Energy Security & Sustainability for Asia in the 21st Century

2012/2/21 Tokyo University
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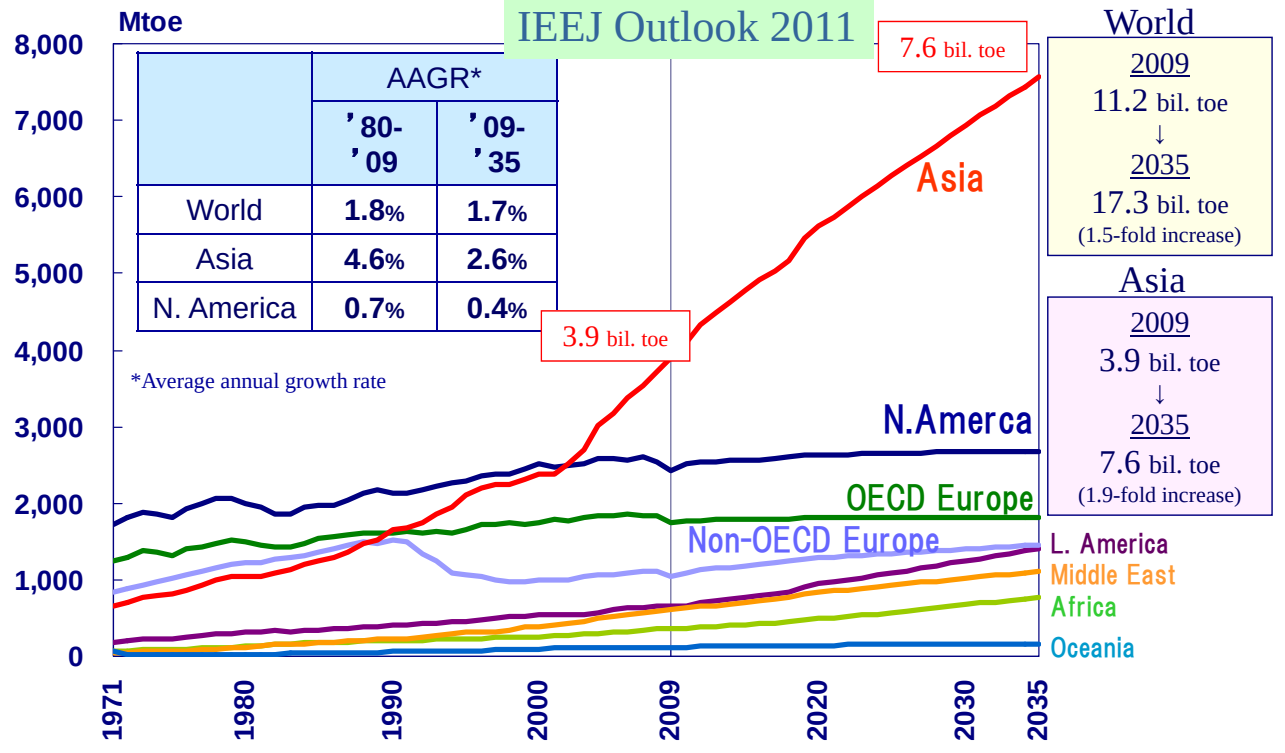
Primary Energy Demand by Region (World)

Reference

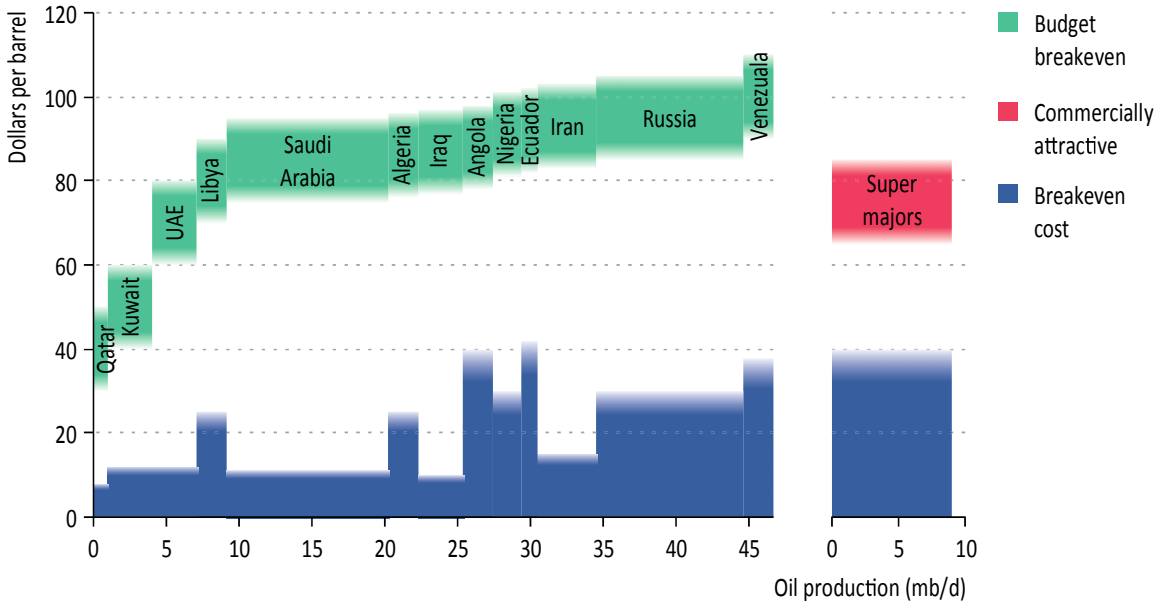
IEEJ Outlook 2011



■ By 2035, primary energy demand of Asia will double from the current level, reflecting high economic growth; 3.9 billion toe(2009) → 7.6 billion toe(2035).

