

# Energy Transition



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# INTELLIGENCE BRIEFING

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**SCROLL DOWN**

**OIL MARKETS IN TRANSITION**

**WOMEN IN RENEWABLES**

**HYDROGEN SKILLS**

## Houston, we have a Problem – Oil and Gas Sector Needs to Up its Game!

**Dr. Sultan bin Ahmed Al Jaber**  
UAE Minister of Industry and  
Advanced Technology and  
COP28 UAE President-Designate

Energy leaders have the knowledge, experience, expertise and the resources needed to address the dual challenge of driving sustainable progress while holding back emissions. Let me call on you today to decarbonize quicker, future-proof sooner and create the energy system of the future, today. Alongside all industries, the oil and gas sector needs to up its game, do more and do it faster. By 2030, there will be an extra half billion people living on this planet, demanding more energy every year. And at the same time, the world needs to cut emissions by 7 percent each year to keep 1.5 alive- that's 43 percent in less than seven years.



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CONTINUED

## Dr. Sultan bin Ahmed Al Jaber UAE Minister of Industry and Advanced Technology and COP28 UAE President-Designate

This is a global challenge that calls for global solutions from every stakeholder acting in unity and solidarity. This year, the world will evaluate exactly where we are when it comes to climate progress through the first Global Stock take. And we know we are way off track. We need a major course correction.

To echo the two most famous phrases of this city, first we need to recognize 'Houston... we have a problem' and then we need to agree that 'failure is not an option'.

Every government, every industry, every business, and every individual have a role to play. No one can be on the sidelines. And this industry, in particular, is integral to developing the solutions. In fact, this industry must take responsibility and lead the way.

Only half of the industry has declared a scope 1 and 2 net-zero goal by 2050. Everyone in the industry needs to be aligned around the same goal. And we should stretch ourselves to go further. Let's aim to achieve net zero even earlier. Let's also scale up best practices to reach net-zero methane emissions by 2030. Let's electrify operations, equip facilities with carbon capture and storage, and use all available technologies to increase efficiency. And let's monitor, measure, and validate progress every step of the way.

Source: WAM

- Dr. Sultan bin Ahmed Al Jaber, COP28 UAE President-Designate, made the comments at CERAWEEK in Houston on March 6<sup>th</sup>, 2023

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### WEEKLY SOUNDING

#### OIL & GAS TECH

"I think E&P (Exploration & Production) companies will be important and crucial part of hydrogen development. I don't think we will be able to meet global demand without them. While majority of companies focus on green hydrogen and renewable resources, E&P experiences have the agility to be part of the energy transition and meet the zero emission by 2050. I'm a living example who was working in oil and gas, and now in renewable and green hydrogen."

**Hussein Fouad El Ghazzawy**  
Senior Energy & Industry Consultant  
LYNX Strategic Business Advisors

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# “State of Energy Transition Projects in the Middle East is Patchy, but with Significant Developments!”



**Robin Mills**  
Chief Executive Officer  
Qamar Energy

There's a difference between aspirations and practical blueprints. We should distinguish between practical blueprints and real actions on the ground. Many countries in the region have made net zero commitments, such as the different 'Visions' in the Gulf with aspirations to cut carbon emissions by certain amount by 2030 or 2050. For blueprints, we can find carbon capture, hydrogen, and renewable energy cases, but not all of them have been fleshed out enough. With regards to real action on the ground, the picture is patchy with some impressive parts. Countries like the UAE, Saudi Arabia and Egypt are currently carrying out tangible programs taking shape at present, which can create some of the largest clean energy sources in the world.

## Social and economic sustainability cannot be overlooked

Sustainability is usually regarded from the perspective of carbon emissions and the environment. Nonetheless, social, and economic sustainability cannot be overlooked. Delivering acceptable welfare levels for different groups and counting with enough energy supply to allow

everyone to participate in the economy are critical aspects for the energy transition.

