

# Energy Transition Dialogues

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# INTELLIGENCE BRIEFING

ISSUE 36, TUESDAY, JANUARY 18<sup>th</sup>

**SCROLL DOWN!**

WEEKLY SURVEY **THE LANGUAGE OF CLIMATE** **INSIGHTS INTO INDIA** THIS WEEK'S EVENTS

**“THE OIL AND GAS SECTOR NEEDS TO BE PART OF THE SOLUTION AS THE CLIMATE COMMUNITY CANNOT SOLVE THIS CRISIS IN ISOLATION.”**

**Rastraraj Bhandari, NYU Abu Dhabi Alumnus**

**A**s a well-established saying goes, the Stone Age didn't end because we ran out of stones. The phasing out of oil and gas is inevitable and it will end before we run out of oil and gas. But as I have grown older, I have realized that the oil and gas sector needs to be part of the solution as the climate community cannot solve this crisis in isolation. In fact, real action needs to be taken by many in the industry and there is some good precedence. In 2017, Dansk Olie og Naturgas (DONG), sold its North Sea oil and gas business and changed its name to Orsted to reflect its near complete transformation from fossil fuels to renewable energy. Orsted is now widely regarded as one of the greenest energy companies in Europe. In addition to the oil and gas sector pursuing a systematic transformation of company business models, the industry has well-rounded and holistic expertise in meeting global energy demand. The industry knows how energy systems work and is well aware of the gaps that are needed to be fulfilled in meeting global energy demand irrespective of the energy resource used. In particular, the oil and gas sector's expertise fits well with technologies such as hydrogen, carbon capture and storage, and offshore wind that are needed to tackle emissions in sectors where reductions are likely to be the most challenging.



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**FULL INTERVIEW HERE**

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# Energy Transition Dialogues

## TWO MINUTE WARNING INTERVIEW SERIES

*The "Dawn Of New Energy" Lecture*

**H.E. Eng. Mohamed Al Hammadi**

Managing Director & Chief Executive Officer  
Emirates Nuclear Energy Corporation

[FULL INTERVIEW HERE](#)



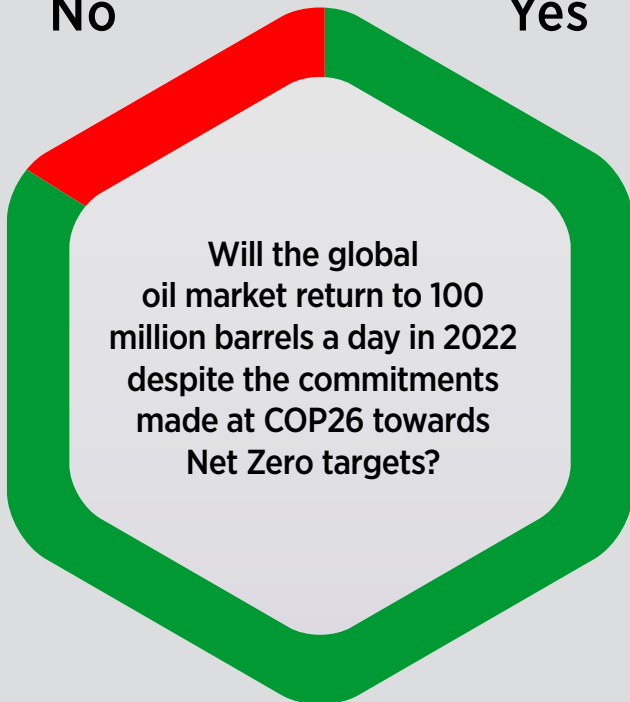
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## WEEKLY SURVEY

**16%**  
No

**84%**  
Yes



**15%**  
Disagree

**85%**  
Agree



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CONTINUED FROM PAGE 1

## Rastraraj Bhandari NYU Abu Dhabi Alumnus

There is one area the oil and gas industry really needs to work on. Put candidly, you don't listen to the other side, and I don't think I would be wrong to say the climate community doesn't listen to you either. This sparked my curiosity, and I began reading more about it. It took me no time to realize that this is an issue we all have as humans. We just don't listen to each other. In fact, there are numerous studies that show people do not know how to listen, but listening is important. It is actually one of the most important skills we can have. Listening can enhance our ability to understand. When we listen, we communicate respect. We communicate better. We increase likability and promote healthy relationships. The benefits of active listening are particularly important for professional development and a prerequisite for real change. The late Desmond Tutu comments about Nelson Mandela in *The Book of Joy* noting "the 27 years Nelson Mandela spent in prison were actually necessary for him to develop the ability to listen to the other side." This is my way of saying listening does not come easy and it does not come to us naturally. It takes patience and a long time to develop. It comes together with learning to let go of our egos. It is a skill that we're not taught at universities, but it is a skill we must learn. It is a skill you should invest in for professional development within your organizations. I feel many of you will agree with me that we have reached a point where we are not able to maintain a conversation, let alone a constructive conversation with people on the opposing side.

