

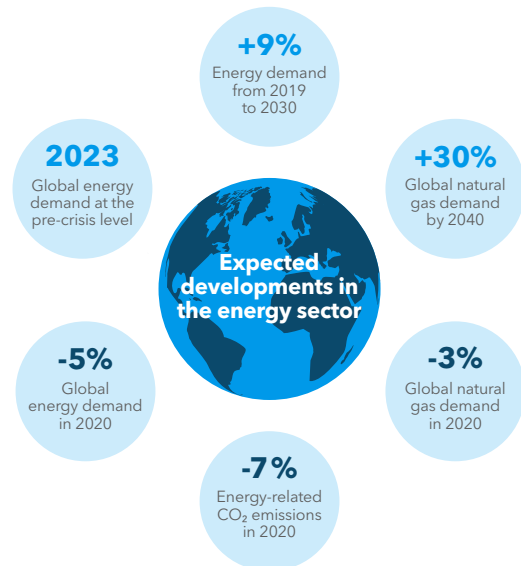
World Energy Outlook (WEO) 2020

Natural gas is an important energy source - even during times of crisis

Even during a crisis, demand for natural gas remains stable. This is one of the central assertions of the WEO 2020, published by the International Energy Agency (IEA) in mid-October. The WEO is the flagship publication of the IEA and provides a comprehensive overview of how the global energy system could develop in the coming decades. Due to the exceptional effects of the Covid-19 pandemic, the WEO 2020 focuses on the next ten years, up to 2030. The conclusions are based on modelling various pathways out of the crisis. The models cover all regions and types of fuel and technologies, and the most recent data is applied.

Natural gas: slight decline in 2020, recovery in 2021

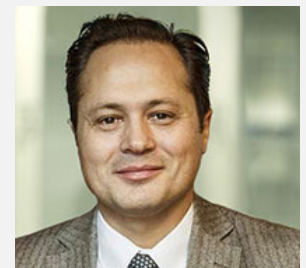
Although the IEA expects a drop in demand of three per cent in 2020, it also anticipates a quick recovery of nearly three per cent in 2021. Demand for natural gas is supposed to rise by 14 per cent by 2030 and by 30 per cent by 2040 - with the strongest increase coming in South and East Asia. In addition, natural gas provides a quick path to successful reductions in CO₂ emissions and can make a valuable contribution to the transformation of the energy system. It is predicted that an increase of eight per cent in the total capacity of gas-fired power plants in the European Union will be necessary by 2030. And according to the IEA, the so-called 'green gases' - biogas and hydrogen - will be an important component in the success of decarbonisation.



The key figures from the WEO 2020¹

Commentary

The WEO 2020 clearly shows that, even in times of crisis, natural gas is a dependable energy resource. It guarantees supply reliability - worldwide. In addition, the publication states that natural gas will be a key driver of growth and prosperity in the future - above all in Asia. In Europe, it will be increasingly important to further develop natural gas resources and to make alternative, low-CO₂ gases available. This will require the continued expansion of gas infrastructure. The existing grids also offer enormous potential for building and expanding the hydrogen energy economy.



Hamead Ahrary, Head of Account Management Europe, WINGAS GmbH

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Effects of the Covid-19 pandemic on energy markets

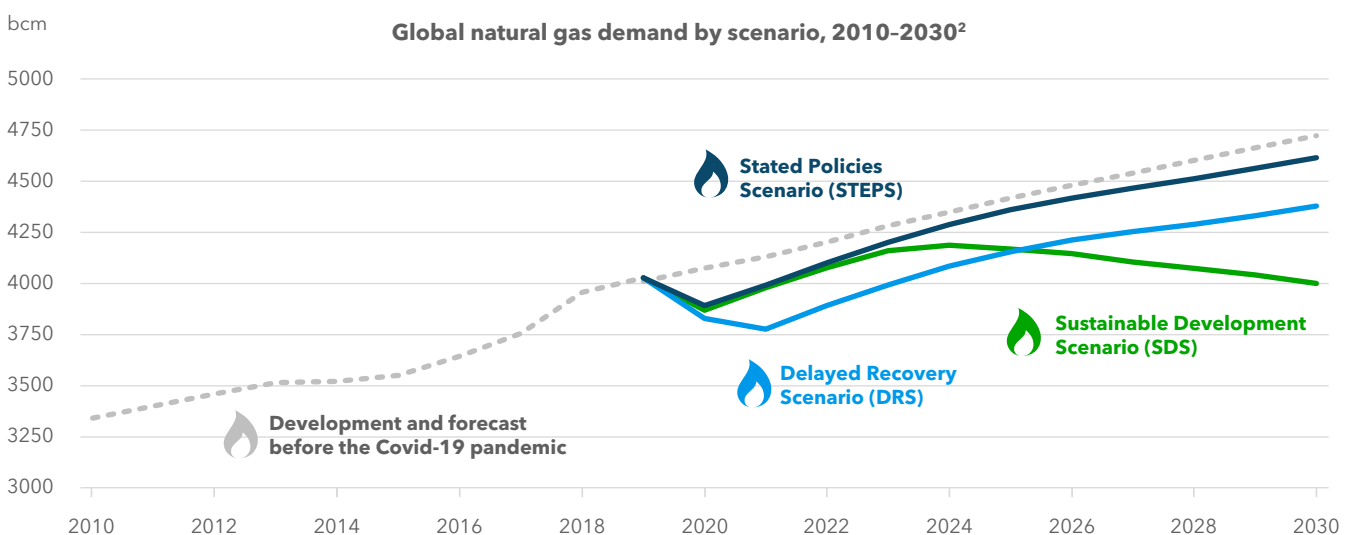
The current issue of the WEO primarily examines the effects of the Covid-19 pandemic on energy markets. For 2020, it predicts declines of five per cent in global energy demand, seven per cent in energy-related CO₂ emissions and 18 per cent in energy-related investments. This trend applies for natural gas as well. At just three per cent, however, the anticipated drop in demand for natural gas is significantly less compared to other energy sources such as oil (minus eight per cent) and coal (minus seven per cent). In the electricity sector, the IEA expects a slight decline of about one per cent.

