



Snam launches Global Gas Report

San Donato Milanese (Milan), 29 September 2017 - Snam today launches its inaugural Global Gas Report, prepared in collaboration with the BCG Center for Energy Impact, which highlights the key trends in the global natural gas market and examines how these trends speak to the sector's future growth prospects.

The report, presented by Snam Chief Executive Marco Alverà at the Johns Hopkins School of Advanced International Studies (SAIS) in Washington D.C, suggests that global gas demand is potentially at an inflection point, driven by increasing liquidity, improving cost competitiveness compared to other fuels, and evolving perceptions of the role that gas can play in decarbonisation.

However, some barriers to gas adoption remain, especially in the key growth region of Asia, and a sustained effort on technology and infrastructure is required if gas demand is to meet industry forecasts.

The report, available at www.snam.it, is designed to facilitate and inform the dialogue between all gas stakeholders, from producers to policy-makers, on the actions required.

The Golden Age of Gas – still in progress

In 2011, the International Energy Agency asked whether we were entering “a golden age of gas”. On the evidence of the following five years, the answer appears to be “not yet”, with the possible exception of the US where the scale of the shale gas revolution has exceeded expectations.

However, the data in the Global Gas Report show that progress has been made in overcoming many of the barriers that have prevented gas consumption growth over the last five years.

Some key findings identified in the report are:

- the first signs of the projected LNG glut appeared in 2016 in terms of trade and price convergence – trends that continued through the first half of 2017;
- the gas consumption recovery story in Europe is continuing and picked up pace in 2016;
- Asian consumption growth continues to be patchy; for gas to gain share in the regional energy mix, competitiveness vs coal will need to be achieved through a combination of industry cost efficiencies and policy instruments;
- in the US, gas market growth was weak in 2016, with sluggish consumption and production. This trend has continued through the first half of 2017 given a warm winter and sustained low oil prices, which depress the production of associated gas.



More broadly, the report suggests that a number of key trends in the global gas market – including increased liquidity, declining costs and emerging innovations in gas decarbonisation – should help reduce concerns and barriers around the supply security, competitiveness and long-term sustainability of gas.

However, significant progress still needs to be made if gas is to reach industry growth forecasts. In particular, priorities include working to improve long-term competitiveness beyond the expected period of oversupply and addressing the sustainability of the gas industry itself, and specifically concerns around methane leakage.

A key question is the role that natural gas will play in the transition to a lower carbon energy economy, both as a cost-effective complement to renewable energy sources and directly, through the development of renewable gas, power to gas or CCS.

The Global Gas Report intends to contribute to the focus and dialogue required to achieve these objectives.

Marco Alverà, Snam Chief Executive Officer, said:

“Our inaugural report shows that gas has an opportunity to reach the robust growth forecasts set out by the industry. In order for this to be achieved, a sustained effort is required. Investment in new technologies and infrastructure will be critical to boosting access to gas and security of supply. Efforts to de-carbonize the sector and highlight the sustainable qualities of gas will be necessary to support the shift towards a cleaner energy market, where the full potential of gas is expressed”.

Robin West, of the BCG Center for Energy Impact, commented:

“Gas is now at an important inflection point. With substantial new trade capacity coming online in the near term– most significantly as LNG, but also new pipelines – many are waiting to see if demand follows. At stake is substantial further investment across the global gas value chain which will, in turn, continue to set the long term trajectory for natural gas as a fuel. This report makes an important contribution highlighting the drivers of gas growth and what it will take for reality to match projections”.