I have friends who don't talk to their parents because they work for oil and gas companies. Despite living in the UAE for many years, I don't have any friends who work in the industry, and I've not wanted to have one. I've not wanted to listen to them because I automatically think that they're wrong and that

“You need to take notice of and act on what someone says. I believe that only then we can come with a common vision for the future”

I cannot trust them and that we cannot imagine a common ground together. This is beyond the energy source debate. It is the same with politics. We have time and time again realized and learned the importance of engaging constructively with people from the other side.

Aside from listening, we also lack the imagination to see how these two different oppositions could actually work together. In 2019, the Oil and Gas Climate Initiative held meetings with young people to lay the groundwork to engage better. That was a good start, but it's also important to create sustained plans and dialogues for the long run so we can build trust. We need to ensure that we act on what we listen to and that it is not just a photo opportunity. It should not be about manipulating the language or branding oneself to disguise that you're actually listening to the crisis and the voice of the global climate community. You need to take notice of and act on what someone says. I believe that only then we can come with a common vision for the future

The UAE is on the right track and has a unique opportunity to lead global action and ambition. In particular, if done well with the highest climate ambition and integrity, it can set the tone for designing Net Zero pathways at the earliest possible for the global community. As the host of the important COP28, the global community already has its eyes on the UAE as it expects no less from the country. Let's therefore engage in constructive conversations, raise real and verified climate ambition, and tackle the climate crisis together as the global spotlight falls on us.

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## THE LANGUAGE OF CLIMATE

# “The Most Important Words You Could Possibly Use When Communicating the Issues of Climate...”

Dr. Frank Luntz, Leading US Election Pollster

- ✓ Imagine
- ✓ Acting Responsibly
- ✓ Real Solutions for Real Results
- ✓ Meaningful and Measurable
- ✓ A Planet in Constant Chaos
- ✓ A Positive Impact
- ✓ A Global Commitment
- ✓ Benefits to the Planet
- ✓ Carbon Neutrality
- ✓ Get it Done/No Exceptions/Now
- ✓ Cleaner, Safer, Healthier
- ✓ Fact-Based
- ✓ The Consequences of Failure
- ✓ The Impact on our Kids/Grandkids
- ✓ Environmentally Friendly Farming
- ✓ A More Healthy Life
- ✓ Protect and Preserve
- ✓ Building a Better Future
- ✓ Together, We Can Do This
- ✓ Reuse, Repurpose, Recycle



## The 10 US Climate Communication Commandments

1. *The message equation:* positive...negative...positive.
2. *A bipartisan message:* acting responsibly/taking a responsible approach.
3. Democrats respond best to fear. Republicans respond best to opportunity.
4. How do individuals, rather than the planet, benefit from climate solutions?
5. Individualize, personalize, humanize, and then globalize.
6. C=E2. An environmental + economic message does better than climate.
7. Focus much more on the positive impact to personal health.
8. It's not just about the forests, it's what lives in them. Focus on life and living.
9. *The China response:* transparency, accountability, and enforcement.
10. *What is COP26?* “A global commitment to a cleaner, safer, and healthier future.”

Source: The 12th Gulf Intelligence UAE Energy Forum 2022: Breakfast Briefing

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## INSIGHTS INTO INDIA

# Good COP, Bad COP

The last global climate conference turned out to be both.  
That makes the next one even more important.



**Bill Spindle**  
Council on Foreign Relations, International Affairs Fellow, India

**J**ust months after the last big global climate conference, it's not too early to brace for the next one. It will be a doozy.

Tensions between rich and poor nations are rising again. Without long overdue action by the developed world and a dose of political realism in the developing world, the growing rancor could torpedo global climate diplomacy, as has happened before.

This November's gathering will pick up right where last November's left off — with India, backed by China, putting its foot down over just how much the developing world will sacrifice to cut emissions without more help. The twelfth-hour rift at the 26th Conference of the Parties (COP26) last year came over whether the final agreement would announce a “phase out” of coal, as the Western drivers of last year's conference wanted, or, as things ended up, merely a “phase down.”

