

Shale gas to boost growth through 2040: EIA

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Houston, 19 October (Argus) — Global natural gas consumption is expected to increase by 43pc between 2015 and 2040, largely driven by demand growth in non-OECD countries, according to the US Energy Information Administration (EIA).

Natural gas is the only fuel where growth is expected across all 16 regions featured in the EIA's annual International Energy Outlook (IEO) report, which was released last month.

Speaking yesterday at the LDC Gas Forum for the Rockies and West in Denver, Colorado, EIA assistant administrator for energy analysis Ian Mead told attendees that the Middle East, the US and China would account for more than 12pc, 20pc and 18pc respectively of the increase in global natural gas production by 2040.

These increases would likely be the direct result of further shale development, Mead said.

Mead acknowledged that while this was the first year in which IEO reference case figures extended to 2050, there was still some uncertainty involved in forecasting so far ahead. The EIA is accepting feedback on the assumptions in the report.

Though global LNG trade is expected to triple, pipeline gas will still account for 48pc of interregional gas flow. In light of this, US pipeline networks will need to focus on further expansion, Mead said.

In addition, the EIA was particularly interested in the growing natural gas demand in Mexico, as the country countries to expand its infrastructure.

Natural gas-fired power plants are expected to remain a major player in global electricity generation, owing to their affordable cost to build, cheap fuel, and favorable heat rates.

The EIA has forecast natural gas generation to grow by an average of 2.1pc between 2015 and 2040, while renewables are set to be the fastest-growing source of generation, rising by an average of 2.8pc during the same period.

But coal-fired generation is set to decline, falling from 40pc of global electricity generation in 2015 to 31pc by 2040.

Despite the significant increase in renewables, Mead noted that based on current projections, it was unlikely that some countries would be able to meet the goals of the Paris Climate Agreement.