



THE ROLE OF GLOBAL ENERGY DIALOGUE IN CHANGING ENERGY MARKETS

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While many changes are reshaping the global energy market, oil and gas combined together are still expected to dominate the global energy mix in 2040, with over 52 per cent of the share, as the OPEC's *World Oil Outlook 2017* indicates. Natural gas will play an increasingly important role in the global energy balance. Estimates show that gas will soon become the second largest primary energy source after oil (25 per cent share by 2040 according to the OPEC's report) and the 21st century is often named as an era of natural gas. Moreover, natural gas contributes to the decarbonisation of energy systems, which is a key challenge in light of growing global energy consumption. According to projections the significance of LNG will continue to grow and the sector is one of the fastest-growing segments of the global energy market.

Despite the continued dominance of hydrocarbons, energy markets are undergoing a substantial transformation. Current major trends are the increased importance of Asia, especially China and India, in global energy demand and consumption; for the United States' new role as a producer of oil and gas (insurgence of light tight oil and shale gas production); breaking hydrocarbons' monopoly in the transportation sector; the rise of renewables in the global energy mix and energy efficiency developments. As the production from natural, traditional sources declines, more investment will be needed. The IEA's *Oil 2018 Report* indicates that "each year the world needs to replace 3 mb/d of supply lost from mature fields while also meeting robust demand growth". We have to remember that investment requires not only substantial financial commitment (OPEC sees overall investment requirements in the downstream, upstream and midstream of US\$10.5 trillion in the period to 2040) but also finding the right balance between current and future challenges to face both growing energy demand and the declining supply of fossil fuels.

The availability of new, more cost-effective technologies to explore next generation oil and gas finds (especially shale and tight oil and gas) will not decrease dramatically the share of fossil fuels in global demand in the near future. As the IEA informs in its *World Energy Outlook 2017*, "the shale revolution in the United States and new demand and investment trends in the Middle East and Asia are recasting traditional patterns of global oil trade, with global implications for energy security". According to the IEA forecasts in the *Oil 2018 Report*, petrochemicals remain the fastest-growing source of global oil demand growth

particularly in the United States and China – as the report further informs – "about 1.7 mb/d, or 25 per cent, of our total demand growth to 2023 is taken up by ethane and naphtha".

There is no doubt that our economies, will for a while still rely on traditional energy sources such as coal, crude oil and gas which, in case of Poland, are crucial to its economic development. However, a transition to clean energy is essential in today's globalised world. The sooner we realise that the world must inevitably move towards cleaner energy, the better the chances we have to manage the global energy transition. This important step must be taken while respecting the national/local conditions of countries in transition. Poland has developed innovative, clean energy technologies with an ambitious goal of moving towards electromobility. In 2017 two strategic documents were accepted by the Polish Government the National Plan for Development of Electromobility and the National Framework Policy for Development of Infrastructure for Alternative Fuels in the Transportation Sector. At the beginning of this year the Polish Parliament approved the Act on Electromobility and Alternative Fuels. In order to develop electromobility in Poland we also plan to financially support the sector and a new act on this issue is being discussed by the Government.

The new act on electromobility and alternative fuels will give a leading role to the central and local authorities in promoting these new trends. It imposes on both government administration and local authorities an obligation to have a minimum of 50 per cent (by 2025) and 30 per cent (by 2025) share of electric vehicles in the car fleet and a minimum of 30 per cent (by 2028) share of zero-emission buses in the public transport fleet. These innovative solutions will allow for the development of an alternative fuels market and the development of the electromobility market. Participation in the technological revolution, specifically the development of electric vehicles will allow Poland to create new industries and boost economic growth. Simultaneously, Poland will enhance energy security and improve air quality in cities.

Ensuring energy security today is also about ensuring the secure energy of tomorrow. Bearing this in mind, the International Energy Forum serves as an important platform for dialogue on all elements of the global energy market. New energy trends and developments require international cooperation and coordination, and the IEF's role remains significant in this field. By choosing the theme "The Future of Global Energy Security: Transition, Technology, Trade and Investment", the 16th IEF Ministerial positions itself in the centre of this crucial energy debate. ■