Gas can help with renewables transition - Jager

Kate Barker  -  Fri, 18 Mar 2016

Gas can be “bundled” with renewable energy services to help the transition to lower-emission electricity generation, Shell New Zealand chair Rob Jager says.

He says Shell supports the Government’s target of 90 per cent renewable electricity generation by 2025.

“Gas for the domestic market can stay in a supportive role to help underpin renewable energy sources,” Jager told delegates to the Asia-Pacific Energy Leaders’ Summit in Wellington this week.

“There’s great potential for large-scale integrated solar and gas developments to produce far less carbon.”

On a wider scale, Jager says the industry has to innovate to make international gas projects more affordable.

He noted the potential for gas to be used more widely in transport to help reduce carbon emissions in that sector.

Potential

Shell is New Zealand’s biggest gas producer with major stakes in the Kapuni, Maui and Pohokura fields in the Taranaki Basin.

It is also among a handful of explorers looking for gas off the lower South Island. It has two exploration permits in the Great South Basin – PEP 50119 and PEP 54863. It was due to drill an exploration well in the area this year but that deadline has been pushed out to 2019.

Jager says a major gas discovery would have “huge” export potential, given New Zealand’s proximity to Australia and Indonesia – the world’s two largest LNG exporters.

That would help other nations, which don’t have this country’s easy access to gas, to use renewable energy sources, reduce their emissions. In many countries gas would be seen as the best option for replacing coal.

“Such an approach would make a great contribution to reducing the impacts of climate change globally.”

Balance

Jager says meeting increasing energy demands from the Asia-Pacific region while remaining cost-effective in a period of low oil prices is a challenge Shell has to remain aware of.

The 21 countries in the Asia Pacific Economic Cooperation region account for about 60 per cent of the world’s energy demand. They include four of the world’s five largest energy users – China, the US, Russia and Japan.

“We must look at greater efficiency and innovation to make the most of the resources that we have,” Jager says.

“We’ve got this challenge against the backdrop of the current economic climate, which I can assure you is, at least in the short-term, having an impact on investments.”

Shell is currently reviewing its ownership of its New Zealand business interests as it continues to keep it affordable.”

Technology

Jager cited Shell’s Prelude floating LNG project as a cost-effective way to access a large gas reserve off Australia and develop it economically for export.

“Traditionally gas projects are extraordinarily expensive so we have to innovate to continue to keep it affordable.”

In January Shell’s acquisition of British oil and gas company BG Group was approved. The move makes Shell the world’s biggest liquefied natural gas trader.

Jager says the company has been working on a pilot programme in the US providing LNG refuelling stations for trucks.

“There’s great potential for large-scale integrated solar and gas developments to produce far less carbon.”

LNG for transport is really exciting and has some real benefits.”

He says the barrier is the time it would take to change the infrastructure to supply LNG on a large scale for transport.

Shell is also part of a joint venture in Germany with industrial gas manufacturers Air Liquide and Linde, car maker Daimler and energy companies Total and OMV. They are developing a nationwide network of 400 hydrogen refuelling stations for new hydrogen car models by 2023.

“The German government and the European Union are also part-funding the initiative. Jager says partnering with other companies and governments is another way to make gas-related projects achievable.

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