■ Non-OECD will represent 90% of incremental growth of global energy demand toward 2035.

Figure 3.21 ● *Breakeven costs, budget breakeven and commercially attractive prices for current oil production for selected producers, mid-2011*

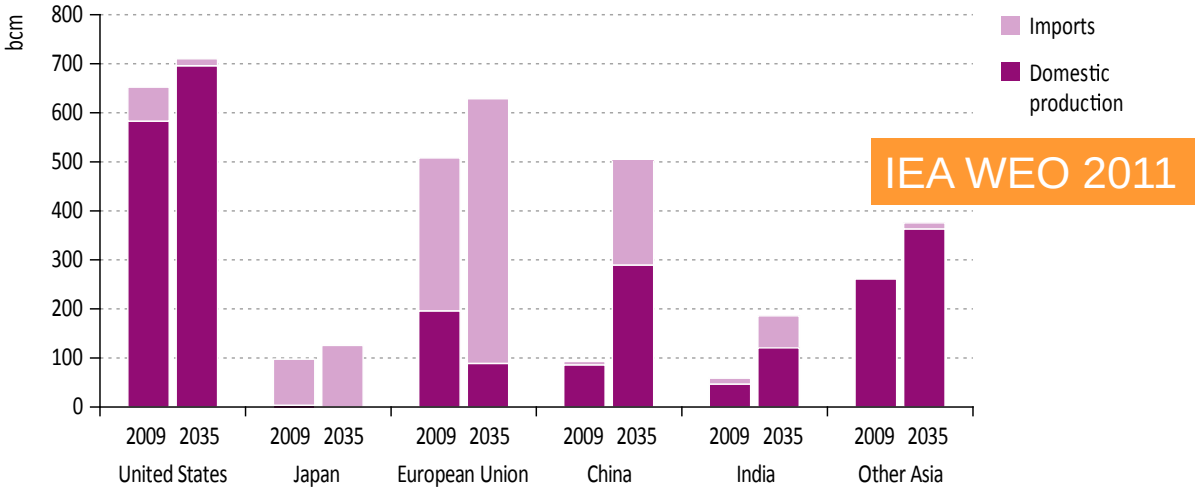


Notes: Only OPEC countries, Russia and the aggregation of the five super-majors (BP, Chevron, ExxonMobil, Shell and Total) are included. The breakeven cost is the realised oil price at which all operating expenses (excluding taxes) and capital costs (including a 10% capital discount rate), are fully recovered.

Sources: IEA databases and analysis based on industry sources: APICORP (2011), Deutsche Bank (2011), Credit Suisse (2011), IMF (2011), PFC (2011) and CGES (2011).

Asian demand for gas grows much faster.

Figure 2.18 ● *Natural gas demand and the share of imports by region in the New Policies Scenario, 2009 and 2035*



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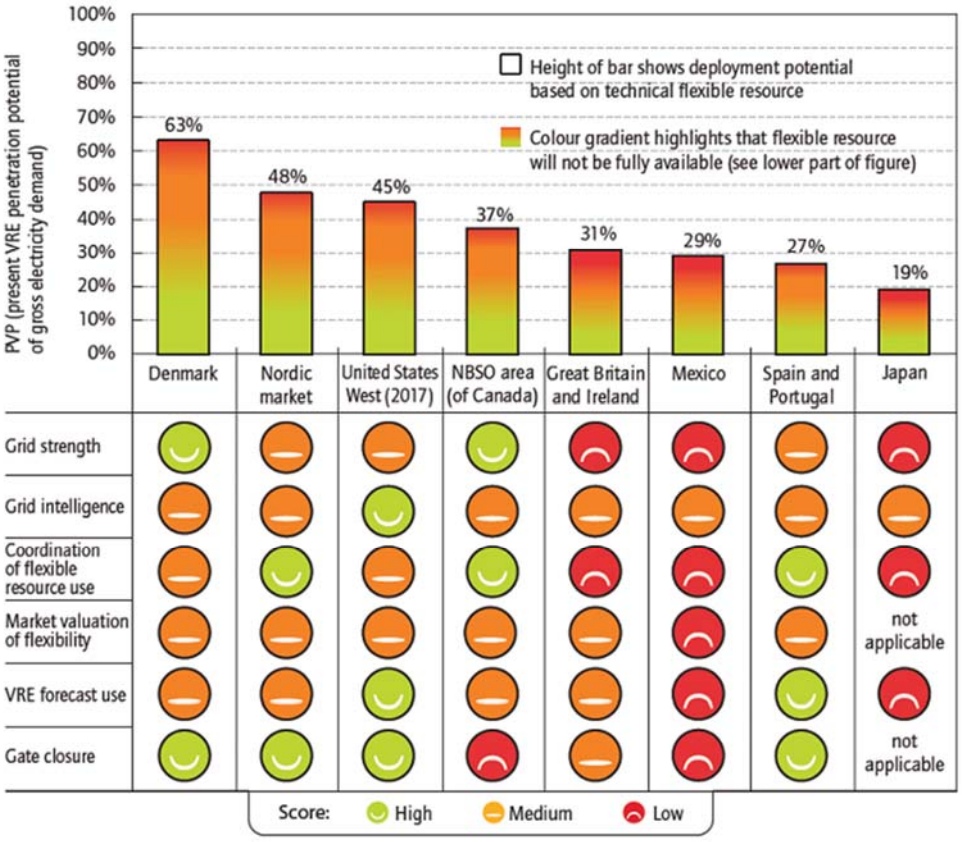
Note: Other Asia had net natural gas exports of 56 bcm in 2009.