Decrease of five per cent in global energy demand in 2020

The IEA asserts that the pandemic has caused more disruption in the energy sector than any other event in recent history. Its impacts will be felt for years to come. However, according to the agency, it is still too early for a reliable assessment as to whether the crisis represents a setback in the expansion of a more sustainable energy system or rather is a catalyst that will accelerate the transition.

Energy demand to return to pre-crisis level by beginning of 2023

The IEA works with various scenarios in order to realistically model the development of energy markets. One is the Stated Policies Scenario (STEPS), which is based on current policy intentions and targets of the respective countries. According to this model, global energy demand will return to its pre-crisis level by the beginning of 2023. If the pandemic is prolonged and a deeper economic downturn occurs (cf. Delayed Recovery Scenario, DRS), the recovery can be expected take until 2025. Before the crisis, a 12 per cent increase in energy demand was predicted for the period from 2019 to 2030. As a result of the Covid-19 pandemic, the IEA now anticipates growth of nine per cent under STEPS and four per cent under DRS.



- In the **Stated Policies Scenario (STEPS)**, the Covid-19 pandemic is brought under control in 2021 and the global economy returns to the pre-crisis level. This scenario is based on current policy intentions.
- The **Delayed Recovery Scenario (DRS)** is based on the same policy intentions as STEPS but assumes a more prolonged pandemic. It predicts that the global economy will not return to the pre-crisis level until 2023.
- The **Sustainable Development Scenario (SDS)** is based on the premise that the targets of the Paris Agreement are met. The assumptions with regard to the development of the pandemic and the economy are the same as those in STEPS.
- The **development and forecast before the Covid-19 pandemic** (pre-crisis trajectory) is based on the projections of the World Energy Outlook 2019.

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Strong demand for natural gas - primarily in Asia

The report shows that fossil fuels face a variety of challenges. In the STEPS projection, demand for coal does not return to the pre-crisis level. In contrast, demand for natural gas increases significantly - especially in Asia. The IEA forecasts that natural gas will make a quick recovery from the slight drop in demand in 2020. A rise in demand of nearly three per cent is expected in 2021. By 2030, the IEA anticipates an increase of 14 per cent in global demand for natural gas.

In the STEPS projection, the rise in global natural gas demand by 30 per cent by 2040 is concentrated most strongly in South and East Asia. One reason for the significant increase and expansion of gas infrastructure in these regions is the policies implemented to improve air quality and promote growth in the manufacturing sector. However, the report in the STEPS projections also shows demand for natural gas in Europe declining slightly by 2040.

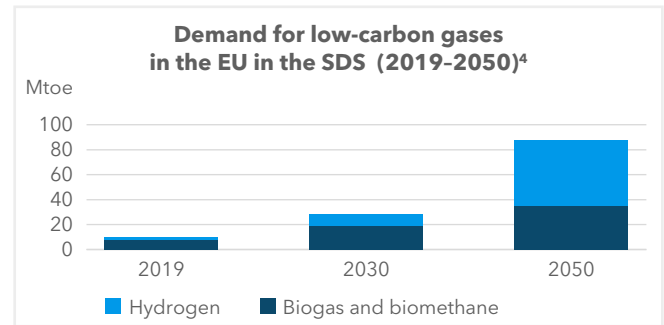
+ 3 %
in 2021



+ 14 %
by 2030

New application areas for natural gas

The IEA concludes that the global gas industry faces a great challenge in preparing to take on a new energy future. It can accomplish this with, for example, alternative gases like biomethane and hydrogen and technologies for the capture, utilisation and storage of carbon.



Conclusion

The WEO 2020 shows that natural gas is an important source of energy, and not only in times of crisis. Only a slight decrease in global demand for natural gas is expected for 2020; the decline will be greater for other energy sources. A quick recovery is expected in 2021. And global demand for natural gas will continue to increase in the coming decades as well. For these reasons, natural gas will remain a relevant resource both for supply reliability and for the transformation of the energy system. Further information about the current issue of the WEO can be found online at: www.iea.org/reports/world-energy-outlook-2020



Sources:

^{1,3} IEA: WEO 2020, October 2020. Link: www.iea.org/reports/world-energy-outlook-2020

² IEA: WEO 2020, Global natural gas demand by scenario, 2010-2030, October 2020. Link: www.iea.org/data-and-statistics/charts/global-natural-gas-demand-by-scenario-2010-2030

⁴ IEA: WEO 2020, Demand for low-carbon gases in the EU in the SDS, 2019-2050, October 2020. Link: www.iea.org/data-and-statistics/charts/low-carbon-gases-demand-in-the-european-union-in-the-sustainable-development-scenario-2019-2050