Press Release

UfM Gas Platform dual event on Mediterranean energy perspectives and changing dynamics in global gas markets and the Mediterranean region

Paris, 14 December 2021 – As part of the UfM Gas Platform 2021 activities, the Observatoire Méditerranéen de l'Energie (OME) organized with the support of the European Commission, a dual event at the Millennium Hotel Paris Opéra in Paris on 9 December 2021.

The first part was structured as a capacity building session and provided an overview of the most important factors and uncertainties likely to affect the Mediterranean energy trends over the next 30 years under three different scenarios. It also dealt with the impact of the global COVID-19 pandemic on energy transition in the region. The session followed the launch, earlier this year, of OME's flagship publication, Mediterranean Energy Perspectives to 2050.

Limiting the increase in global average temperature to 1.5°C, in line with the most ambitious objectives of the Paris Agreement, will require an unprecedented transformation of modern societies and profound emission reductions in all sectors of activity. The Mediterranean region, a home to 7% of the world population, is particularly exposed to the effects of climate change.

OME experts presented the three scenarios of MEP to 2050 which explore different pathways for the Mediterranean energy system to 2050, taking into account the impact of the COVID19 health crisis in its prognoses. For this outlook, OME has updated its Reference Scenario as a base scenario and developed two alternative scenarios: an in-house OME Proactive Scenario where the Paris Agreement is realized in full, and, for the first time, a joint scenario, developed with the UfM energy platforms for the European Commission, the ProMED "Near Zero Carbon" Scenario which provides detailed insights on what carbon neutrality could be like by 2050 under the current impetus.

Regardless of the scenario, the South Mediterranean countries will account for all increase in energy demand through 2050 and will overtake the North Mediterranean demand by early 2030's. The demand in the North will continue to decrease. Decarbonization would lead to a significant shift away from traditional hydrocarbons (oil, natural gas and coal) towards non-fossil fuels, led by renewable energy. In the ProMED Scenario, non-fossil fuels account for the majority of global energy from the early 2040s onwards, with the share of hydrocarbons in total energy demand halving over the next 30 years. Achieving carbon neutrality for the Mediterranean region would not only involve a significant further acceleration in the deployment of clean energy technologies over the next 30 years but would also require wide-ranging behavioural changes.

The second part of the event was structured as workshop where participants debated changing dynamics in global and Mediterranean gas markets.

In her welcoming remarks, Houda Ben Jannet Allal, UfM Gas Platform Secretariat, underlined the importance of the workshop in regard to identifying and understanding the changes in today's gas markets. She recalled the importance of regional cooperation and stressed on the opportunity to hear from senior experts on the role natural and renewable gases can play towards a sustainable energy future and how.

At the global level, natural gas prices in Europe and Asia reached all-time records in 2021. This results from a combination of a strong recovery in demand and tighter-than-expected supply, as well as several weather-related factors.

After a strong recovery in 2021, gas demand growth is expected to cool down in 2022. According to the IEA, growth will be driven, in the short-term, equally by economic activity and fuel substitution. And thanks to the investments decided before 2020, projects already under development will meet most supply needs to 2024. In the future, stronger policies will be required to underpin further fuel substitution and efficiency gains in order to curb demand to a net-zero trajectory.

Experts also pointed out the role of natural gas infrastructure to achieve a cost-efficient energy transition. They supported the speed up of the deployment of the hydrogen economy, promoting hydrogen blending, and using the existing natural gas networks as an effective and cost-efficient way, rather than building dedicated hydrogen infrastructure.

At the Mediterranean level, natural gas is still essential to the improvement of life conditions in several South Mediterranean countries. In parallel, the region is at the forefront of the battle against climate change. Therefore, to succeed, energy transition needs to combine both prosperity and cleanliness. Several reports prepared within the framework of the 2021 activities of the Gas Platform were presented to the participants to illustrate this point.

Participants debated on the situation of methane emissions and the numerous challenges, barriers and opportunities for reducing, and monitoring them, as well as the possible strategies and way forward in the Mediterranean region.

Furthermore, they discussed the switch from coal to gas in the power sector in the region. While increased deployment of renewables is expected in the medium term, it will need to be backed up by thermal capacity, most likely gas-fired. However, investments in gas-fired capacity need to be mindful of stranded asset risk as well as the potential to upgrade/adapt them to accommodate hydrogen once the fuel becomes more cost-competitive.

Last, the natural gas trade among the South Mediterranean countries was also examined. Insights into the reasons why intraregional gas trade have not well developed together with challenges and opportunities to increase gas trade in the south Mediterranean region were provided.

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Initiated in Malta in July 2014, confirmed in Rome in November 2014 and launched in June 2015, in Brussels, the objective of the UfM Gas Platform is to enhance the cooperation in the Euro-Med. region between all stakeholders of the gas chain, in a bottom-up approach to improve gas security by identifying barriers and opportunities. The "Observatoire Méditerranéen de l'Énergie" (OME) runs the Platform's secretariat in close coordination with the UfM co-presidency.

The UfM Gas Platform is one of the three UfM Energy Platforms (The two others are on regional electricity market and on renewable energy and energy efficiency) established by EU Energy Ministers, Ministers of Southern and Eastern Mediterranean countries, and the European Commission to further strengthen regional cooperation in the Mediterranean for ensuring secure, affordable and sustainable energy for the region and beyond.

More information about the UfM Gas Platform available at https://www.ufmgasplatform.org/