China's demand is 97 BCM in 2009, same as Germany,
In 2035 it grows to 502 BCM same as Europe as a whole in 2009

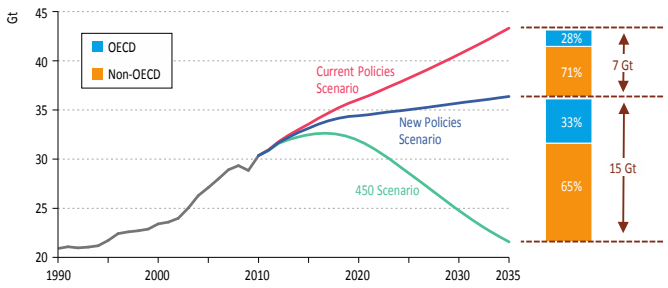
Harnessing Variable Renewables

Figure 3.1 • VRE potentials today, from the balancing perspective



450 ppm Scenmario : what we need and where .

Figure 6.2 • *World energy-related CO_2 emissions by scenario*[2]



Note: There is also some abatement of inter-regional (bunker) emissions which, at less than 2% of the difference between scenarios, is not visible in the 2035 shares.

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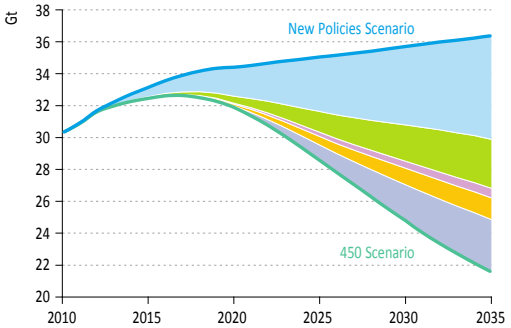
Figure 6.4 • *World energy-related CO_2 emissions abatement in the 450 Scenario relative to the New Policies Scenario*



	Abatement	
	2020	2035
Efficiency	72%	44%
Renewables	17%	21%
Biofuels	2%	4%
Nuclear	5%	9%
CCS	3%	22%
Total (Gt CO_2)	2.5	14.8

Low Nuclear Case

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Table 12.3 ● *Key projections for nuclear power in the New Policies Scenario and the Low Nuclear Case*

	Low Nuclear Case			New Policies Scenario		
	OECD	Non-OECD	World	OECD	Non-OECD	World
Gross installed capacity (GW)						
in 2010	326	68	393	326	68	393
in 2035	171	164	335	380	252	633
Share in electricity generation						
in 2010	21%	4%	13%	21%	4%	13%
in 2035	9%	5%	7%	21%	8%	13%
Gross capacity under construction (GW)*	14	54	69	14	54	69
New additions in 2011-2035 (GW)**	6	84	91	111	167	277
Retirements in 2011-2035 (GW)	176	42	218	71	36	107

*At the start of 2011. **Includes new plants and uprates, but excludes capacity currently under construction.

