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# World Outlook Energy 2015

*The COP21 climate change deal and  
Europe's security of gas supply*

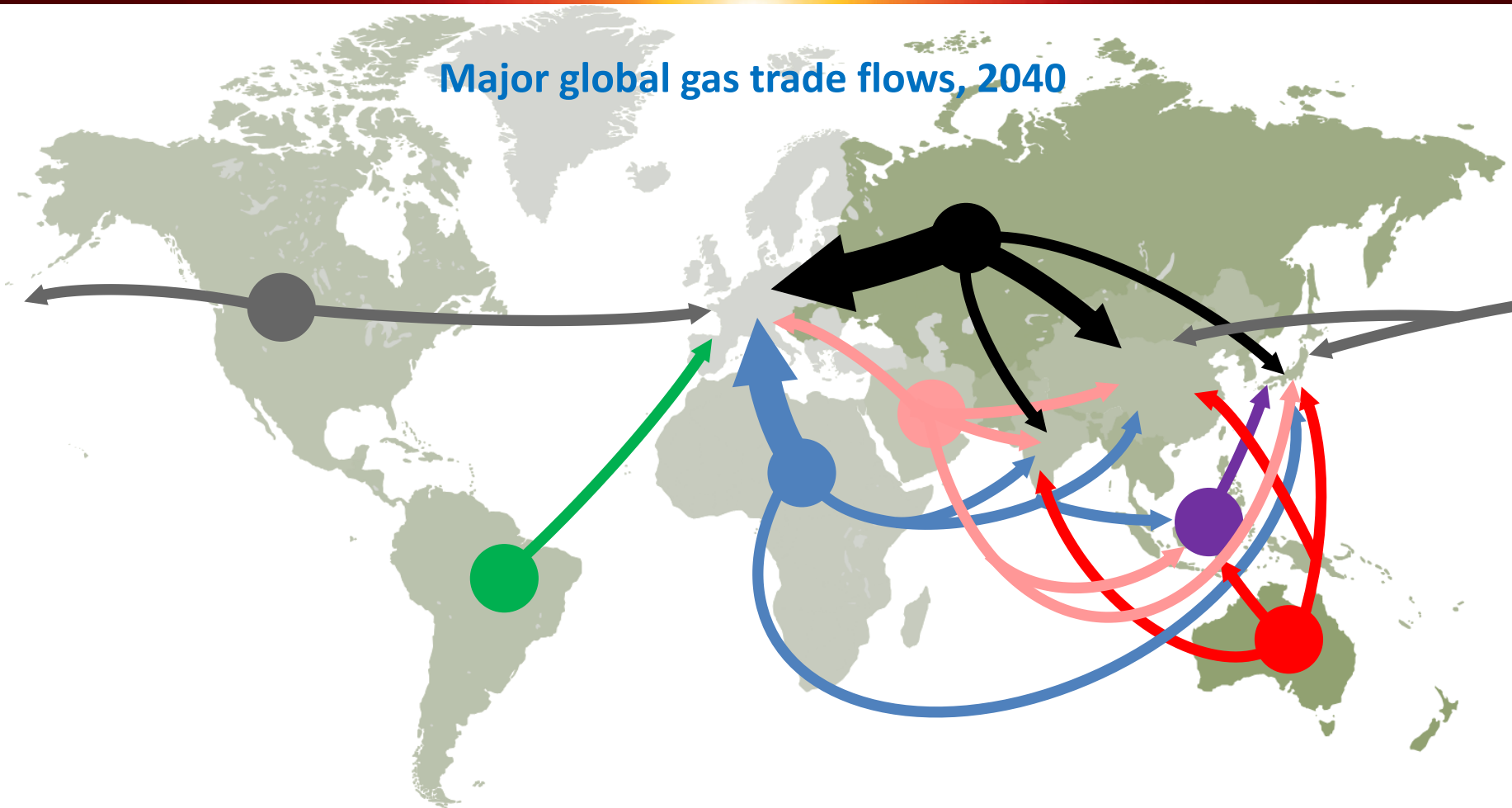
**Tim Gould, Head of WEO Supply Division, IEA  
CEER, Brussels, 26 January 2016**

