

Fuelling the future

 By [Nicci Botha](#)

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Given the capital intensive nature of the oil & gas industry, investors have historically always been worried about the same three questions. How much oil is in the ground? How much is it going to cost to get it out? How much can it be sold for?



Jon Clark EMEA leader oil & gas transaction advisory services, Ernst & Young

But, said Jon Clark EMEA leader oil & gas transaction advisory services, Ernst & Young, the world is in the throes of an energy transition which means different things to different people which can be defined by six Ds.

1. Decarbonisation
2. Division of power
3. Developing markets
4. Decentralisation
5. Digitalisation
6. Design for efficiency

“The energy ecosystem will not be transformed quickly or cheaply. There are big questions about the path to clean energy. We’ve developed models for different versions of the future,” he told delegates at Africa Oil Week.

1. **The long good bye** where we continue as is with a gradual transition
2. **Slow peak** where transition is predicted for the late 2040s
3. **Meet me in Paris**, which is the best possible scenario with governments working towards meeting the global climate change objectives on carbon emissions and banning single use plastic
4. **Faster shift** which is fuelled by gas and where nuclear could make a comeback

“The fastest way to move to carbon-free is to take coal out of the equation,” Clark said.

There are, however, other influences that will impact which scenario plays out.

Electric vehicles

The model that emerges is largely dependent on the electrification of vehicles. While governments in the developed world wanting every vehicle on the road to be electric by the 2030s, this is not a realistic assumption in the developing world, he said.

Income elasticity

How the emerging middle class in developing economies spends their money impacts the demand on energy. Income elasticity means that this demographic is likely to spend their extra money on cars and travel, Clark said.

ABOUT NICCI BOTHA

Nicci Botha has been wordsmithing for more than 20 years, covering just about every subject under the sun and then some. She's strung together words on sustainable development, maritime matters, mining, marketing, medical, lifestyle... and that elixir of life - chocolate. Nicci has worked for local and international media houses including Primedia, Caxton, Lloyd's and Reuters. Her new passion is digital media.

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