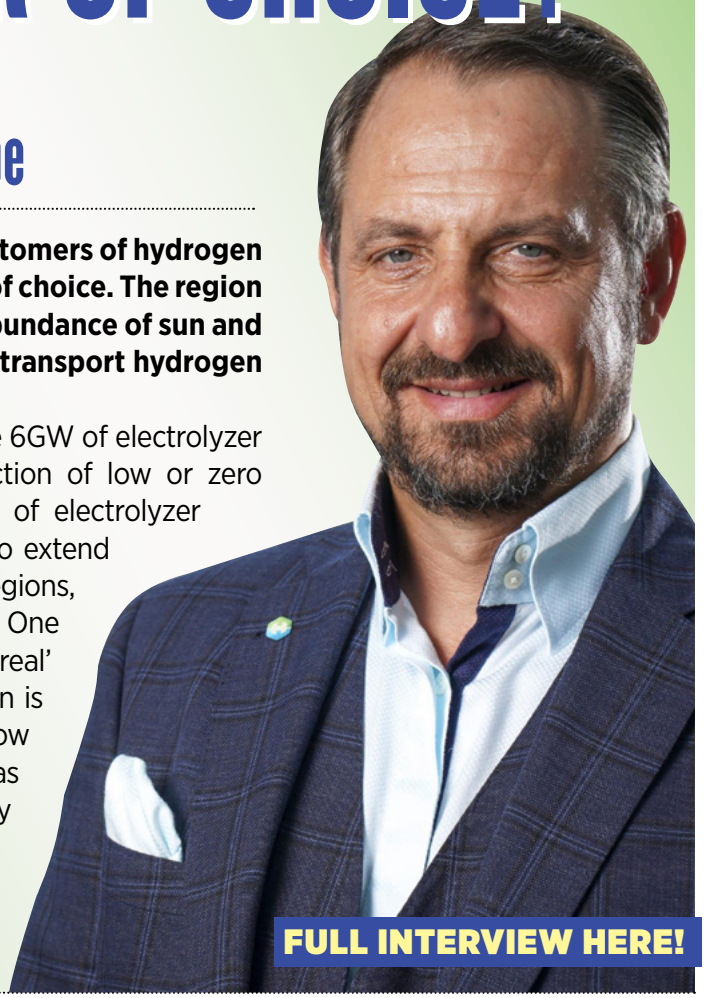
HYDROGEN

GCC: A PARTNER OF CHOICE?

Jorgo Chatzimarkakis, Secretary General, Hydrogen Europe

Europe will be one of the biggest producers and customers of hydrogen – and the Arab Gulf is one of the preferred partners of choice. The region has major competitive advantages, including the abundance of sun and wind, established infrastructure, plus the ability to transport hydrogen to Europe cheaply.

One of Europe's Hydrogen Strategy's targets is to have 6GW of electrolyzer capacity by 2024, while also scaling up the production of low or zero carbon hydrogen. The next target would be 40GW of electrolyzer capacity within the EU by 2030. The EU also wants to extend to an additional 40GW in Europe's neighboring regions, including the Middle East, within the same timeframe. One point to note is that blue and green hydrogen are not 'real' categories. The accurate way of categorizing hydrogen is through a threshold that gives you an indication of how clean that hydrogen is. The European Commission has come up with such a threshold – it is approximately 75% of decarbonization. Looking ahead, renewably produced hydrogen, especially in the Arab Gulf, will gain traction and this will ultimately rapidly bring down costs.



FULL INTERVIEW HERE!

1/The Roadmap to a US Hydrogen Economy

Series Supported By:

uniper | المشرق mashreq | OMV | CC ENERGY DEVELOPMENT | مؤسسة نفط الشارقة الوطنية SNOC

TWO MINUTE WARNING

ESG MUST BE EMBEDDED IN FIRMS' DNA!

Stacy Swann

CEO and Founding Partner, Climate Finance Advisors

FULL INTERVIEW HERE!

It does not take long to start connecting the dots from a strategic perspective for Environmental, Social and Governance (ESG) – awareness could build relatively quickly.

One key area is that firms must understand the climate risk to their operations. Once the pennies start to drop for the top management and the board, it is quite a quick process to mainstream these issues so that they become a part of the organization's DNA. There has been some real momentum in terms of corporate awareness and action to tackle climate change. One of the major drivers that could push the agenda further is how climate risks are showing up in the cost of capital for some assets. This is a key signal that ESG issues are a real strategic business problem.

Closing the investment gap?