- **New LNG projects from US, Australia are set to collide into an already over-supplied market**
- **Asian markets unlikely to absorb the glut: after a strong rise to 2013, Asian LNG imports flattened in 2014 & fell back in 2015**
- **Opportunity for other global gas importers: plenty of competitively-priced LNG seeking a home over the next few years**
- **A dilemma for Gazprom, a boost to Europe's security of supply, but not necessarily a reversal of fortune for gas consumption**
- **Today's prices can also sow the seeds of future risks, if a dearth of new supply investment leads to tighter markets in the 2020s**

# More integrated markets bring long-term gains for gas security

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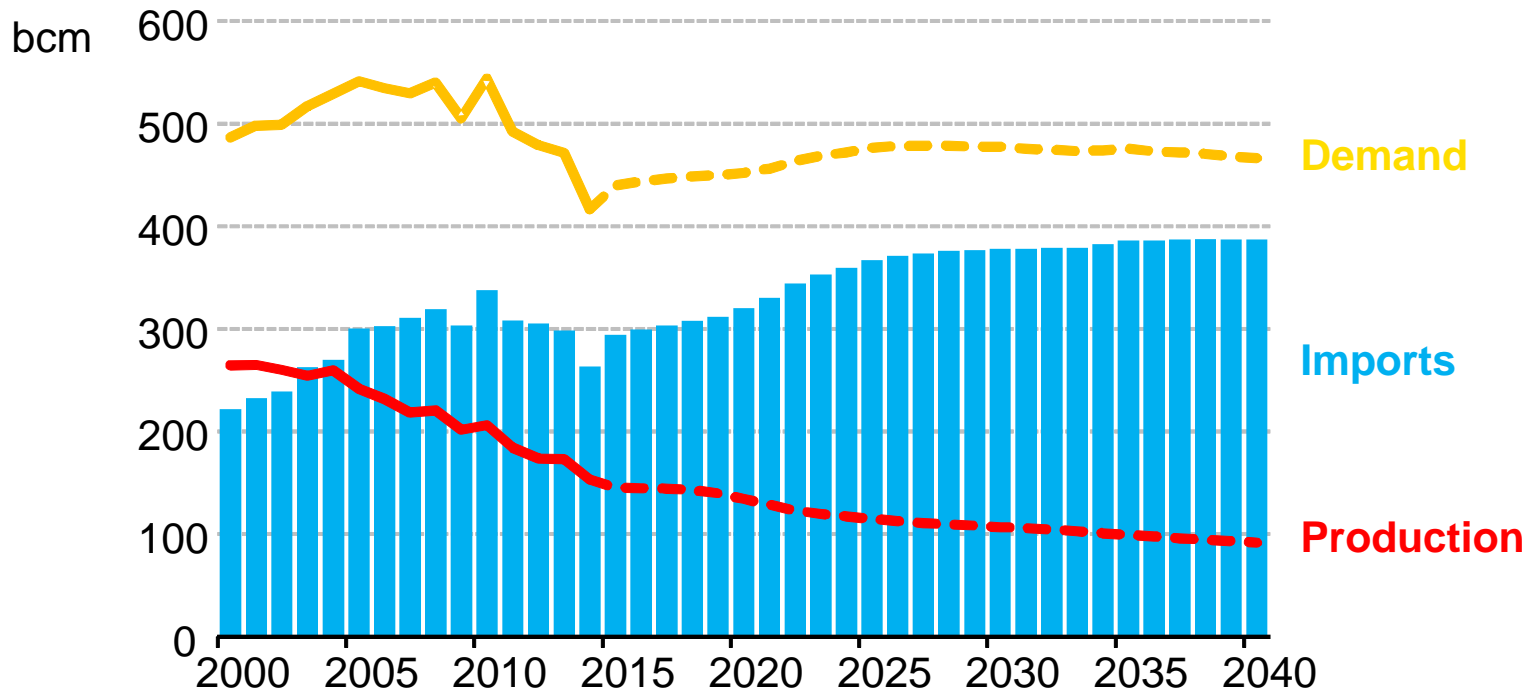
Major global gas trade flows, 2040