Second thoughts on nuclear would have far-reaching consequences in Security

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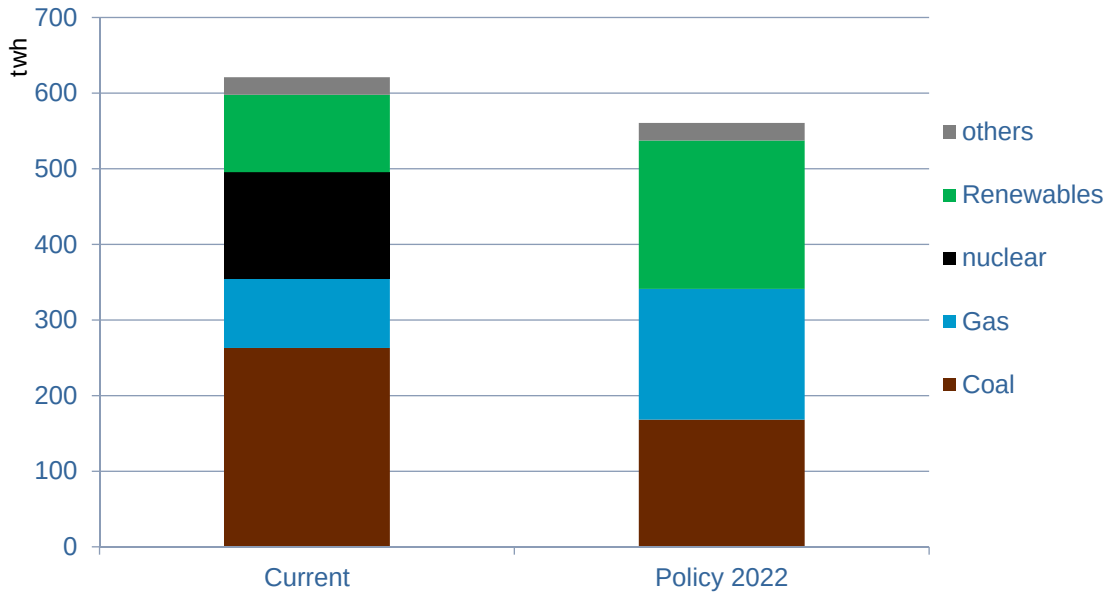
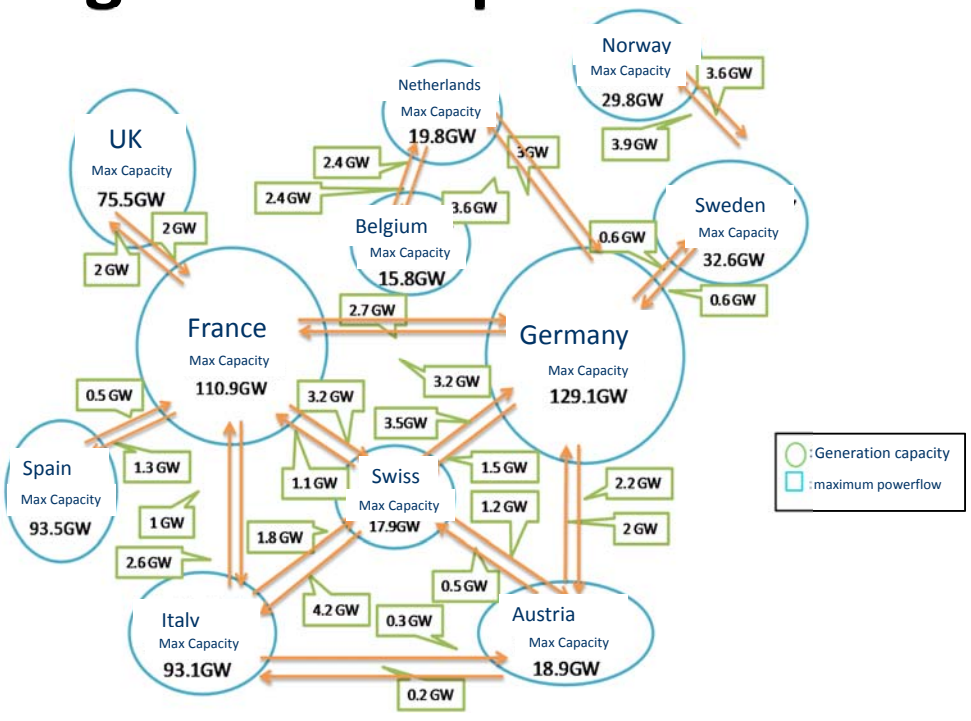
- **"Low Nuclear Case" examines impact of nuclear component of future energy supply being cut in half**
- **Gives a boost to renewables, but increases import bills, reduces diversity & makes it harder to combat climate change**
- **By 2035, compared with the New Policies Scenario:**
  - ***coal demand increases by twice Australia's steam coal exports***
  - ***natural gas demand increases by two-thirds Russia's natural gas net exports***
  - ***Renewables power increases by 550TWh = 5 times of RE in Germany***
  - ***power- sector CO_2 emissions increase by 6.2%***
- **Biggest implications for countries with limited energy resources that planned to rely on nuclear power**

Germany may needs much more Gas to phase out Nuclear by 2022



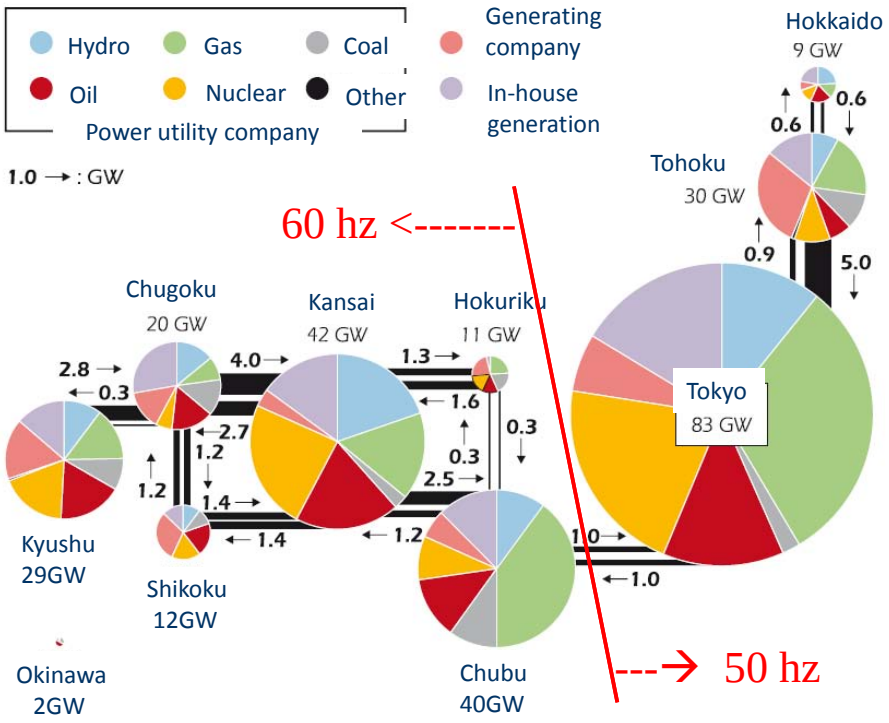
Germany needs to import 16 BCM of gas to achieve electricity mix with 10% demand reduction, no nuclear, 35% renewables and CO2 at the target level

