

Exploring the future of gas demand in Europe

8 September 2016

Anne Braaksma

Chairman of the Eurogas Forecasting TaskForce

Why forecasting?

Forecasts never materialize.

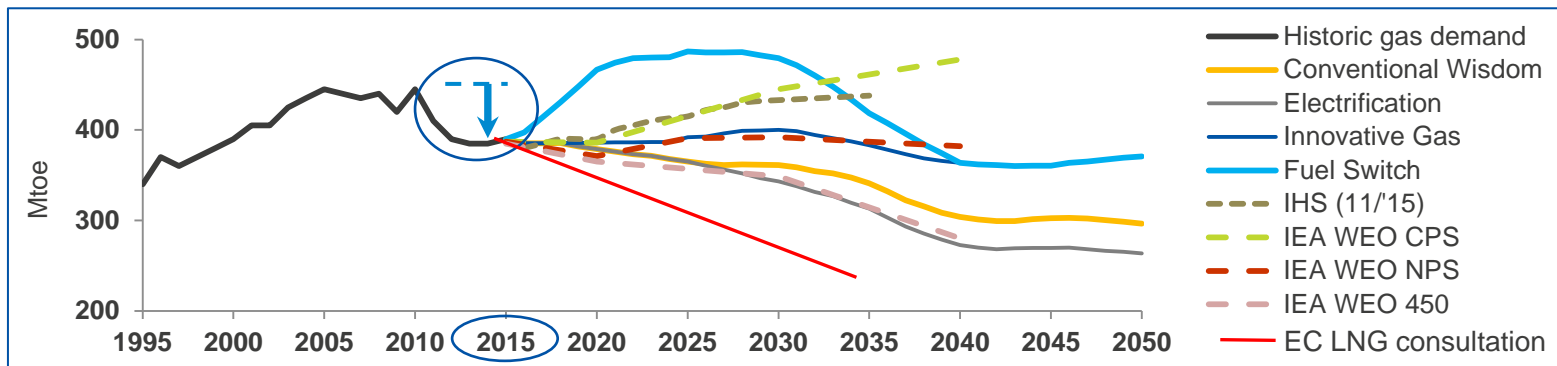
But

“No one is less ready for tomorrow than the person who holds the most rigid beliefs about what tomorrow will contain.”

Forecasts are useful to explore possible pathways assessing effects of choices to be made and trends that could occur, providing a better understanding of what might be possible in the years to come.

Not only do they provide insights in possibilities, they can be influential in what is worth aiming for from a broad societal perspective and how to enable it.

Understanding the past, preparing for the future



Past

1/2 ↓ Prices

1/6 ↓ Economy

1/3 ↓ Temperature

Present

PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21·CMP11

Future...?

Perceived value

Technological innovation

Macro factors influence results

- and the decisions based on them

For industry...

- Driven by the state of the economy.
- A quick recovery to higher economic growth rates?
To develop to a heavily services-based economy?

and in the residential sector

- 76% of current houses still stand in 2050;
it requires the renovation rate to double or triple.

But what does this tell us?

Differences between forecasts for policy makers by – for example – the European Commission and IEA do not add to consistency for policy considerations.



A strong push for electrification has a price

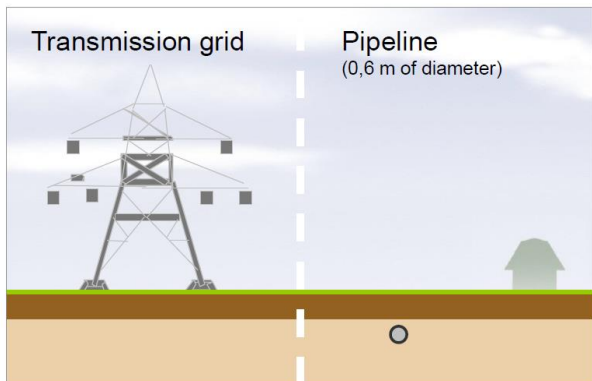
Higher total costs for the consumer...

... **directly** by a high investment burden in new heating technologies.