*In a base case (the New Policies Scenario), the increased volume & diversity of LNG trade offers new options & flexibility in an increasingly inter-connected global market*

# In an NPS, a peak in EU gas demand is already behind us

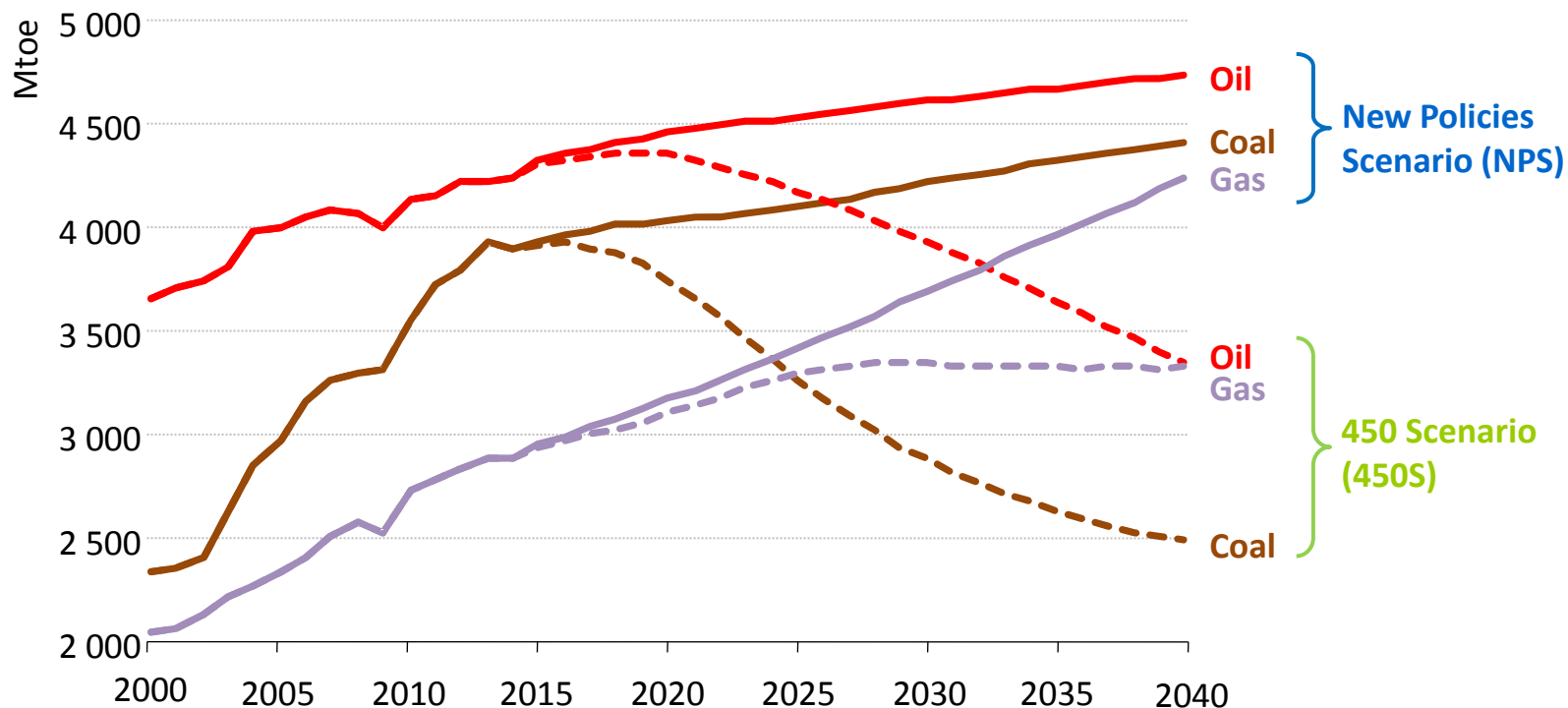
## EU gas balance in the New Policies Scenario



