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What's the role for gas and LNG in the Energy Transition?

I like to call LNG a destination fuel. For as long as we can see ahead of us, gas and by extension LNG, will be playing a role in enabling any Energy Transition. It's part of the journey, but also for the foreseeable future, the destiny. One reason is because of the intermittency in renewables; gas by contrast allows for stable networks and can be ramped up and down on days when it's cloudy or when the wind isn't blowing. Gas also alleviates the overall cost that intermittency places on grid management. And lastly, a gas power plant produces 50% less emissions compared to one fired by coal, according to the IEA. LNG can reduce GHG emissions by 30%, according to the Global Methane Initiative. And in the transportation sector, according to the International Association of Ports, when LNG is used as a marine fuel, it can reduce sulfur oxide by about 90%. The European Commission says LNG trucks can reduce emissions by up to 20% compared to diesel.

How is ADNOC Gas evolving to meet these requirements?

ADNOC gas is offering a total downstream solution for about 60% of the UAE domestic market. We run just under 3,500 kilometers of pipeline, have about 10bcf/day of gas processing capacity and 21 million tons of NGLs and are one of the biggest producers of LPG at just above 10 million tons. All this however does not mean that our focus on serving international markets will be any less – we're building on the strengths we have in the system to be able to offer better solutions to some of our global markets.

Are long-term LNG contracts losing their appeal?

A couple of years ago, everybody was saying we can rely on the spot market. But what we've seen is how susceptible the LNG market is to movement and that the only way to protect yourself is by having a big part of your portfolio come from reliable suppliers that will commit to delivering on a specific date and on an agreed basis. We see more and more of that now in the markets and it's the right trend. To have affordable LNG long-term and particularly in developing markets, you need to make a commitment and can't dip into the market simply when prices happen to be low.

How has your business model shifted to access new markets?

In 2019, we started selling to many different markets in Asia that we hadn't served before – with more cargoes going to India, Thailand, China, Vietnam, and Korea. Asia was demonstrating much more demand for LNG than Europe and it continues to have a lot of growth potential. But fast forward to today, and Europe also needs the molecules, and we are willing suppliers. We are blessed to be in a location where we can produce and divert LNG east or west. ■

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