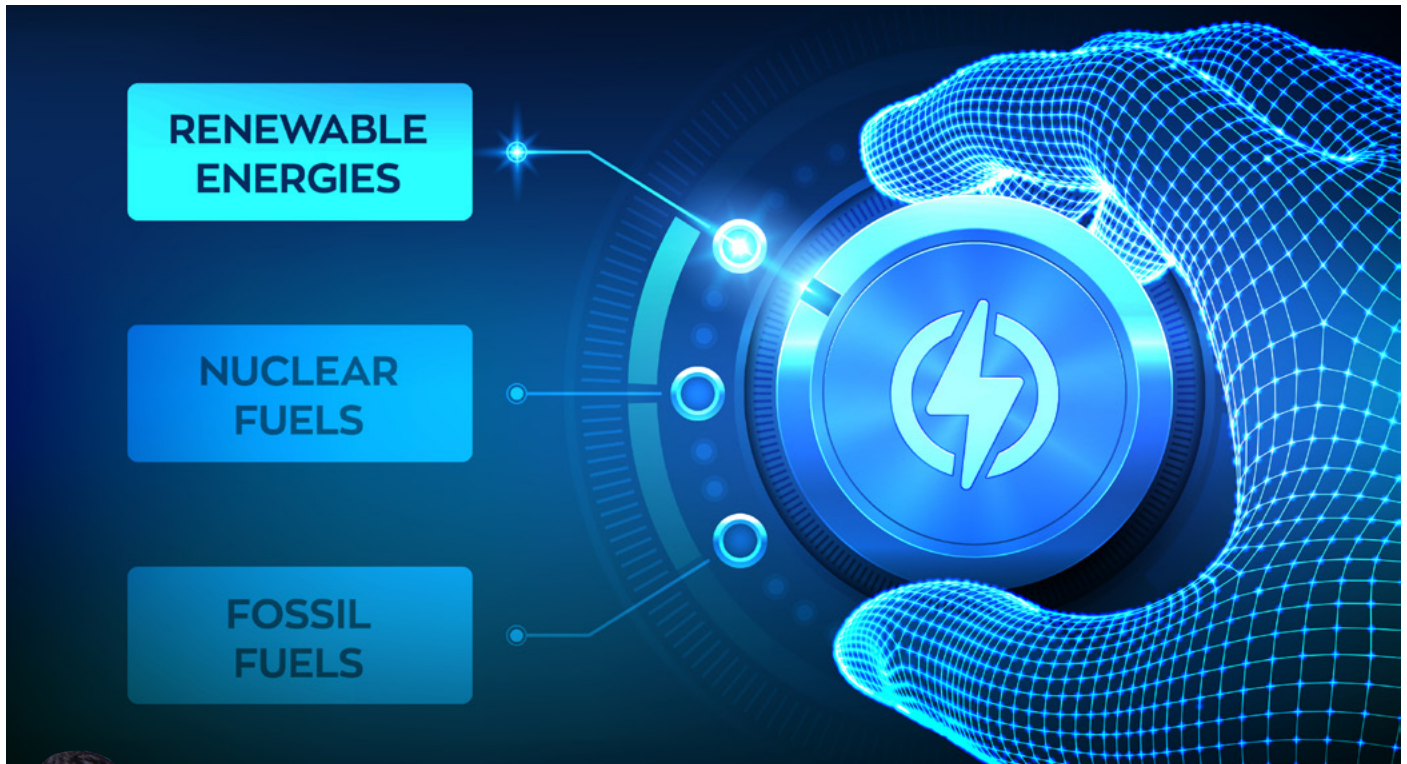
## Necessity to build business cases around energy transition projects

The key aspect to attract finance is having viable business cases. For instance, there's a business case for carbon capture in the US due to tax credits, as well as in Europe due to the drop in carbon prices. By contrast, there is not a viable business case for carbon capture in the Middle East now, where many state-owned companies are reliant on the government's help to support different projects. Government and market incentives need to be in place to attract financing. Taking the case of carbon capture as an example, the technology is quite straightforward. In that case, it becomes a matter of people willing to pay more for carbon. Contrary to that, renewable energy and electric vehicles have no trouble attracting funding in the Middle East, as the costs and risks are low.

*\*Paraphrased Comments  
Source: Microsoft MEA Sustainability Leaders Forum*

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**Jeffrey Beyer**  
Managing Director  
Zest Associates

**Energy transition and energy security go hand in hand**

Energy transition and energy security are the two sides of the same coin. We are all aiming towards a low carbon energy future, involving decentralized energy systems, greater shares of domestic energy production, and diversification of sources. We must distinguish between short-term shocks and medium-term trajectory. We have recently been responding to current short-term shocks that have been created by this immediate crisis, sometimes by bringing on more polluting performance energy. I think we need to look at the medium- and long-term trajectory, where these shocks have also embedded long-term changes, a ramp up of renewables, and an exponentially increasing hydrogen market to manage that long-term transition.

**The sustainable finance spectrum is on the rise**

We are seeing a real seismic shift in the financing space around sustainable investments and low carbon initiatives. The green bond market is about \$500 billion now. Emerging markets are calling for sustainability linked loans and sustainability linked bonds, which today are bigger than the green bond market itself. This is capital available to

companies that set meaningful targets around ESG or sustainability. Still, there are lots of risks with this type of capital and certain aspects that must be better defined. Are penalties strong if companies that raise discounted capital fail to meet their targets? What does a meaningful target really mean?

**Implementing clean technologies at scale is going to be a race to become the first mover**

The global climate conversation has matured, and we are seeing real political moves towards tackling climate change. Moreover, the commercial opportunity is becoming more visible. We are seeing this race to the top in terms of deployment and scale with renewables and clean technology, which is going to be a first mover advantage story. If the Middle East wants to really grab that low carbon future innovation dividend, they must move forward soon while looking at regional cooperation and collaboration, so that each country doesn't necessarily compete against each other for that thin slice of the pie, but rather carves out a big slice regionally and takes that leadership role internationally.

*\*Paraphrased Comments  
Source: Microsoft MEA Sustainability Leaders Forum*

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INSIGHTS

## Oil Markets in the Age of Energy Transition

This timely article written by Adi Imsirovic, Director, Surrey Clean Energy and Senior Research Fellow, The Oxford Institute for Energy Studies, for the World Financial Review, explores the future of the oil market and how it is changing in response to the energy transition. He discusses the impact of COP21 goals and the boundary conditions set to meet those targets, to the oil markets, benchmarks, and prices.

He notes that “policy imbalances and climate change-induced extreme events are likely to increase market volatility and risk premiums”, with the transportation sector gaining more prominence, and thereby resulting in an increase in the price elasticity for crude.

“To facilitate the energy transition, carbon markets will be increasingly utilized in conjunction with independently verified emissions of individual crude fields, facilitating more sustainable selection and trading of crude oil,” Imsirovic concludes.



[READ THE FULL ARTICLE HERE](#)

### STAY TUNED!

## Daily Energy Markets Interview Series

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## ENERGY TRANSITION 'TWO MINUTE WARNING'

**Dr. Rabia Ferroukhi**

Director of Knowledge, Policy and Finance Centre  
International Renewable Energy Agency

WEDNESDAY /// MARCH 8<sup>th</sup> /// 11:00AM (UAE)

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