**Implementation of the 2030 package keeps the lid on gas consumption in the New Policies Scenario, but EU imports still edge higher as indigenous output declines**

# Gas relatively well-placed for stronger climate policies

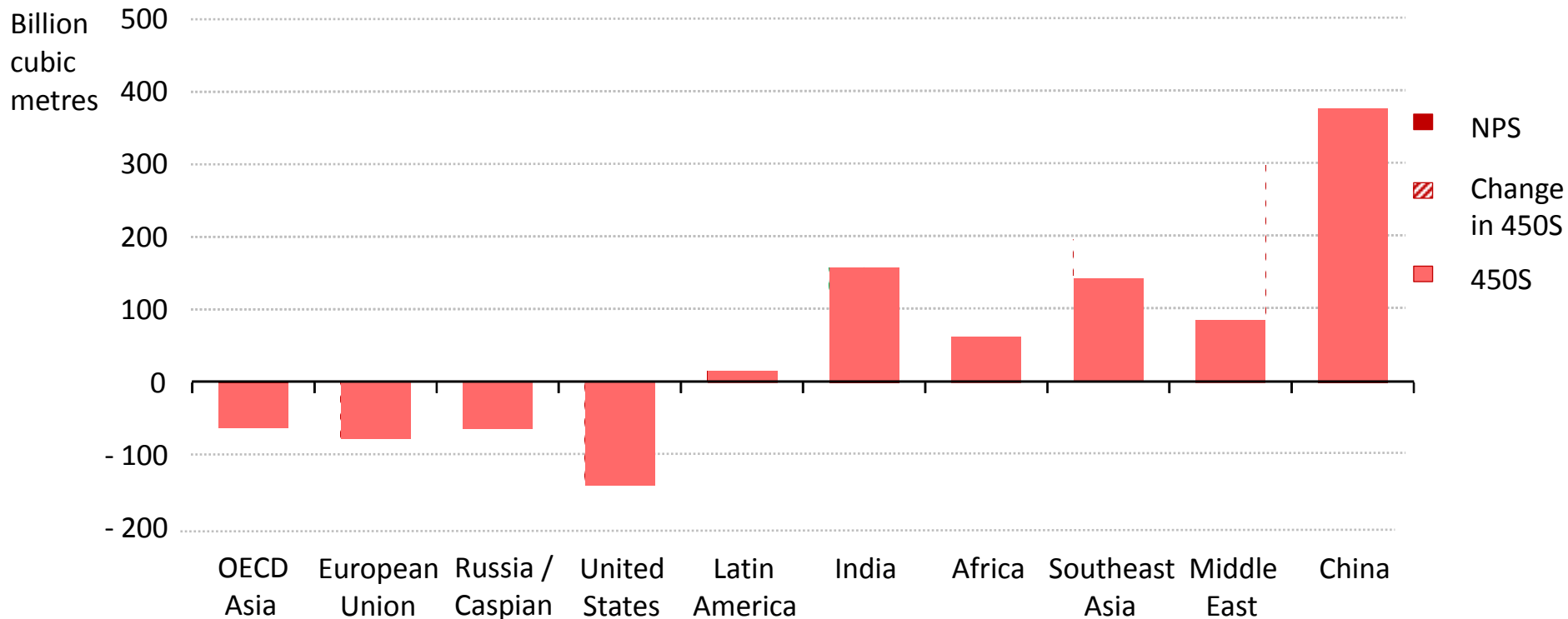
## Global fossil-fuel demand by scenario



*Where it replaces more carbon-intensive fuels or aids the integration of renewables, natural gas can be a good fit for a gradually decarbonising energy system*