Power grid in Europe



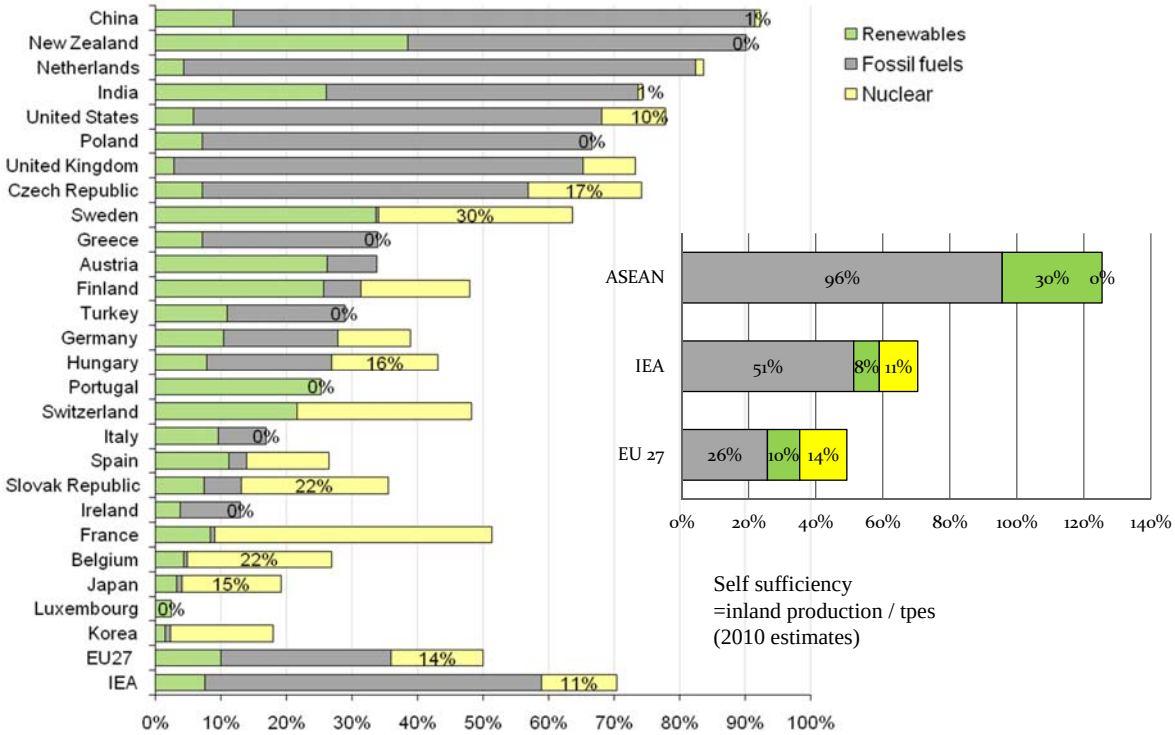
Source: IEA 「Electricity Information 2010」
Indicative value for Net Transfer Capacities (NTC) in Continental Europe

Power grid in Japan



Source: Agency for Natural Resources and Energy, The Federation of Electric Power Companies of Japan, Electric Power System Council of Japan, The International Energy Agency

