

Scenarios for gas demand & prices: EU

Client discussions/workshops by Sund Energy

Gas is becoming more complex and interesting, less predictable but all the more important to understand, as it will impact the energy mix, its emissions and even oil demand and prices in the longer term. Therefore we have made two scenarios as a starting point for discussions.

2010 was a year where we feel the gas market tipped from sellers' market to buyers' market. Therefore, the future use of gas will be more price sensitive than we have seen in the past. Further, more developed exchanges will allow buyers to sell the gas rather than use it as default. We also see new areas for gas use, such as transportation, that will develop with sustained discounts to oil prices, possibly supported by more unconventional gas.

Many key drivers

Countries to watch to understand future global gas balance include China, Germany, US, UK, Russia, Poland and others – energy policy mix, prices, costs and trade. We have now developed a presentation for discussion with clients on market trends and drivers, as well as expected future developments in the full picture.

The workshop is an open-minded journey of possible future gas developments, such as:

- *The global picture, post Fukushima and German nuclear decisions*
The disasters in Japan have reduced the oversupply of gas, but longer term changes in the nuclear industry may be large and impact gas more than what we see today. Global trends in prices, costs and even acceptance for climate change mitigation measures are still important.
- *Unconventional gas, shale and more*
These abundant reserves are already impacting gas prices and policies and we see a rising interest in gas when it may be “home grown” rather than imported. China, Germany, Poland should be watched.
- *Gas for transportation*
The potential has been long realized and exploited by emerging economies. Given ambitious targets for emissions, it is now becoming popular even in Europe. What is the potential? What will unleash it?
- *Global gas balances – controlled or not?*
Gas Exporting Countries Forum and other ideas for balancing markets – role of price & elasticity...

Two scenarios

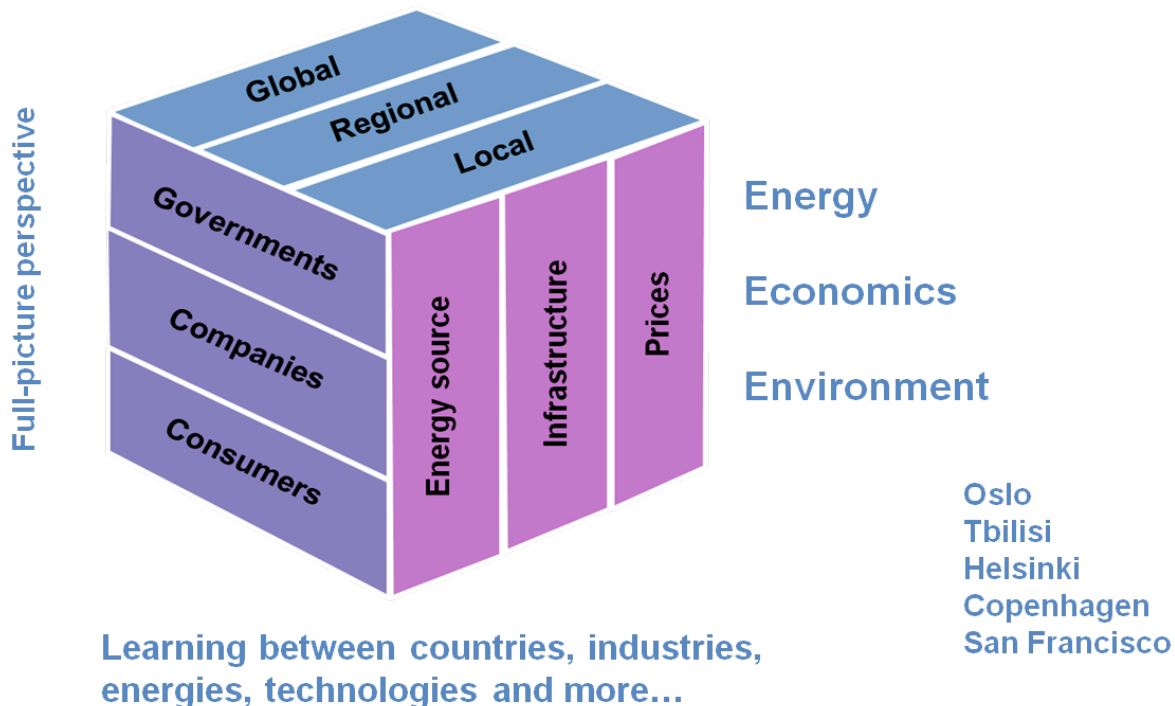
- *Scenario 1: Business as usual: 20-20-20 and roadmap 2050*
Gas has a smaller role in the energy mix than today, but prices could be higher.
- *Scenario 2: Gas at discount and unconventional gas is seen as attractive in Europe*
Gas has a larger role, and the energy mix will see less offshore wind and CCS.

The presentation typically runs for 2-3 hours and is priced at € 5000 + travel. Tailoring is possible at additional cost: What does it mean for your current business and future strategy?

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Sund Energy

Founded in June 2007, Sund Energy is an international consulting company that works across the areas of energy, economics and the environment, delivering better solutions to our customers (both governments and companies). Natural gas strategies of players and countries are the root of our skills, and making infrastructure feasible, even in uncertain times. From this, we have also added value to projects in other energy forms and infrastructure. We are technology-neutral and see the full energy picture, often adding commercial and strategic insight, making solutions robust to uncertain futures and long-term sustainable. In addition to the usual technical and economic skills needed for feasibility studies, we have thorough understanding of politics, market realities and communication and change challenges. This allows us to understand all stakeholders and anticipate how they could change preferences over time, essential in today's complex picture of energy, climate, and policy.



Sund Energy operates as a closely integrated team of senior experts supported by junior staff. This increases our flexibility and maximises the value delivered to our customers throughout each project. We are based in Oslo, but have experts in San Francisco, Copenhagen and Helsinki and our experts have experience from more than 30 countries. In addition to own resources, we have several partners to draw on for legal and technical support when needed. We also have a large industry and stakeholder network that many of our clients find useful.

We offer strategic and commercial advice to producers, TSOs, buyers and governments.

Selected recent work by Sund Energy that may be of interest

- Impact of Japan on LNG prices – why the market expected too much
- Gas for transportation (road + sea) – market impacts
- Unconventional gas – impact on European markets
- Security of supply – values and possible solutions
- CCS – rethinking solutions for attractiveness
- LNG – new areas of use and infrastructure

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