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ENERGY TRANSITION DIALOGUES

INTELLIGENCE BRIEFING

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HYDROGEN

CARBON PRICE: THE BUSINESS LINCHPIN FOR GREEN H2?

Manuel Kuehn, Head of New Energy for Middle East and Africa, Siemens Energy

Carbon management must come before any discussion on hydrogen. Clarity on how we handle, classify, tax, and price carbon will enable the business case for the hydrogen economy.

We are currently trying to make up for years of inaction. We must change our trajectory to achieve climate goals in time – assuming we still have time. We all know that clean hydrogen is the direction we want to go in and calculating the business case is what it all comes down to. We must find ways to allow bankable projects in the hydrogen space. The last gap? Carbon mismanagement. The way we run the global economy – i.e., not factoring in more cohesive prices on carbon – does not allow us to close this gap.

Reality check

We are running a marathon when it comes to clean hydrogen – not a sprint. We must talk more about establishing roadmaps, so we make the right moves at the right time. We need more projects in the field in order to gain operational knowledge of running systems. We need to talk more about sequencing the right steps, independent of whether we talk about blue, green hydrogen, or CCS. We must get all these projects going. Sometimes, I fear we are exaggerating what can be achieved in a very short period and that once those people realize that this is not an easy task, clean hydrogen plans will be abandoned all together.

TOP 5 HYDROGEN NEWS STORIES

- UAE, Germany Form Action Team for Cooperation in H2
- UAE, IRENA to Raise \$1bn for RE Innovation
- 'Put a Price on Carbon, Nature Cannot Pay': EU Urges COP26
- ZeroAvia to Launch H2 Fueled Plane by 2024
- Australia Tops List of Nations Poised to Tap H2 Boom



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COP26: AMBITION VS PLEDGES?

Noé van Hulst, Special Advisor – Hydrogen, IEA & Chair, International Partnership for Hydrogen and Fuel Cells in the Economy (IPHE)

Going into COP26, managing expectations versus ambitions is important. Net zero pledges are challenging to achieve. The challenge requires activism from governments, businesses, and society as a whole. The good news is that positive momentum is growing.

Policies are changing, company strategies are changing, and the energy transition is starting to make inroads. Plus, the financial sector, from regulators to central banks, is stepping up to the plate in getting climate risks under control. People understandably make the point that the path of the energy transition is a costly one. What we often forget is that inaction is even costlier. We need bolder action – now. Climate change is already underway and the cost of adapting to the ever-warming world is enormous. Just ask insurance companies.

H2: Balancing act

Hydrogen will be an indispensable contributor to achieving net zero, but it is not a silver bullet. It must be taken as one of the solutions in a bucket of many other technologies – particularly electrification. The upward trend for electrification will continue, but hydrogen will still play a key role in the hard-to-abate sectors.



[FULL INTERVIEW HERE](#)

COP26 WORLD LEADERS SUMMIT – PRESIDENCY SUMMARY

- Over 40 leaders joined the Breakthrough Agenda, a 10-year plan to work together to create green jobs and growth globally, making clean technologies and solutions the most affordable, accessible and attractive option before 2030 – beginning with power, road transport, steel, hydrogen and agriculture.
- A significant number of leaders spoke about ending coal power. 42 countries have set coal phase out dates and international public finance for coal is coming to an end.
- Over 120 countries covering more than 90% of the world's forests endorsed the Glasgow Leaders' Declaration on Forests & Land Use committing to work collectively to halt and reverse forest loss and land degradation by 2030, backed by the biggest ever commitment of public funds for forest conservation and a global roadmap to make 75% of forest commodity supply chains sustainable.
- A Just Energy Transition Partnership was announced to support South Africa's decarbonization efforts; a powerful example of collaboration between an emerging economy and international partners.
- The launch of the Global Methane Pledge saw over 100 countries committing collectively to reduce global methane emissions by 30% by 2030.

Source: COP26

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PODCAST

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COP26: BIG CHOICES FACING BIG OIL?



Guloren Toran
General Manager – Advocacy & Communications, Global CCS Institute

FULL PODCAST HERE

Technology is not the bottleneck when it comes to CCS – a lack of sustainable business cases worldwide is.

The technology has been around since the 1970s, starting in North America. There are already large-scale commercial facilities in the Arab Gulf region – in the UAE, Saudi Arabia, and Qatar. The region is home to approximately 10% of the global CCS capacity. These facilities capture and store around 4mn tons of CO₂ per year – that is quite significant. The global CCS capacity from the 27 large-scale commercial facilities today is around 40mn tons per year. Plus, we have more than one hundred CCS facilities under development, which are in the hundreds of thousands of tons per plant capacity. The issue is that we must scale up from some 27 plants today to 2,000 plants by 2050. This

means we must have the business models to make it commercially viable. Other pieces of the jigsaw also need to come together, including the need to have a price on carbon.

Small scale, big impact

Modular CCS technologies will be important. Why? Because they help retrofit existing power plants and industrial facilities. Modular systems can reduce plant costs and construction time. Shorter construction time also brings forward operational commencement, leading again to reduced costs and risks. This is an important step forward and it reflects the type of innovation we need to develop large yet low-cost scale worldwide.

FULL PODCAST HERE

Faris Al Kharusi
Principal Business Transformation Lead, PDO



National oil companies in the GCC are in a very strong position to respond to the challenge of climate mitigation and adaptation.

