EXCLUSIVE INSIGHTS /// ACTIONABLE INTELLIGENCE /// EXCLUSIVE SURVEY ANALYSIS

ENERGY TRANSITION DIALOGUES

INTELLIGENCE BRIEFING

ISSUE 20, MONDAY, AUGUST 30th

Consultancy Intelligence Publishing

SCROLL DOWN!

H2'S PRICING POINTS? CIRCULAR PUSH – FINALLY SNAPSHOT: GREEN FINANCE NEXT WEEK'S EVENTS

CIRCULAR ECONOMY HIGH ON PETROCHEMS' AGENDA

Mark Vester, Global Leader, Circular Economy, SABIC

Circular economy has moved from a function of a single sustainability department to the top of petrochemical companies' agenda. The biggest change that we have seen in the petrochemical industry is the gradual improvement in technologies. Now, we are at a disruptive stage that demands the industry, which is very linear, to become circular. This is a threat, but also a major opportunity to change and explore new business models. Plus, it opens avenues for new foreign investments.

Tech finance rises

We are seeing increased investments in new technologies and new forms of recycling that did not exist a few years ago. Of course, these solutions need to become more mature and the market needs to understand them better. Also, regulators need to understand these opportunities to create the right conditions for investments. Indeed, it will take time, but the train has left the station and the speed is increasing.

Investors need reliable regulations

There is nothing more reassuring for investors than reliable regulation and economics. Proper regulations can help stimulate investments in recycling by pricing and bringing value to used plastics. This can be done by extended producer responsibility schemes where you can differentiate and increase fees that you ask for solutions that have a circular nature.

TOP TAKEAWAYS

- The need for a circular economy has moved from a function of the sustainability department to the top of petrochemical companies' agenda.
- Bringing value to plastics lies at the core of faster and greater progress – such as pricing incentives.
- The issue with plastic is the end-of-life management. But remember, plastic's carbon footprint is sometimes far better than its alternative.

FULL INTERVIEW HERE

TOP 5 NEWS STORIES

- Adnoc Sells Blue Ammonia to Japan's Inpex
- Oman Signs Land Deal for Hydrogen Project
- Maersk Signs 1st Green Methanol Deal
- Egypt to Develop Hydrogen Hub with Siemens
- India's 1st Green Hydrogen Electrolyser Unit

EXPECT COST-COMPETITIVE HYDROGEN BY 2025

HYDROGEN

Mrugank Inamdar, Head of Middle East & Asia, Hyzon Motors

We are confident that green hydrogen will be competitively priced by 2025 in the Middle East. The reason for this estimation – rather than earlier – is because these are large, complicated projects. It takes time to get through the fundraising process, the project development process, etc. Recent announcements coming out of the Middle East, from NEOM in Saudi Arabia to the developments in the UAE and Oman, will have a domino effect in really moving the needle in the region.

Making H2 competitive

There are two parallel streams that need to be in place to move hydrogen from theory to actual application – and to do it fast. The first point is the hydrogen supply, in terms of availability and transport. The second point is that applications must also be competitively priced. This is the space where Hyzon Motors is involved. Our aim is to make sure that our vehicles are abundantly available and very competitively priced.

FULL INTERVIEW HERE

10,000

locally built zero-emission hydrogen fuel cell-powered commercial vehicles a year are planned for development in NEOM, in partnership with Hyzon Motors and Modern Group.

$5BN

locally built zero-emission hydrogen fuel cell-powered commercial vehicles a year are planned for development in NEOM, in partnership with Hyzon Motors and Modern Group.

$46.89BN

is the estimated worth of the hydrogen fuel cell vehicle market by 2028, registering a CAGR of 68.52%, according to Market Research Future (MRFR).

PODCAST

GI Consultancy Intelligence Publishing

THIS WEEK CIRCULAR ECONOMY: HOW TO FINALLY MOVE THE NEEDLE?

Nathan Wrench
Head of Sustainability Innovation, Cambridge Consultants

FULL PODCAST HERE

Circular economy is a massive business opportunity for some of the lowest-margin and commodity-based companies. It is going to be one of the distinguishing features between the winners and losers of this century. Where should firms start with their journey?