# .. but impacts vary widely by region

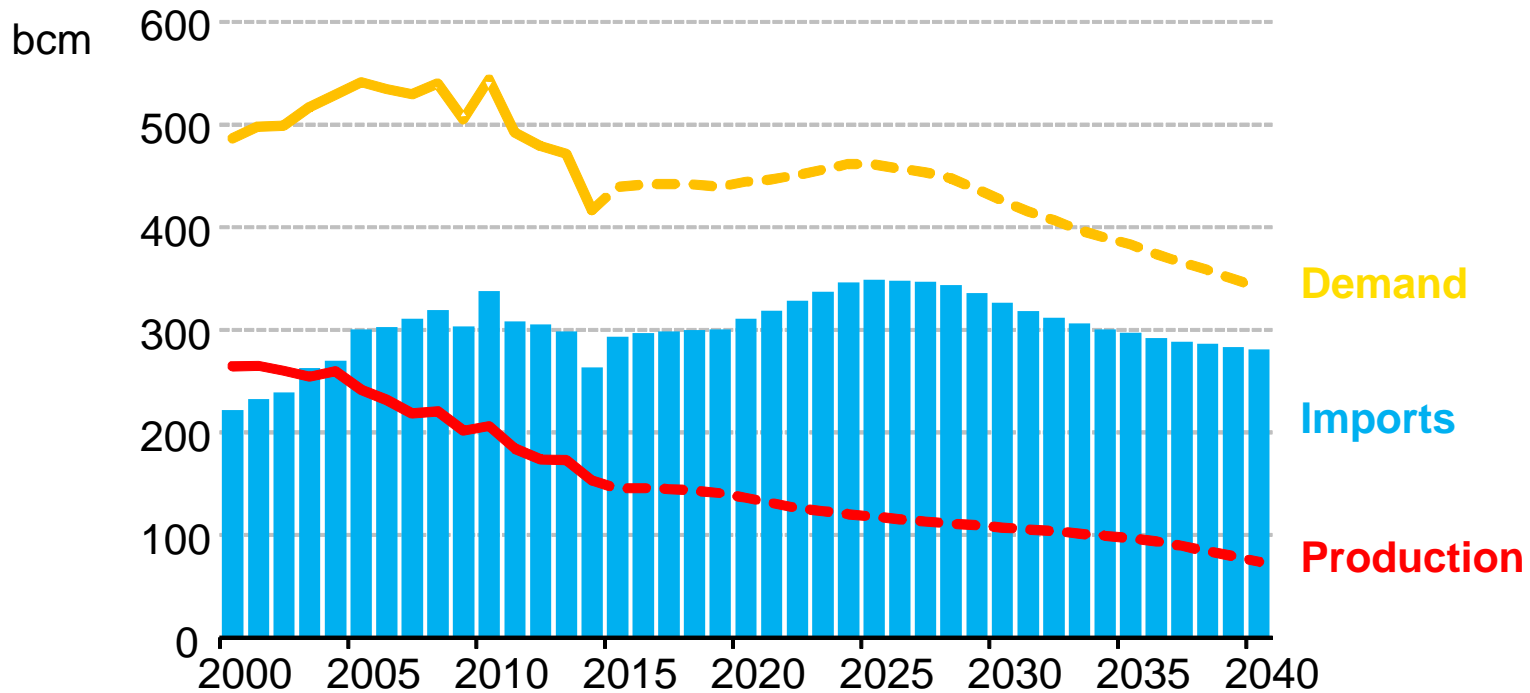
## Change in gas demand in selected regions between 2014-2040 in 450S



***A 450 ppm scenario needs much more than coal-to-gas substitution; efficiency gains & power sector decarbonisation ultimately erode gas use in most markets***