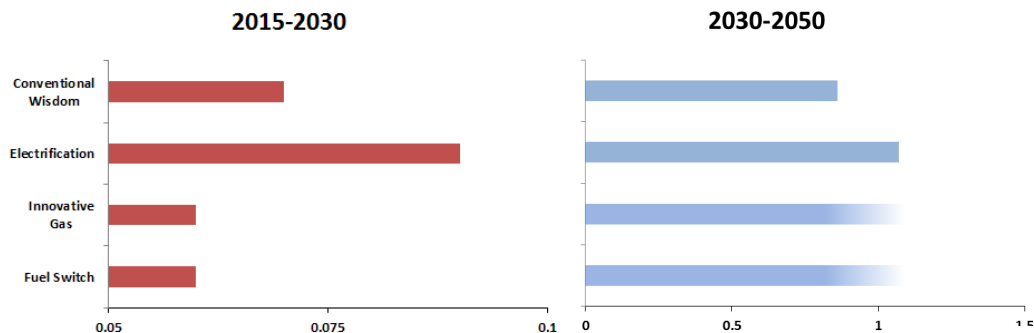
... **and indirectly** by higher overall system costs, particularly in grid investments.

For energy networks, electrification is found to be **€ 335 billion** more expensive than gas scenarios.

The existing gas grid is capable of supplying largely fluctuating demand, justifying investments and continued maintenance.



Total cost for decarbonisation (as % of GDP)



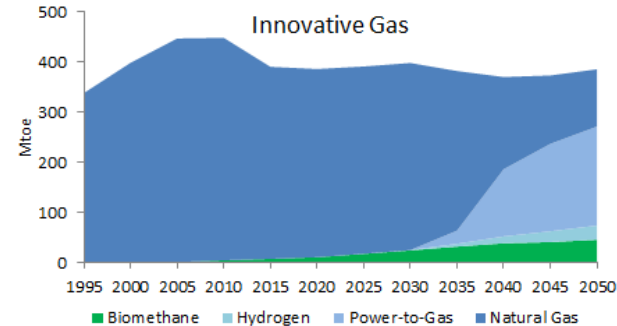
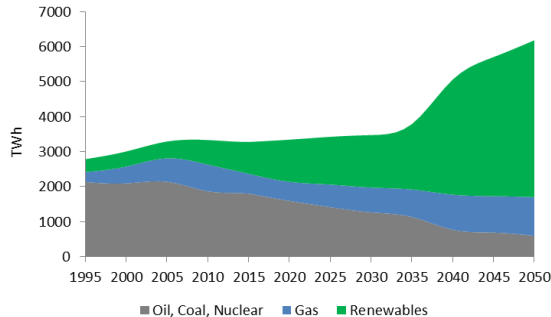
Innovative gas

from partner to enabler, and increasingly renewable

To 2030, switching from coal to gas in the power sector would reduce emissions by an extra 5%. At the same time, gas is an ideal partner for renewable energy, for its flexibility. But what about the potential after 2030?

Innovative gas technologies, like power-to-gas, are an opportunity to **increase the share of renewable energy overall**. Renewable gas can **reduce carbon dioxide emissions in sectors that are otherwise difficult to decarbonise** (industry, residential and transport) and can largely use the existing gas grid.

Current policy considerations, like the Renewable Energy Directive, only focus on electricity.



Versatility in demand and supply at lowest cost

Forecasts never materialize.

But exploring future possibilities provide strategic insights.

Cooperation with the European Commission's model and shared understanding on view about the future, shows new opportunities for gas and meeting climate objectives.

- Both in the short and long term, renewable gas can **reduce carbon dioxide emissions in sectors that are otherwise difficult to decarbonise** (industry, residential and transport). As demand for natural gas, and after 2030 increasingly renewable gas, would still be important in 2050, **justifying continued investment in gas infrastructure**.
- A strong push for **electrification would result in much higher costs** for society, and thus for the consumer.
- Differences between forecasts for policy makers, for example those by the European Commission and the IEA, do not add to **consistent policy considerations**.

Thank you for your attention!

Contact details

**Av. de Cortenbergh 172
1000 Brussels
BELGIUM**

**Phone:
+32 2 894 48 48**

**eurogas@eurogas.org
www.eurogas.org**