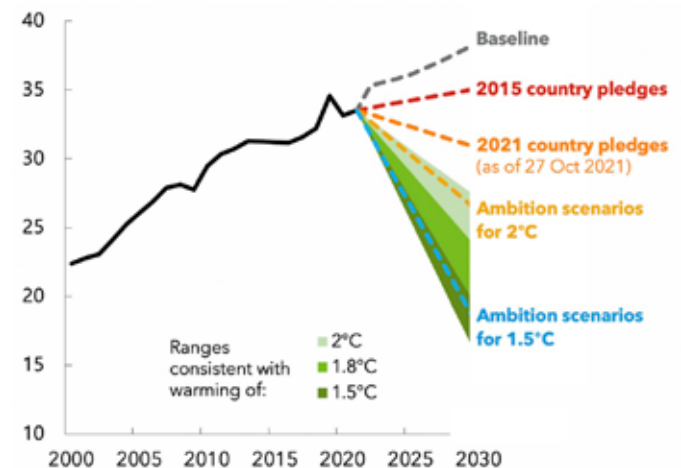
This literally brought tears of frustration to the eyes of Alok Sharma, the British politician who presided over the conference. But India's insistence on the “phase down” wording — with the world's largest coal user, China, cheering it on — was a shot over the developed world's bow.

It underscored the overall ambiguous outcome of the gathering, which had been billed as the last chance for the world to get real about addressing climate change. That billing now better applies to this year's gathering. The upcoming COP27, to be held in the Red Sea resort of Sharm el-Sheikh, really will be the last chance for global climate diplomacy to play a leading role in solving the problem of global warming.

The last COP, held in Glasgow, was hardly a failure. Without rattling off a laundry list of achievements, the most important was the simplest: For the first time, the entire world stated, officially and out loud, that fossil fuels are the root of the problem. The conference also worked out many nitty gritty details for precisely how to uniformly and transparently measure the ratcheting down of our collective carbon emissions that must begin now and accelerate rapidly after 2030. Finally, the conference began to truly address how this decarbonization effort gets funded — or, not to put too fine a point on it, when and how much the developed nations will pony up, making

### Not yet on track

More ambitious pledges to curb carbon emissions are needed to meet Paris Agreement temperature goals by 2030. (annual global emissions, in billion tonnes of CO<sub>2</sub>)



Sources: Intergovernmental Panel on Climate Change (2018, 2021) and IMF staff calculations. Note: Shows energy-related CO<sub>2</sub> emissions, excluding international aviation and maritime.

IMF

good on a promise they long ago made and so far have failed to come through on.

Glasgow also included the ramping up of “ambition,” particularly on the part of developed nations. This means they promised to do more than they had previously promised. Many countries laid out “net zero” pledges. These are vows, albeit non-binding, to cut carbon emissions to the point where they're taking as much carbon out of the atmosphere each year as they spew into it by a certain date — usually 2050, but 2060 in the case of China and 2070 for India.

While not to be dismissed, all this amounts to zilch if collectively the world doesn't begin actually reducing greenhouse gas emissions starting very soon.

This urgent imperative is what's most threatened by newly rising developed-versus-developing world tensions.

[FULL ARTICLE HERE](#)

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# In China, Natural Gas is Considered a Clean Fuel



**Xavier Chen**  
President, Beijing Energy Club

In the global race to netting-zero, natural gas' position is somewhat ambiguous: as a fossil fuel, it is to be substituted by renewables, but as the cleanest fossil fuel, it plays a critical role in the progressive decarbonisation of the global energy system. Therefore, in many parts of the world, OECD countries in particular, natural gas is widely considered as a "transition fuel", bridging the transition from fossil energy system to a clean and renewable one. In China, however, natural gas is considered a clean fuel, a major grip for low carbon energy transition, and a companion fuel that will go along with renewables in the foreseeable future.

## A Major Clean Fuel

This difference is explained by the fact that China is a large and still growing economy, needing all kinds of energies to provide heating, cooling, power, mobility as well as carbon-based materials. For Chinese policy makers, low carbon energy transition must take place under the precondition of energy supply security and economic competitiveness. Renewables such as solar and wind are set to accelerate, but they do not have the required energy density, and they alone cannot meet the industrial heating requirement, even though their costs are decreasing rapidly.

Gas is the most readily available fuel to replace coal to reduce carbon emissions, ensure energy security, and enable economic competitiveness. Compared to coal which accounts for 60% of Chinese energy supply, natural gas emits only half of the CO<sub>2</sub> per unit of energy delivered. In addition to climate change, China has to address a more urgent and immediate problem - the local air pollution. Replacing coal with gas has contributed to a continuously improving air quality in many Chinese cities. The latest data shows that the year of 2021 witnessed the best air quality ever in Beijing. Though still falling behind the WHO recommended guidelines of healthy air quality, Beijing, at least, managed to meet the Chinese standard of good air quality for a total of 288 days, thanks to the highest gas share in energy mix among Chinese cities.