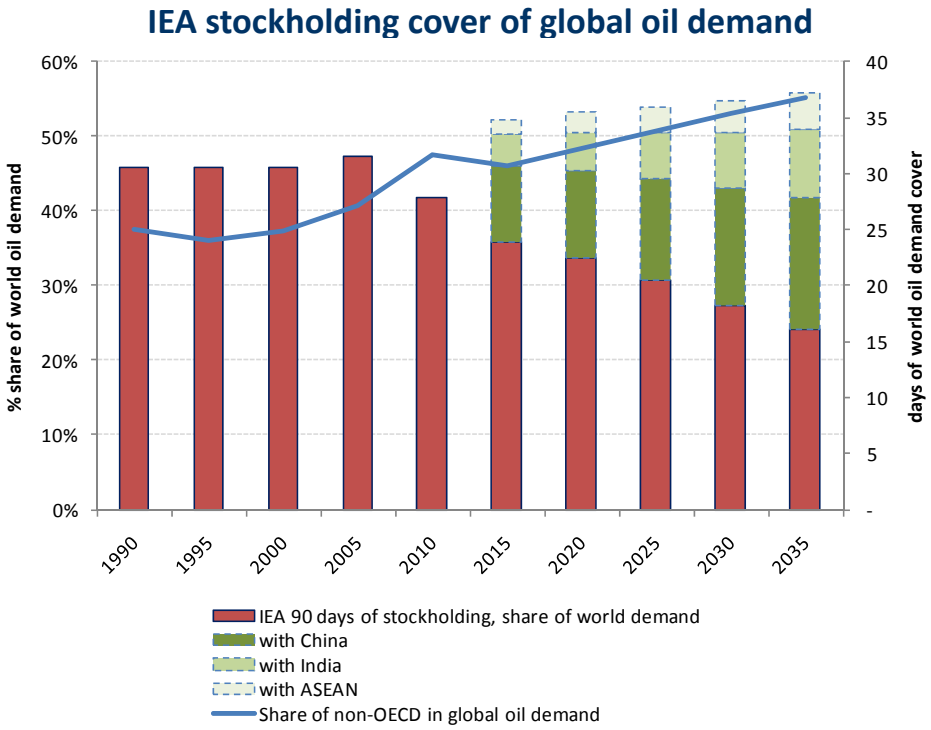
Energy mix as Energy Security Mix



Self sufficiency
=inland production / tpes
(2010 estimates)

Nuclear is an important option for countries with limited indigenous energy resources (low energy sustainability).

Does current IEA system continue to work?



Growing share of non-OECD oil demand results in declining global demand cover from IEA oil stocks

Gas Supply Security and Russian Gas Pipelines

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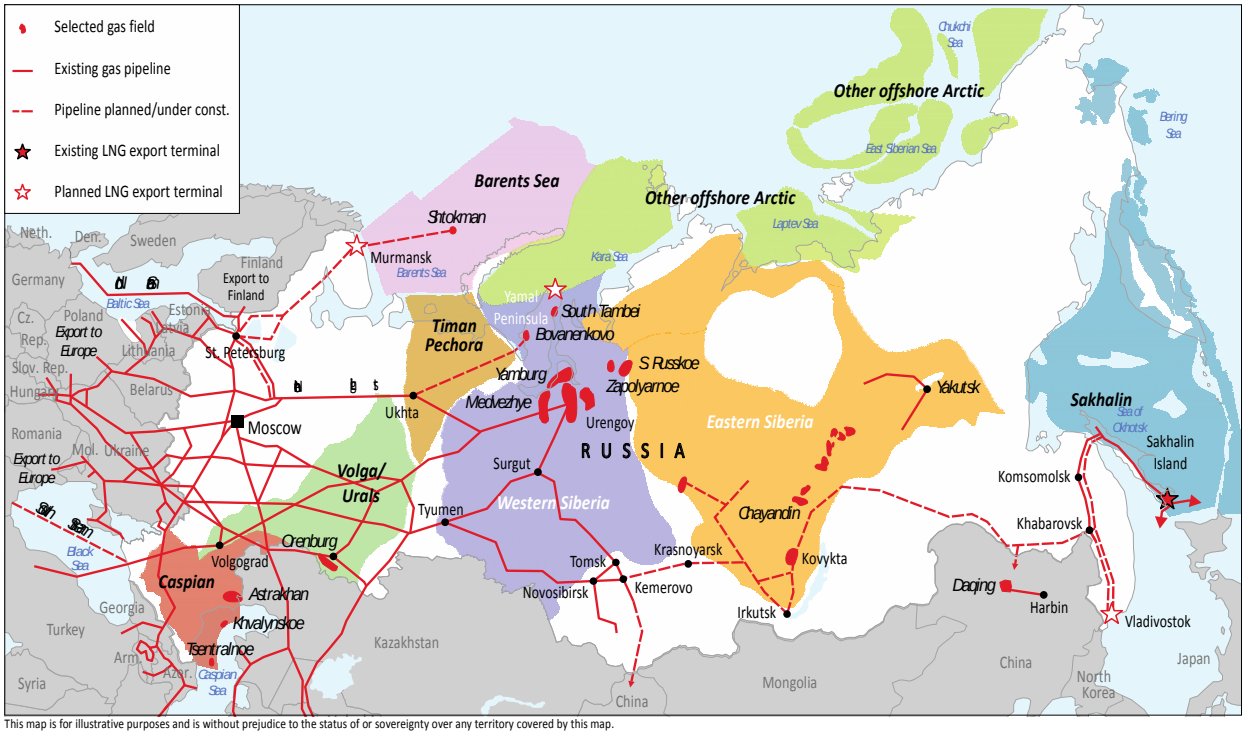
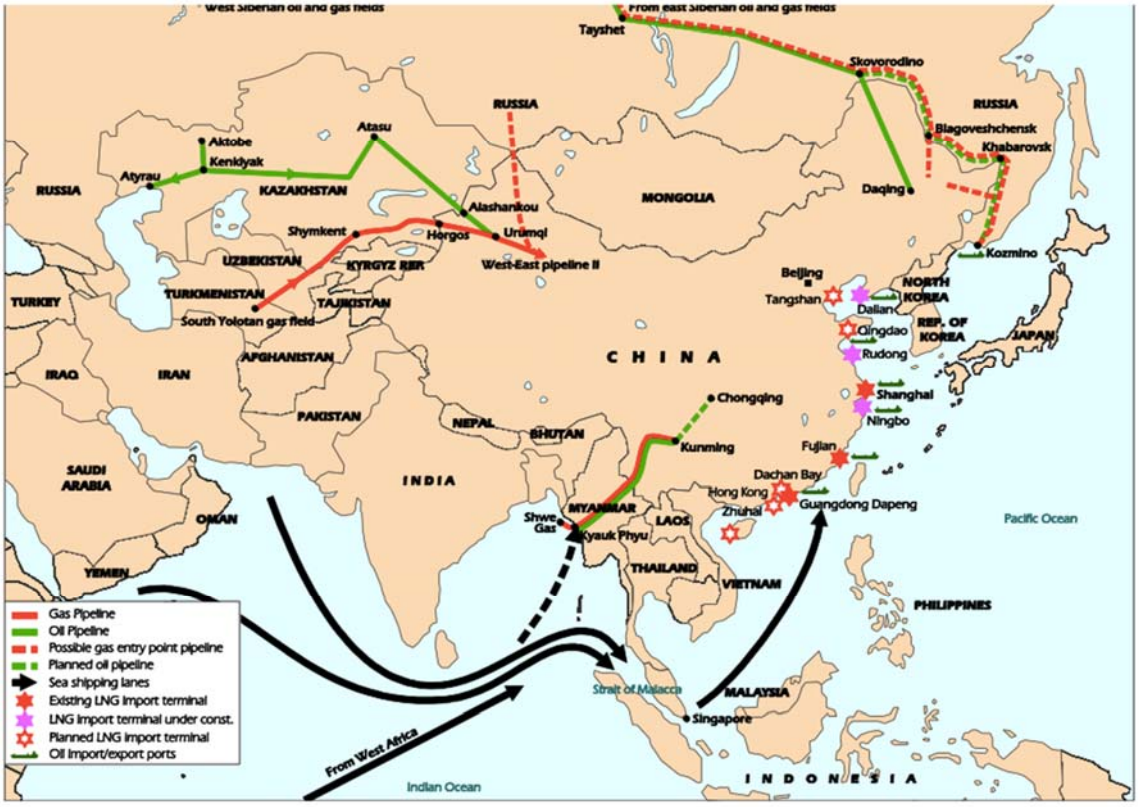
Figure 8.15 ● *Major gas fields and supply infrastructure in Russia*



