GLOBAL ENERGY GOVERNANCE

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Energy Charter Secretariat
Executive Training Programme for Tomorrow's Energy Decision Makers
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Confrontation to Dialogue

- **Oil Shock I**
  - 1973
- **End of the cold war**
  - 1989
- **Gulf War**
  - 1990
- **Excessive Oil Price Volatility**
  - 2008

- **Oil Shock II**
  - 1979
- **2003**
- **1960**
- **1974**
- **1991**
Fresh IEF Charter

- Signed by 86 countries at Extraordinary IEF Ministerial Meeting (22 February 2011)
- Includes all major energy producers and consumers
- Reinforces commitment (producers / consumers / transit)
- Procedure for Extraordinary Ministerial Meeting
- Procedure for additional members: Azerbaijan (July 2011)
The membership of the IEF

89 countries

6 continents

90% of oil & gas markets
IEA, OPEC, BRICs, MIST

Source: IEF
Fundamental Aims - IEF

- **Foster** greater mutual understanding & awareness of common interests
- **Promote** stable and transparent energy markets, security of supply & demand
- **Identify & promote** principles / guidelines enhancing energy market transparency, stability & sustainability
- **Narrow** differences among producing / consuming / transit countries
- **Build** confidence and trust through improved information sharing
- **Promote** study & exchange of views on energy-relevant issues
- **Facilitate** collection / compilation / dissemination of relevant data, information and analyses
Focus on:

- Investment
- Data transparency
- Sustainability
- Energy access

Source: IEF
Main Global Energy Trends

The IEF Consensus...

- World Energy Demand Grows Significantly
- Fossil Fuels Dominate the Energy Mix
- Increasing Interdependence
Different trends in oil & gas import dependency

Net oil & gas import dependency in selected countries

While dependence on imported oil & gas rises in many countries, the United States swims against the tide

Source: OECD/IEA 2012
Volatility: Oil price spikes and triggers

*High volatility does not imply that prices are increasing

Source: IEF
Mitigating Energy Market Volatility

- IEA / IEF / OPEC cooperation
- Shared analysis of future trends
- Linkages - physical and financial markets
- Enhancing data transparency (oil, gas, investment)
- Strong support from G20
Linkages between Physical and Financial Markets

- Emergence of oil as an asset class;
- Wide divergence of views: Fundamentals vs financials
- Consensus: Greater transparency (oil inventories, OTC)
  Need for strong international co-ordination of regulation
  Continue “horizontal” dialogue between physical / financial oil markets

2nd IEA / IEF / OPEC Workshop
29 November 2011
**Demand outlook:** A range of close to 30 million barrels per day in estimates of global liquids demand to 2035

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**Graph Details:**

- **OPEC:**
  - Reference Case: 109.7 mb/d
  - ATP Scenario: 102.2 mb/d
  - Lower Growth Scenario: 100.6 mb/d
  - Higher Growth Scenario: 118.7 mb/d

- **IEA:**
  - Current Policy Scenario: 111.9 mb/d
  - New Policy Scenario: 105.5 mb/d
  - 450 Scenario: 89.1 mb/d

**Notes:** Includes biofuels (volumetric bases) and international marine and aviation fuels. 

**Source:** IEF
Supply outlook: Differences in demand scenarios translate into uncertainties about fuel-mix requirements and their origin.

1. Biofuels (volumetric basis)
2. OPEC crude includes Venezuela extra-heavy
Data transparency is variable through time

Performance

Number of countries assessed as Good

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<th>Period</th>
<th>Sustainability</th>
<th>Timeliness</th>
<th>Completeness</th>
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Source: IEF
What’s Next?

Options for advancing:

- More open and frank dialogue on energy policies
- Build trust around realistic and converging energy pathways to sustainability
- Stronger co-operation in energy crises
- Mediation of energy conflicts between countries and countries/companies
Energy Charter

• Treaty (1994) → legally binding rules

• Investment promotion & protection (incl. dispute settlement)

• Trade & transit

• Increasing relevance → in interdependent & volatile world

• Modernization process is revitalization opportunity
Requirements Energy Transition to Low-Emission Future

- More Stability through converging pathways energy producers / consumers (efficiency / gas/ renewables / CCS?)
- Huge investment financial capital ($53 trillion to 2035)
- Higher investment R,D&D: in search of breakthroughs
- Higher investment human capital at all levels (underrated?)
Energy Academy Europe

- International centre of excellence in energy education, research and innovation (interdisciplinary, demand-driven, vocational to scientific training)

- Focus on transition to sustainable, reliable and affordable energy (gas, renewables, energy efficiency, smart grids, CO2 reduction)

- Partnerships with energy companies and institutes around the world (now 30+)