

The growing importance of Gas in the Africa Mix, latest market trends

Johannesburg, 01 February 2018 - The 3rd Africa Gas Forum will be taking place on Monday, 19th February 2018 at the Sandton Convention Centre, Johannesburg, South Africa, and is affiliated to African Energy Indaba (AEI) as an official side event.

With African economic growth in 2018 making a recovery after a difficult year, developments in gas has seen West Africa's gas sector become extremely active in 2018 from Senegal to Angola. While large gas discoveries in Mozambique, Kenya and Tanzania, has ignited a gas surge on the east coast, developing these discoveries and their concomitant infrastructure requires foreign and, or private investment that will be expensive and require a long-term commitment. The emergence of Shale Gas and with the commissioning of the Strategic Environmental Assessment of Shale Gas by the South African Government, leads the way for Shale Gas exploration on the continent. At the end of 2016, Africa is reported to have had proven natural gas reserves of 503.3 Tcf (trillion cubic feet), indicating an increase of around 1% in total gas reserves on the continent. Though, ninety percent of African gas production continues to come from Algeria, Nigeria, Egypt and Libya.

The development of gas pipelines, floating liquefied natural gas (FLNG) platforms and major gas field projects, have seen the governments in the Gulf of Guinea and across West Africa amplify their efforts to secure gas supply, in order to enhance domestic power generation, and expand their revenues away from crude oil. However, in order to encourage gas infrastructure investment across the region, it has become necessary as well to deregulate the gas market.

Natural gas is considered the most environmentally friendly fossil fuel, and is broadly regarded as a bridging fuel to a low-carbon future. The natural gas supply chain involves field treatment, and the moving of natural gas liquids depends on many factors including the composition of the produced hydrocarbon stream, proximity to end users, market conditions, and available infrastructure. Natural gas is an adaptable fuel and supplies 22% of the energy used worldwide. It makes up nearly a quarter of electricity generation, plays a crucial role as a feedstock for industry, has fewer emissions of most types of air pollutants and carbon dioxide, and still produces an equal amount of energy

The International Energy Agency (IEA) asserts that in meeting the world future energy demands, the lead is taken by natural gas whereby the demand for gas will grow faster than oil and coal at 1.6% per year over the next 5 years. This growth will be stimulated by low prices, ample supply, and its role in reducing air pollution and other emissions.

With the global natural gas market growing, driven by the availability of shale gas and the increase in the liquefied natural gas (LNG) trade the stage is set for gas to become the world's primary energy source towards 2050, and the last of the fossil fuels to experience peak demand. Gas can play a central role in supporting energy security alongside variable renewables during the transition. However new markets need connecting with hundreds of thousands of kilometres of pipelines. LNG provides a viable route to monetize large gas reserves in remote locations such as Sub-Saharan Africa which have no significant markets nearby, and only limited connectivity to existing demand centres (2017 DNV).

The world could foresee in the near future a shift toward gas-based economies with companies exploring cost-effective solutions to create value from flared gas, and assessing the various technologies to transport gas from remote offshore fields. This increased growth in natural gas use will result in more investment in both the short and long term across the supply chain of natural gas.

Currently it is the only fossil fuel that will preserve its share in the energy mix of the coming decades by improving its carbon footprint by curtailing methane emissions and improving the economics of large-scale carbon capture and storage (CCS) for gas-fuelled power generation. This can only be achieved if supported by policies to reduce air pollution and greenhouse gas emissions.

Independent power producers (IPPs) are constantly surveying the African market for entry opportunities. Many of them offer gas-fired power solutions, and this parallels with the expected overall growth agenda for a lower carbon future as gas is expected to be used as a bridging fuel as the world moves to more renewable alternatives. The hope is that additional gas usage could result in reduced flaring on the continent with additional facilities providing alternative uses for the gas.

According to DNV-GL (2017) digitalisation and automation in the industry is set to make a significant contribution to cut costs and enhance safety. Technology and innovation obviously present a great growth opportunity for industry players in Africa, and the Africa Gas Forum is set to unpack this low carbon option addressing the challenges that face the African market with dynamic information sharing and interesting solution-driven debates.

Ends.

ABOUT AFRICA ENERGY INDABA

An African Energy event for Africans and by Africans

Africa is the continent of opportunity for the serious energy investor. With vast natural energy resources ranging from coal, oil, gas, hydro, solar, wind and geothermal, there is ample choice for the discerning energy entrepreneur. Lack of access to electricity means that there is an opportunity for regional governments, energy businesses, organisations and investors to unlock electricity access to millions of people who have don't have power. **The Africa Energy Indaba** is the continent's premier energy conference and exhibition: bringing together leading African and global energy players to unlock energy and business opportunities across the African continent. The Africa Energy Indaba has strategic partnerships with the World Energy Council (WEC), the South African National Energy Association (SANEA) and the NEPAD Planning & Coordinating Agency (NPCA).

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