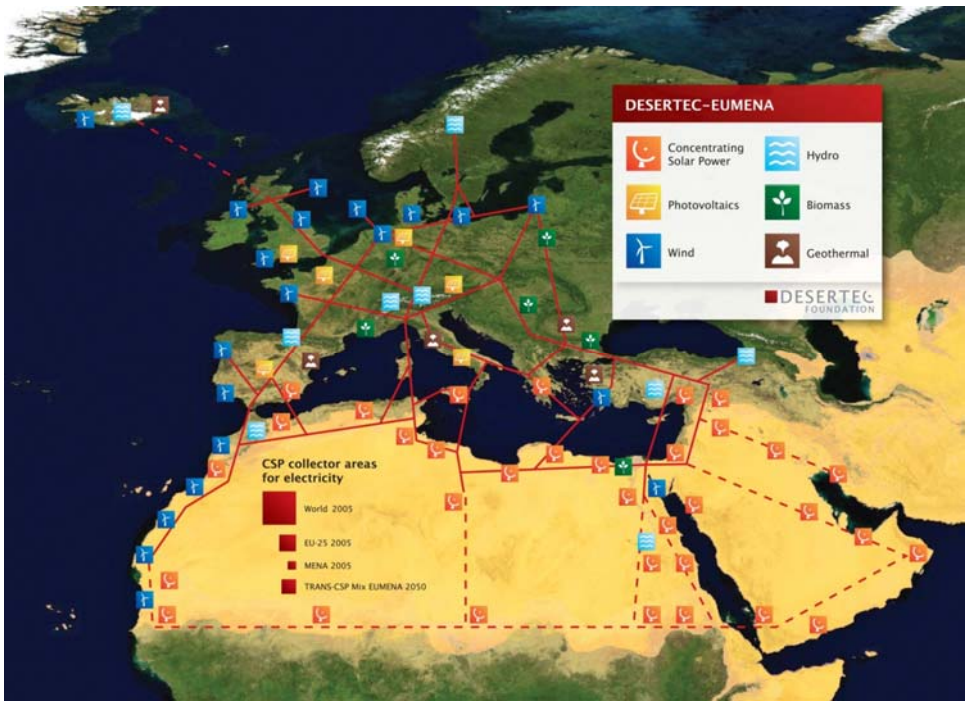
This map is for illustrative purposes and is without prejudice to the status of or sovereignty over any territory covered by this map.