# In a 450S, EU imports also start to fall back from the mid-2020s

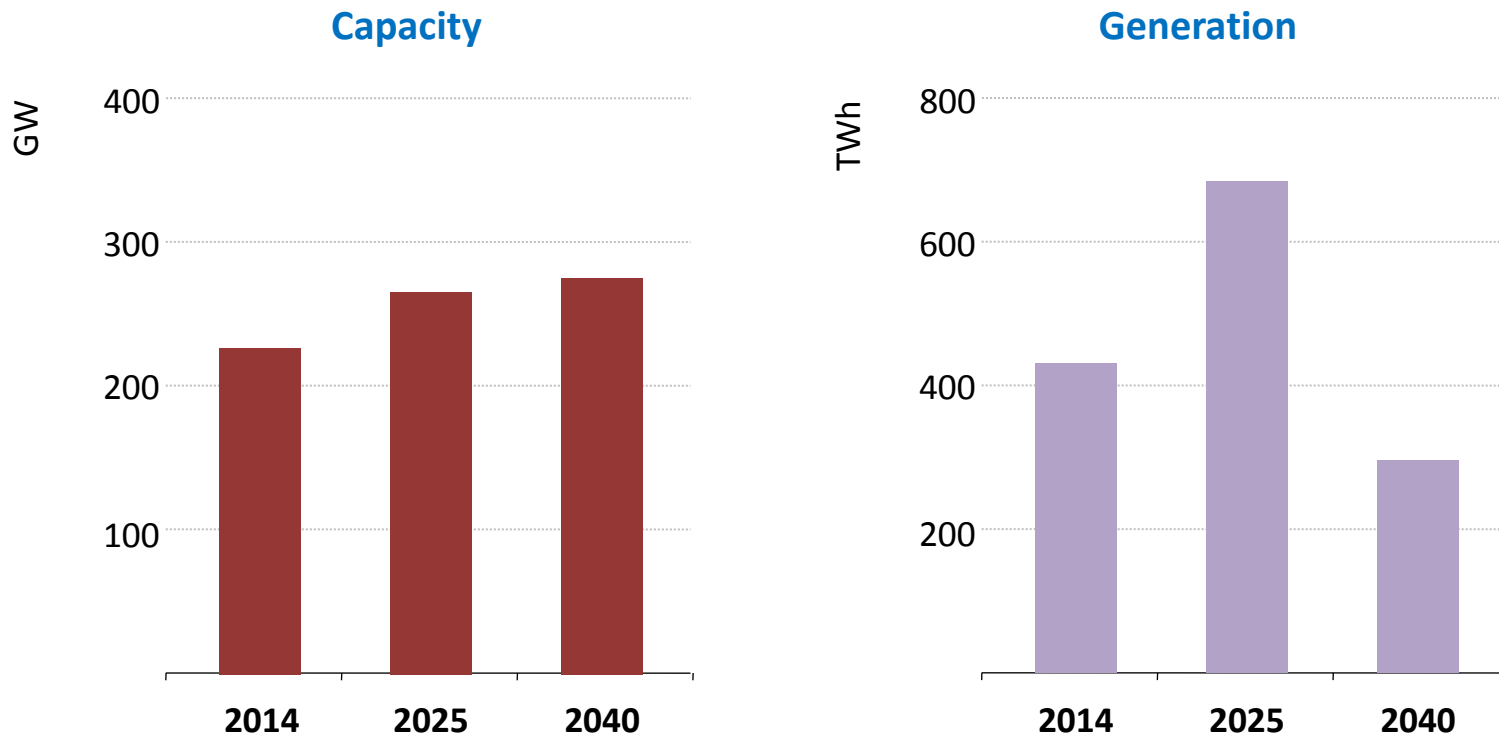
## EU gas balance in the 450 Scenario



***In a 450 Scenario, all sectors except gas for transport are in retreat by the mid-2020s: import dependence remains high but volumes fall back below 300 bcm***

# Shift in power sector role & risks

## Gas-fired capacity generation in the 450 Scenario



***Gas generation gets a medium-term boost as coal exits the power mix; over longer-term, gas infrastructure needs remain high but utilisation rates plummet***



# Implications for European gas security

- **Current gas market conditions ease security concerns, but today's investment cuts also mean no room for longer-term complacency**
- **A more interconnected global & EU gas market should allow for more rapid reallocation of supply in response to any disruption..**
- **.. but some domestic safety nets, notably fuel switching capacity & domestic production flexibility, are set to diminish**
- **EU remains a major gas user in all scenarios, but greater efficiency & low load factors in a 450S a huge challenge to business models**
- **COP21 hastens a shift in focus from external security (e.g. import dependence) to internal (infrastructure, storage, flexibility)**



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