It is generally best to bring the conversation back to what your customer's customer seeks to do. Because the role of circularity in material flows or product flows enables you to build a relationship with your customer base that is radically improved from the current and linear economy models. In terms of business transformation, you are incentivizing people to form a relationship with their customers, because they are going to have to take back the waste material from them. This does not only give you a low cost of raw material in the form of ready-to-use material. It also gives you insight into the manner in which the product is being used, consumed, or dealt with. That allows you to build a relationship with your customer that can be of a greater business benefit than the raw material itself.

Pricing carbon is essential

COP26 is our last chance to reverse a global catastrophe. If we had to focus on one thing, it would be a unified framework for carbon pricing. From there, everything else can flow. We need to shift the economic argument in favor of doing the right thing and eliminating carbon from our supply chains. If nothing else comes out of COP26, an acceptance that carbon taxing is necessary must. Only then will businesses step up to the plate and introduce circular economy principles and give greater consideration to their material sustainability issues.

FULL PODCAST HERE

Riad Bestani
Founder & GM, ECO2(square)

Circular economy initiatives are moving fast in the Middle East. We see notable waste-to-energy projects, especially in the UAE and Saudi Arabia. There is also a momentum of laws and regulations. For example, the UAE's Circular Economy Policy is a step in the right direction.

The policy focuses on four key sectors: sustainable consumption and production of manufactured goods, green infrastructure, sustainable transport, and sustainable food production and consumption. Each pillar will have its sub-sections. It will also aim to tackle waste and convert it into a valuable product for other industries. I believe things will grow exponentially. The next decade is a fair timeframe for implementing new regulations.

Circular Economy = returns

The recent IPCC report clearly illustrates the cost of inaction on climate change. Now is the time for a shift in mindset. Companies' profitability is at stake. Initially, companies will start looking at profitability. Then, they will consider circular economies as part of their DNA. The good thing about a circular economy is that firms not only benefit from cost reductions, but also with improving their ESG performance. This will attract conscious investors to fund your activities and innovations towards a more sustainable business.

92BN TONS of global resources follow a linear economy path and are discarded at the end of the value chain each year, detailed BCG.

Leonidas Theodorou
Energy Advisory Specialist, Hatch Advisory

FULL PODCAST HERE

It is slightly ambitious to assume that we will have roadmaps and financings for more circular economy models going into COP26. We must keep in mind that different countries are at different stages of maturity in their transition journey. Companies that set ambitious targets need to move fast in converting those pledges into roadmaps with clear targets and goalposts. Otherwise, we will never move past the talk to real action.

8.6% is the estimated level of global circularity last year – a 9.1% decline on the level in 2018, according to BCG.

Back to the basics

With a circular economy, you have two levels: individuals and corporates. The individual level deals with the public›s awareness of issues like single-use plastic and the fundamental 4Rs. On a corporate level, things are slowly moving in the right direction as well. First of all, we have to start acknowledging that you can get involved in the upwards change of the supply chain and support the vertical integration. There is also the broader political environment that should change. This is done through appropriate policies and incentives for companies to move away from linear models. Unless you have incentives that enable the business side of things and commerciality, these models will not take off.

SNAPSHOT SUSTAINABLE FINANCE MOVES CENTER STAGE

Sustainable Finance forms one of the Top 5 Themes of the Energy Transition that we delve into every day as part of GI's Energy Transition Dialogues. We also host weekly events with the world's leading voices on how energy stakeholders are rapidly embracing the fast-expanding green finance market.

Global energy markets are being overhauled by the transition towards a low carbon future – and financial markets are inevitably a pivotal part of that much-needed journey. The volume of clean energy investments hit $300bn in 2020 – up from $33bn in early 2000.1 The world's green bond market issuances also hit a record high of $258.9bn in 2019 – up 51% year-on-year.2 And let's not forget the booming market for environment, social, and corporate governance (ESG), within which assets could reach $53trn by 2025 – a third of the world's assets under management.3 So, the key message of green finance today is very simple: it will increasingly lie at the core of remaining competitive in the 2020s and beyond. Avoid it at your financial peril.

