



Leadership Roundtables

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SINGAPORE EXPO | SINGAPORE | 5-8 SEPTEMBER 2023



Financing the transition: How are capital flows to innovations in climate technologies shifting in the wake of the global energy crisis?

Gastech 2023 Leadership Roundtables – Key Outcomes

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The Gastech Leadership Roundtables

The Leadership Roundtables formed an integral part of the Gastech 2023 strategic leadership agenda, with nine closed-door roundtables taking place within the exclusive Gastech Energy Club.

Gastech's invitation-only Leadership Roundtables brought together the energy sector's most distinguished industry leaders, strategists, and policymakers. It facilitated important discussions about the future of energy production, LNG supply and demand, financing the energy transition and more, whilst providing excellent networking opportunities which empowered attendees to build new high-level industry connections.

No comments are attributable to any one participant.

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Gastech was pleased to host Wood Mackenzie as the Leadership Roundtables Knowledge Partner for 2023.





Financing the transition: How are capital flows to innovations in climate technologies shifting in the wake of the global energy crisis?

6 September 2023

Executive Boardroom, Gastech Energy Club

Reducing emissions is a priority for the LNG industry. The industry must also address how it restricts upstream fugitive methane emissions and methane slippage in some essel engines. A range of measures are already being evaluated, from responsibly produced gas to CCUS to more efficient engines in ships. All will take time to implement but are steps in the right direction. In parallel, standardising measurement and certification of emissions from each cargo are also being introduced.

Incentives to decarbonise are stacking up. This year the EU has announced plans to include LNG shipping emissions within its Emissions Trading Scheme and a broader extension of the CBAM to tackle full value chain emissions associated with delivering gas to market is expected. This will ripple across the industry and force carbon pricing into wider LNG trade. Countries in Asia are introducing carbon taxation and Asian buyers increasingly want measures to monitor and mitigate emissions from LNG.

The push to decarbonise opens the door to potential new business opportunities, including new technologies such as Blue Ammonia and eLNG, and searches for ways to transport, price and store its emissions.

Roundtable participants:

Chair:



Gavin Thompson
Vice Chairman, Energy –
Asia Pacific
Wood Mackenzie

Moderators:



Ed Crooks
Vice Chairman, Americas
Wood Mackenzie



Kristy Kramer
Head of Markets,
Gas & LNG Research
Wood Mackenzie

Participants:



Yves Vercammen
Chief Corporate Officer
TES H2



Wassim Ghadban
Vice President, Global Innovation
& Digital Engineering
Kent



Paul Eardley-Taylor
Oil and Gas Coverage, South
Africa and Southern Africa
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Samantha Gross
Director, Energy Security and
Climate Initiative & Fellow,
Foreign Policy
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Harshit Agrawal
Senior Gas Specialist
World Bank



Laura E. Leonard
Group President Technology
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Worley



Dorian Delteil
Executive Director, Energy,
Renewables & Infrastructure
DBS Bank



Sean O'Donnell
Executive Vice President & Chief
Financial Officer
Mexico Pacific



Chris Barkey
Chief Executive Officer
Baker Hughes



Thorbjörn Fors
Senior Vice President for
Asia Pacific
Siemens Energy



Gastech Leadership Roundtables



Financing the transition: How are capital flows to innovations in climate technologies shifting in the wake of the global energy crisis?

During the roundtable, critical insights were shared regarding the challenges and opportunities of financing the energy transition to achieve net zero ambitions. It was noted that the prioritisation of decarbonisation is making it harder to meet the world's near-term energy needs, as developing new oil and gas projects becomes more challenging.



Key outcomes from participants

1. Decarbonisation and energy supply challenges

The dual focus of governments and banks on expanding renewables while restricting fossil fuel investments has made it increasingly challenging for the industry to develop new oil and gas projects, which limits the industry's ability to meet growing energy demands. It was noted that Europe's strong emphasis on decarbonisation had left it vulnerable to supply shortages following geopolitical events, such as the Russia/Ukraine conflict, so a balanced approach is needed.

2. ESG considerations limit financing

Some participants noted that banks are now screening potential projects based on ESG (Environmental, Social, and Governance) considerations, and their impact on the bank's financed emissions before evaluating economic viability, which narrows the pool of available financing options for gas and LNG projects. Participants also emphasised the importance of new technologies into the market instead of limiting funding for existing ones, as this approach could help the industry evolve and reduce emissions.

3. Return-seeking investors

It was noted by participants that private capital is returning to sectors like gas and LNG, as investors seek returns in "growth hydrocarbons". These investments are offered alongside opportunities in venture technology with an energy transition focus, providing different return profiles.

4. Narrative building

Speakers discussed the need to clarify why and where gas is needed, and how to decarbonise it effectively. The traditional 'gas forever' approach may not resonate in political circles. Building narratives around emissions reduction and flexibility for future low-carbon technologies were proposed strategies.



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5. Chinese lending activity

Chinese lending in the energy space was noted, and it was observed that the West might be missing opportunities due to an excessive focus on decarbonisation. Not participating in projects that do not meet the highest decarbonisation targets, like some in Southeast Asia, doesn't necessarily prevent their development.

6. Decarbonising demand

Despite the rhetoric, the roundtable felt there has been limited success in decarbonising energy demand, and transitioning industrial gas users to other fuels. Bridging the gap between pilot-phase technologies and commercially-viable solutions remains a significant hurdle, with issues related to performance guarantees, technology integration, and project bankability. Also, a lack of alignment and clarity in emissions regulations across governments and jurisdictions adds complexity to the decarbonisation journey.

7. Portfolio approach

The industry requires a diversified portfolio of technologies to meet demand, and policymakers should avoid picking a single winner. Both technology developers and policymakers should consider broader portfolios. It was also mentioned that the entire supply chain, from infrastructure to human capital, plays a crucial role in technology deployment and energy-transition success.

8. Dynamic capital equilibrium

The roundtable said recognition is needed that capital will reach a dynamic equilibrium, where some investors prioritise returns from legacy energy sources, and others look for ideological investments in decarbonised sources. It was agreed that private capital will likely pursue a mix of both approaches.

Conclusion

The roundtable revealed the complex interplay of factors influencing the energy industry's transition towards decarbonisation. Balancing energy supply, technology development, regulatory clarity, and capital dynamics is essential for a sustainable and effective energy transition. It is evident that no single solution will fit all scenarios, emphasising the need for a diversified approach to meet the world's evolving energy needs.



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