

The Role of Natural Gas in Energy Policies of Latin America & the Caribbean

De la Rey Venter – Executive Vice President, Shell, Integrated Gas Ventures
Ministry of Energy & Energy Industries Trinidad and Tobago &
Gas Exporting Countries Forum (GECF)
Gas Symposium
Tuesday 13th November 2018
Hyatt Regency, Port of Spain (Trinidad & Tobago)

Ladies and Gentlemen,

I am delighted to be back in Port of Spain and very pleased to be amongst Honorable Ministers and other Government Officials from several countries, as well as many industry colleagues.

There is a strong case to be made for natural gas.

Not least because of the role it can play during the transition to a future with fewer emissions and better air quality. And of course, for Gas producing countries such as T&T, it is a major contributor to the economic growth of the country, the Government revenue, and the wellbeing of its citizens.

But securing that future for gas is not without challenges. Specifically, these challenges can be associated with methane leaks, rising costs, & ultimately poorly designed policies.

On Methane Leaks: Society rightly demands ever cleaner energy. Where natural gas is concerned, this means we must reduce leaks of methane throughout the production system. That is why, last November, Shell helped put together the Methane guiding principles focused of reducing methane emissions. So far 15 companies have joined Shell in signing up to them. Shell has also launched a major push to improve the data we gather on our own operational methane leaks – and that includes oil as well as gas projects. With better data we can make sure we hit the target we announced last month: to ensure Shell keeps its methane emissions intensity, for both oil and gas, below 0.2% by 2025.

And much like IOCs, NOCs must seek to be part of the solution, and can take a leadership role in managing the environmental footprint, including methane emissions. To stay below the 2°C,

strong collaboration is required between industry (including IOCs and NOCs), Governments/Regulators and the markets.

Rising Costs: Over the past decade, rising costs have challenged the affordability of gas compared to other energy sources. In part, this was due to tighter regulations, more remote locations and higher prices of construction materials. But our industry has also allowed costs to escalate. As with methane leaks positive steps are now being taken across industry to address this. Everything from looking at the efficiency of a project, to the technologies being used.

And finally, policies: Governments have a mandate to solve problems. One way is through policies that support emission and pollution reduction. With the right policies, gas can contribute to solving problems such as air quality. It is up to our industry to have on going engagements with governments to make the case for gas. This means encouraging governments to introduce policies and regulatory frameworks which support cutting carbon emissions and ensuring cleaner, healthier air. Governments & regulators need to be decisive and put in place irrevocable policies to incentivize low carbon business through **carbon pricing**, to create the right investment landscape for new technologies, as well as to help generate the consumer pull to buy these new products. NOCs are challenged with influencing their governments towards adopting such policies to reduce GHG.

Now, back to Natural Gas as an economic driver for countries that are fortunate enough to have it! This can, and should, influence policies focused on increasing investment.

Energy Policies should continue to foster and encourage IOCs to invest in Latin America and the Caribbean, in Gas exploration and production. This requires transparency, a well-defined role for the Government and the NOCs, and clarity on Government share.

Another key issue for the growth of the gas industry in the continent is the development of infrastructure, which requires public-private partnerships. Regulatory frameworks should be consistent so as not to hinder these partnerships. This extends beyond favorable investment terms and clear energy policies in terms of gas exports. It also requires efficiency and debottlenecking in permits and consents. And once the infrastructure is developed, there must be policies in place that ensure open and competitive access. Economic competitiveness is

directly linked to unfettered access of the entire value chain, from gas supply, to infrastructure and ultimately to markets and customers.

Regulators should be allowed to maintain autonomy and independence. Outcomes should be based on clear policy. This fosters competition which ultimately benefits all participants.

Finally allow me to say a few words beyond Energy Policy. In Education, the Natural Gas and the broader Energy Industry should be supported by policies that focus on STEM education and other professions that serve the Energy industry (Law, Finance etc.). But equally important are educational policies that foster trade skill development in the producing countries.

I look forward to the discussion we will have as a panel and to your questions.

Thank you