Number one, global energy demand is going to grow, especially coming out of the Covid-19 pandemic. Secondly, there is a huge engineering base in most of these national oil companies. This level of engineering expertise allows them to pivot to new and different technologies quickly – within just five to ten years. The only thing missing? The regulatory and compliance

component. This will happen naturally, I believe. Even though NOCs do not have shareholder activism (as they are mostly government-owned), they will still have to deal with global pressure to change.

Scope 1 is not enough!

The focus on Scope 2 and Scope 3 emissions is going to have even more steam coming out of COP26. If you are an upstream operator and you are only reporting on your Scope 1 emissions and ignoring what is happening along your value chain, you are simply not doing enough.

10%

is the average investment by oil and gas companies in 2020 in non-core areas.

Source: IEA

**70MN
TONNES**

of methane was emitted into the atmosphere from oil and gas operations globally – equal to the energy-related CO₂ emissions from Europe.

Source: IEA

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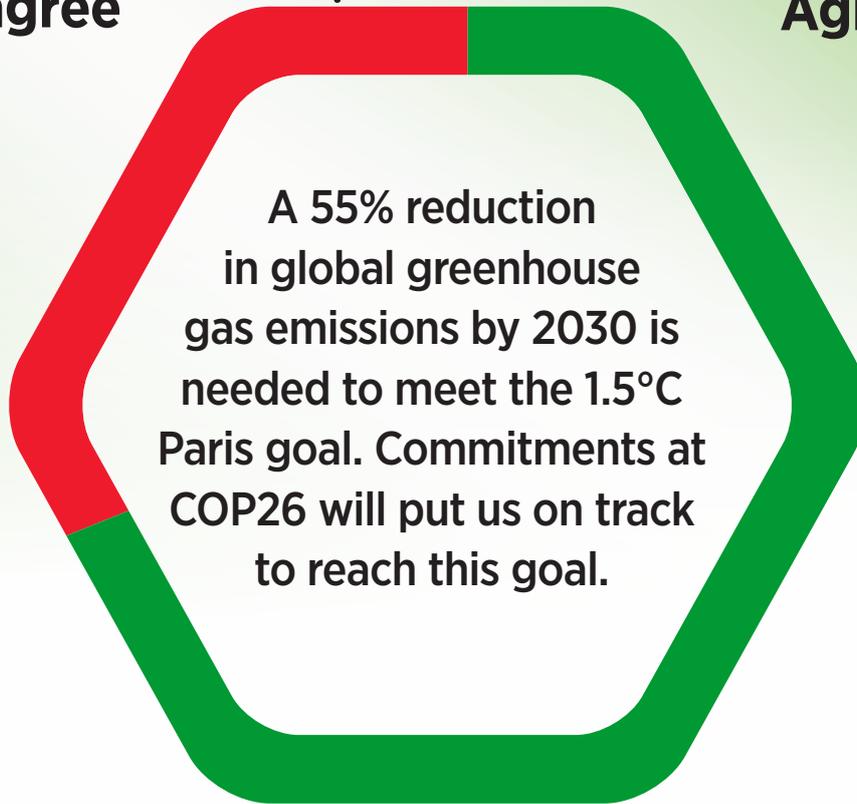
SURVEY RESULTS

31%

Disagree

69%

Agree



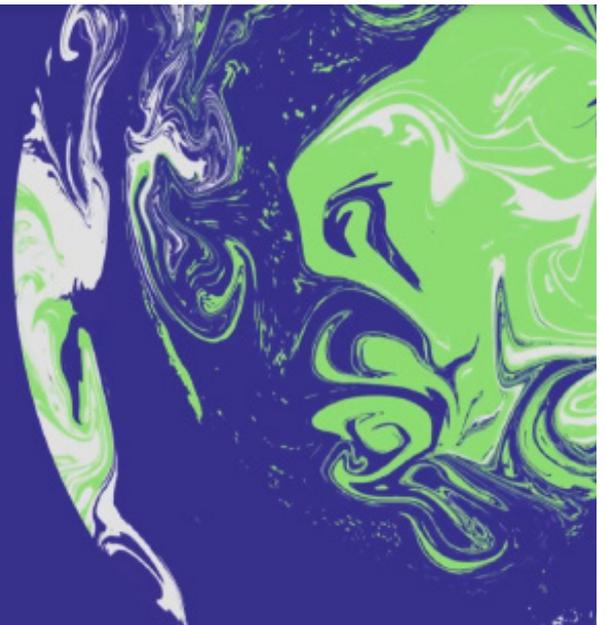
A 55% reduction in global greenhouse gas emissions by 2030 is needed to meet the 1.5°C Paris goal. Commitments at COP26 will put us on track to reach this goal.

31 OCT - 12 NOV 2021

GLASGOW

COP26

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THIS WEEK'S EVENTS

ENERGY TRANSITION DIALOGUES Consultancy Intelligence Publishing

TWO MINUTE WARNING INTERVIEW SERIES

Tuesday /// Nov. 9th /// 12:00 (UAE)

Elias Kassis

President Total E&P UAE

TotalEnergies Country Chair in UAE

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ENERGY TRANSITION DIALOGUES Consultancy Intelligence Publishing

HYDROGEN FULL COURT PRESS

Michael Schach

CEO and Co-Founder

Calypso Commodities

Wednesday /// Nov. 10th /// 11:00 (UAE)

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