Current and Future routes of China's Importation of Oil and Gas



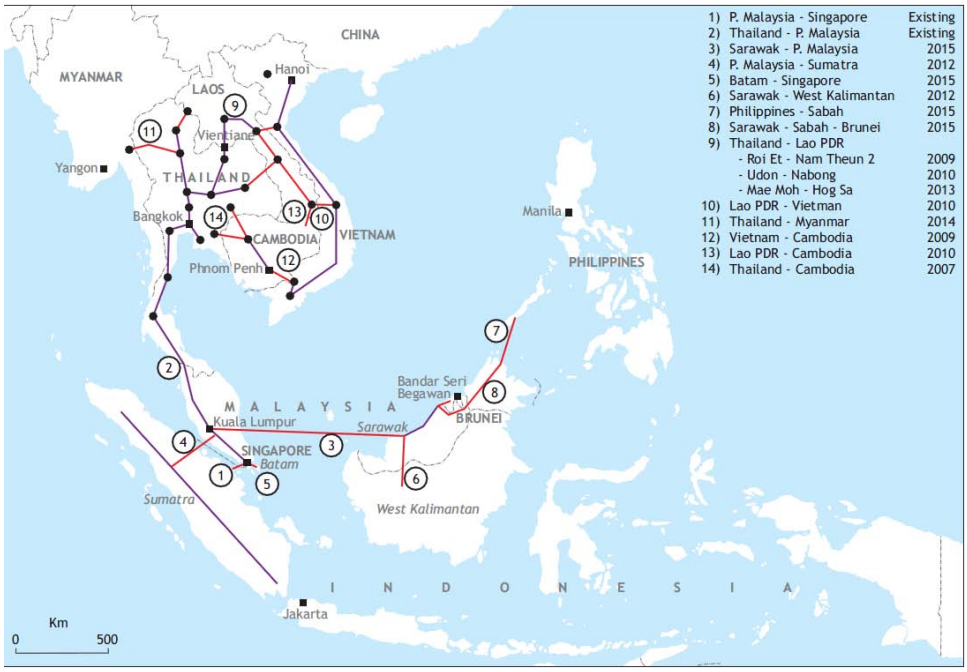
Overseas Investments by Chinese National Oil Companies: Assessing the Drivers and Impacts

Connecting MENA and Europe: " Desertec" as "Energy for Peace"



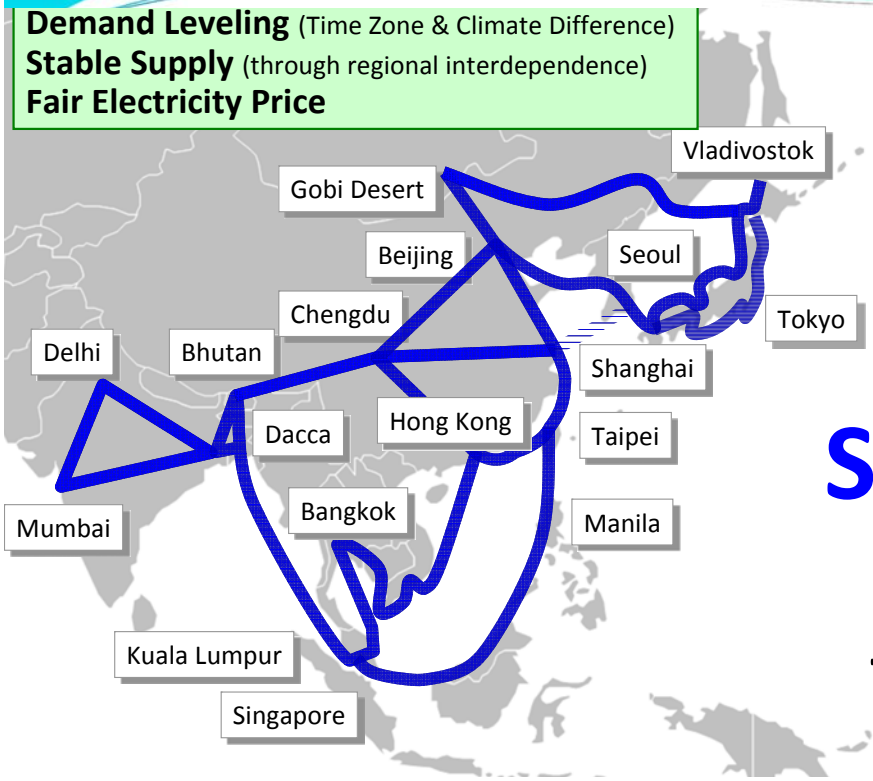
Source: DESRETEC Foundation

Existing and proposed ASEAN Power Grid Interconnections



Energy for Peace in Asia ? A New Vision

Demand Leveling (Time Zone & Climate Difference)
Stable Supply (through regional interdependence)
Fair Electricity Price



Phase 3

Asia Super Grid

Total 36,000km

Presentation by Mr. Masayoshi SON

One cannot enhance energy security by risking someone else's.

-Energy Security for the 21st Century must be Comprehensive Electricity Supply Security with diversified sources, such as oil, gas, renewables, cleaner coal and safer nuclear, under sustainability constraints.

-EU Model of Collective Energy Security be applied to the growing Asia.

- Enlarge IEA's oil emergency preparedness to Asia and other fuels.
- Develop Regional Power Grid interconnection & Gas Pipelines including Russia.

-Deploy a green growth paradigm by Efficiency, decentralized Renewables, EVs, Smart Grids, Storage, etc.

-New technologies help; hydrogen economy, Methane-hydrate , 4G Nuclear power, Super-conductivity grid, CCUS, etc .

-Develop unconventional gas resources and infrastructure.

-For coal to remain the backbone of power supply, CCS readiness & highly efficient power plants are needed.

-Japan's role after Fukushima: Share the lessons learned for safer Nuclear Power deployment in Asia.