It is also fast evolving, which is paramount to building financial stakeholders' investment confidence in this fast-moving landscape. For example, the European market for sustainable investments contracted by $2trn in 2018-2020 to $12trn following the introduction of anti-greenwashing rules.4 This does not reflect a lack of interest. Instead, it demonstrates how policy makers' tightened parameters for what can be considered a responsible investment is leading to a market that focuses on quality, not just quantity.

Middle East's play?

Progress is quickly mounting as several nations across the region are keen to establish themselves as influential players in the green finance market. Saudi Arabia's state-controlled power company Saudi Electricity Company (SEC) signed a $1.3bn deal with regional and international lender, while Egypt secured the Middle East and North Africa's (MENA) first green sovereign bond. Potential certainly abounds; solar PV alone could generate $182bn in investment in the Middle East's renewables market by 2025.5 To drive this positive momentum into the future, investors worldwide need even more signals from governments – such as climate goals and net zero targets.

KEY INSIGHTS Views shared on our exclusive weekly events platform

"Within the European energy landscape, carbon pricing is an extremely crucial and effective policy instrument. The rise in carbon prices illustrates that carbon abatement solutions are starting to pay-off – despite receiving criticism years ago." **Niek den Hollander, Chief Commercial Officer, Uniper SE**

"What investors need is the right opportunity in countries that are making credible long-term commitments to the transition and are setting clear rules and strong regulatory frameworks on the back of these commitments." **Nandita Parshad, Managing Director – Sustainable Infrastructure Group, European Bank for Reconstruction and Development (EBRD)**

$1trn is the potential economic and societal benefit of a green economy in developing nations and regions by 2030, detailed Bain & Company.

$6.9trn of investments per year over 15 years are required in clean energy infrastructure to keep the global temperature rise under 2ºC, said the OECD.

$50bn could be the total worth of the global market for carbon credits by 2030, according to McKinsey & Company.

+20% in global sukuk issuances in 2020, hitting a record-breaking $175bn in 2020, according to the International Islamic Financial Market (IIFM). Leading issuers are Malaysia, Saudi Arabia, Indonesia, the UAE, and Bahrain.

+$1trn of sustainable debt is expected by the Institute of International Finance in 2021 – 30% higher than in 2020.

20% rise in the Bank of America's full-year forecast for green and social bond issuances in 2021 – from $750bn to $900bn.

WE ASK HOW TO STRENGTHEN THE ARCHITECTURE OF GREEN FINANCE TO SPUR SIGNIFICANT GROWTH IN 2021 AND BEYOND?

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THIS WEEK'S EVENTS

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TWO MINUTE WARNING
INTERVIEW SERIES

Tuesday /// Aug. 31st /// 12:00 (UAE)

Daxita Rajcoomar
Chief Sustainability Officer - MENAT
Engie

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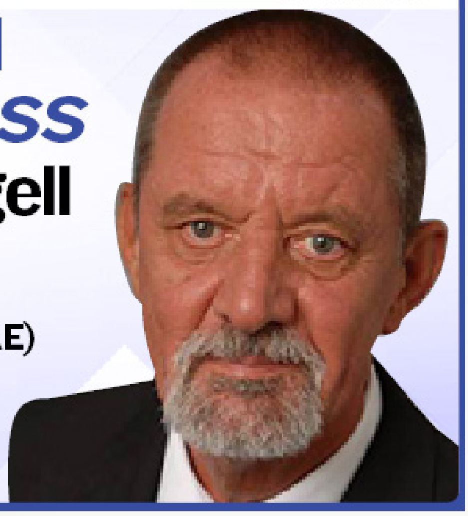
HYDROGEN
FULL COURT PRESS



Dr. Michael Modigell
Director
Oman Hydrogen Centre

Wednesday /// Sept. 1st /// 11:00 (UAE)

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ENERGY TRANSITION DIALOGUES

PODCAST WEDNESDAY /// SEPT 1st /// 13:00 (UAE)

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Oil Majors' Green Strategies?

Robin Mills
CEO
Qamar Energy

Ali Zerouali
Director Of Cooperation & International Development
Masen

Ahmed Badr
Director - Project Facilitation & Support
IRENA

Brian Cozzolino
Director
Gulf Intelligence

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