

Abstracts Participantes

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LNG: The key to the future energy mix

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Abstract:

Promoted by environmental policies in the fight against global change, natural gas is expected to turn the main fossil fuel in the future energy mix and the second energy source after renewable energies. Globalization will foster trade between distant locations, encouraging gas flows moving from the most efficient producing regions to regions with greater consumption. One-third of future traded gas will be LNG since it enables transporting large quantities of gas and connecting areas where pipeline transmission is not be feasible.

The aim of this paper is to assess market forecasts, analysing the main components from supply and demand sides. Based in own calculations, the assessment starts outlining the importance of natural gas in the future energy mix, followed by a chapter on production forecasts, that covers the expected evolution of natural gas production and reserves, NG&LNG exports, liquefaction capacities, LNG fleet and financial costs. Then, a chapter on consumption forecasts assesses the evolution of natural gas consumption, NG and LNG imports, regasification capacities and financial costs.

According to obtained results, North America will turn to be the main producing region due to the expected increase in shale gas production, while from the demand side; the leading region will be Asia. LNG will be key to match global demand (driven by China) and supply (driven by the US). LNG chain costs need to be optimized for this to happen.

Differentials between liquefaction and regasification costs, explain the difference between exported and imported capacities. This differential, along with demand over production increases, will result in upward pressure on prices.

Natural gas trade will have a global focus and LNG will be the key element to ensure the perfect match between supply and demand.