The climate finance gap is not closing fast enough, but we are starting to see improvements. Improvements make us hopeful that at most in the next couple of years, we will start to see some significant awakening and potential adjustments in how the financial sector deals with both climate risk and the opportunity side. Different factors have driven the awareness in the financial sector. First is that, a decade ago, the discussion around accelerating investments to address climate change was mostly an energy discussion. However, since 2015, the realization of the obvious and visible impacts of climate change and the losses that they result in is starting to alert the financial sector to the risks that they need to deal with.

318%+

rise in the US' ESG exchange traded fund (ETF) market was reported in 2020.[1]

$53TRN

in global ESG assets is anticipated by 2025, representing more than a third of the $140.5trn in projected total assets under management.[1]

50% of global ESG assets are in Europe, though the US is the world's fastest growing market.[1]

1/ Bloomberg

TOP 5 NEWS STORIES

- Climate Inaction Could Cost G7 Trillions
- IMF Calls for Carbon Pricing, Taxing
- Rosneft Warns of Oil Shortage Amid RE Drive
- US Seeks Less Costly Clean Hydrogen
- EU Gives Final Approval to Multibillion ET Fund

Series Supported By:

uniper · المشرق mashreq · OMV · CC ENERGY DEVELOPMENT · مؤسسة نفط الشارقة الوطنية SNOC

PODCAST

Consultancy Intelligence Publishing

THIS WEEK

Hydrogen Hubs to Watch in 2021?

FULL PODCAST HERE!

Molly Iliffe
Principal Consultant in Hydrogen & Energy Transition, Environmental Resources Management (ERM)

The development of hydrogen hubs is key to bringing down costs and ensuring a successful commodities market that links together on a global basis – and competition is certainly strengthening.

There is a lot of speculation over whether hydrogen is overhyped. There is still a need for costs to fall, which will only come with a significant scale-up. Several technical issues also need to be overcome, including the removal of regulatory barriers, building of the health and safety case, and public acceptance. The latter is particularly important if hydrogen is going to be used in domestic settings.

Global links by 2030s

Despite the challenges, there is an enormous amount of ambition and that makes decision-makers more optimistic about the economic advantages of a hydrogen economy. By the early 2030s, we will see markets linking together on a much larger scale.

8.5% in lost gross domestic product (GDP) annually by 2050 is the cost to G7 nations due to inaction on climate change.[1]

FULL PODCAST HERE!

Suhail Shatila
Senior Energy Specialist - Strategy, Energy Economics & Sustainability, APICORP

We are seeing several countries setting hydrogen policies and roadmaps in the Middle East and North Africa (MENA) – but this is only the starting point.

Many pieces of the puzzle need to come together in terms of infrastructure development, regulatory framework, and funding for the region to emerge as a hydrogen exporting hub. Currently, grey hydrogen dominates the relatively small hydrogen market in the MENA, which is mostly dedicated to refining and the feedstock for petrochemical projects. The transition to low carbon hydrogen necessitates structural changes, especially as new technological components are added to the value chains.

Inching ahead in the global race?

Countries in the Gulf Cooperation Council (GCC) are likely to compete with Australia to supply hydrogen to Southeastern Asian countries, such as Japan and South Korea. Of course, first movers will have an advantage in taking more of that market share. Furthermore, North African countries have a competitive advantage to supply Europe through hydrogen pipelines. The emerging business model in the MENA is increasingly centered on clustering hydrogen production facilities and utilizing common infrastructure to reduce cost. Plus, almost all projects are underwritten by government investments.

$185.3BN is the amount that global sustainable funds attrated in the first quarter of 2021 – up 17% from the prior quarter.[2]

$275.5MN of further investment has been pledged by Australia's federal government to develop regional hydrogen.[3]

1/ Oxfam 2/ Morningstar 3/ Australia Energy Council

Series Supported By:

uniper · المشرق mashreq · OMV · CC ENERGY DEVELOPMENT · مؤسسة نفط الشارقة الوطنية SNOC

PODCAST

GI Consultancy Intelligence Publishing

Andrew Clennett
Co-Founder & CEO, Hiringa Energy

FULL PODCAST HERE!

Amid the "hydrogen hype", it is important that projects do not cause any additional harm to the environment.
For example, well-managed waste-to-hydrogen projects can be a great environmental story. But we must be clear about what happens to the CO_2 emissions of that waste cycle. If this is ignored, we are nowhere near achieving the goal of a green hydrogen molecule.