Natural gas is the most important energy source in Europe, accounting for 24.6%. But its share in China's primary energy mix was barely 8.4% by 2019. For energy security at end-user level, a duo energy supply of both electricity and gas is more secure than electricity alone.

Considering the goals of environmental and climate protection and concerns of energy security, the Chinese government officially classified natural gas as a "major fuel" in its 13th Energy Five-Year Plan (2016-2020). The Energy Supply and Consumption Revolution Strategy (2016-2030), released in 2017, sets the target to expand the share of natural gas to 15% of total primary energy consumption by 2030, along with the 25% target for non-fossil fuels by the same timeline.

At the time of writing of this report, China has not yet published any revised 2030 target for natural gas, nor have we seen any changed government position on natural gas. If China maintains the cap on carbon emissions before 2030 and the carbon neutrality targets before 2060, while barring any major downward disruption of the Chinese economy, we see a continuing growth of gas demand in the coming decades and beyond.

## Growing Demand

In 2020, China consumed 326 billion cubic metres (bcm) of natural gas, representing a year-on-year growth of 7.2%. Domestic production was 188.8 bcm, while imports were 137.2 bcm, of which 94 bcm in the form of LNG from 24 countries, whereas pipeline gas from Central Asia, Myanmar and Russia amounted to 43.2 bcm.

Infrastructure side, by end 2020, China had a total of 79,100km of high-pressure gas pipelines, 22 LNG receiving terminals with 90 million tonnes per year (mtpa) capacity, and 27 underground gas storages with a total yearly peaking capacity of 13 bcm.

Consumption side, city gas (mainly residential and commercial) is the largest user, accounting for 38.4% of total gas demand in 2018, followed by industry (34%), power generation (18.5%) and 3 petrochemical feedstock (9.1%). Gas-fired power will be increasingly needed to support deployment of intermittent renewables.

Preliminary data suggest that in 2021, China's gas demand grew by 12.3%, reaching a total of 368.4 bcm. It is expected to grow at 6-7% during the 14th FYP (2021-2025) period. The Beijing Gas Group expects Chinese gas demand to reach 420-450 bcm by 2025, while China Oil & Gas Pipeline Corporation (PipeChina), China's newly created national pipeline constructor and operator, forecasts gas demand at 400-450 bcm by 2025, when China will surpass EU to become the world's second largest gas market after the US. In 2021, China surpassed Japan and became world's largest LNG importer. For the medium-term outlook leading up to 2035, all forecasts point to a continuing growth of gas demand in China, although the level of growth varies a bit by different institutions.

## Top 4 Reasons for the Expectation of Continued Growth of Gas Demand (At Least Until 2035)

- Continued economic growth, industrialization and urbanization will increase energy demand, but there is no other readily available energy resource at scale that can meet the demand while reducing both local and global pollution at a competitive price.
- Continued substitution of coal by natural gas, pushed by clean air campaigns, with even stricter anti-pollution regulations in the coming decade.
- Regulatory reform, that would allow direct access by gas suppliers to large customers, and other regulatory measures that would reduce the end-use prices of natural gas.
- Abundance of supply: not only domestic production will increase with more investment in conventional and unconventional gas exploration and production, international sources of 4 supply also show no sign of scarcity, with pipeline gas from Russia, Central Asia, and LNG from across the world.

Given Chinese 2030/60 duo carbon targets, the emerging consensus among most of the Chinese research institutions seems to point to peaking of China's gas demand at 600 bcm around 2040. Even by 2060 when China reaches carbon neutrality, natural gas demand will remain at around 400 bcm, with its carbon emissions to be neutralized by CCUS technologies.

Source: Insight China (No. 3) - 14 January 2022, CN Innovation, The Pulse

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# UPCOMING EVENTS

## Energy Transition Dialogues

PODCAST

WEDNESDAY /// JAN 19<sup>th</sup> /// 13.00 (UAE)

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*“Building a UAE Roadmap to Reach Net Zero?”*



**H.E. Yousif Ahmed Al Ali**  
Assistant Undersecretary  
Electricity - Water & Future Energy Affairs  
Ministry of Energy & Infrastructure, UAE



**Hatem Al-Mosa**  
Chief Executive Officer  
Sharjah National Oil Corporation



**Sean Evers**  
Managing Partner  
Gulf Intelligence

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## TOP 5 NEWS STORIES OF THE WEEK

1. Green Hydrogen to Reshape Global Trade and Disrupt Bilateral Energy Relations
2. UAE Energy Minister: Hydrogen to Create New Opportunities and Jobs
3. Want to Derail the Energy Transition? Take Fossil Fuels Out of the Mix
4. IEA: Emissions Set to Rise with Global Power Demand
5. One of the World's Wealthiest Oil Exporters is Becoming Unlivable





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