Plus points for hydrogen hubs?
The beauty of a hydrogen hub is that it has the potential to create short cuts for some difficult elements and reduce some of the outstanding costs of the market. For example, if you can identify a domestic market that does not require the transport of hydrogen, you can have your production locally. You can also have renewable electricity generation located there, ultimately reducing a lot of the costs that can make hydrogen expensive.

$15TRN between now and 2050 is the amount required to keep decarbonizing energy and other industries worldwide by using hydrogen.[1]

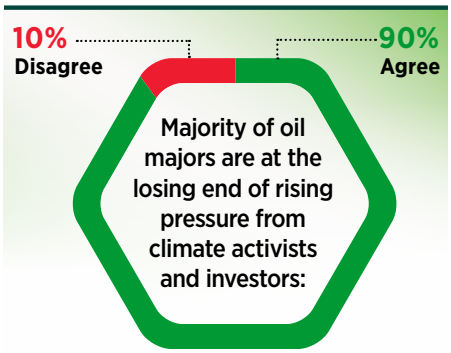
1/ Energy Transitions Commission (ETC)

SURVEY ANALYSIS BIG OIL'S CRUNCH STARTS TO HURT – A LOT

Michelle Meineke
Director, Energy Transition Dialogues

A tense drumroll followed by dropped jaws reverberated through big oil a few weeks ago. Why? Because a court in the Netherlands ruled in a game-changing case that the oil giant Shell must reduce its emissions by 45% by 2030 on 2019 levels.
Plus, Shell is responsible for its own CO_2 emissions and those of its suppliers. The ruling triggered audible gasps in fossil fuel world for this is the first time a company has been legally obliged to align its policies with the Paris Agreement, the world's most comprehensive climate-related deal yet. And this was not just any company; it is one of the world's biggest energy companies and it already has what it argues is an ambitious climate agenda in place. But apparently, that was not good enough. And unsurprisingly, many in big oil and energy are rapidly rethinking whether they can stand up to similar scrutiny – which many say is a case of when, not if.

Tough month
And Shell's day in court is not the only punch to big oil's gut in the last month. The IEA's latest report – a landmark for energy's history books – states that a rapid shift away from fossil fuels is critical. This requires steps like halting sales of new internal combustion engine passenger cars by 2035, plus phasing out all unabated coal and oil power plants by 2040. It is a whopper of a report – but it is also much-needed. Despite many pledges and efforts by governments to tackle the causes of global warming, CO_2 emissions from energy and industry have increased by 60% since the United Nations Framework Convention on Climate Change (UNFCCC) was signed in 1992. Of course, in the last thirty years, the size of the global population has also soared and the energy sector's prosperity is largely to thank for the increasingly sophisticated living conditions that billions of people worldwide enjoy. But the fact remains – the world is not on track to hit the goals of the Paris Agreement by 2050 and energy markets play a pivotal role. It is no longer a case of ringing an alarm bell. Now we need flashing neon lights with a cacophony of alarms bells – making a racket loud enough for every soul to hear.



Survey source – ETD

Series Supported By:

uniper · المشرق mashreq · OMV · CC ENERGY DEVELOPMENT · مؤسسة نفط الشارقة الوطنية SNOC

THIS WEEK'S EVENTS

ENERGY TRANSITION DIALOGUES

GI Consultancy Intelligence Publishing

PODCAST WEDNESDAY /// JUNE 16th /// 13:00 (UAE)

Net Zero: Navigating Trouble Spots?

Thierry Lepercq
President and Co-Founder
DH2 Energy

Ali Zerouali
Director Of Cooperation & International Development
Masen

Ashley Taylor
Managing Director
Net Zero Middle East

Michelle Meineke
Director
Energy Transition Dialogues

Series Supported By:

mashreq المشرق

Zoom Meeting ID: 872 7404 6993
Password: 12345

ENERGY TRANSITION DIALOGUES

GI Consultancy Intelligence Publishing

H_2 HYDROGEN
FULL COURT PRESS

Dr. Steven Griffiths
Senior Vice President - Research & Development
Khalifa University

Wednesday /// June 16th /// 11:00 (UAE)

Series Supported By:

uniper

ENERGY TRANSITION DIALOGUES

GI Consultancy Intelligence Publishing

TWO MINUTE WARNING
INTERVIEW SERIES

Tuesday /// June 15th /// 12:00 (UAE)

Matthew Sparkes
Global Head of Sustainability
Linklaters

Series Supported By:

uniper المشرق mashreq OMV CC ENERGY DEVELOPMENT مؤسسة نفط الشارقة الوطنية SNOC


GI
Consultancy
Intelligence
Publishing