

Opening Comments

World Energy Council – Cleaner Fossil Fuel Systems Knowledge Network Roundtable

February 14, 2013 – London, UK

I am sure that you can understand that since today is Valentine's Day, there is one place I would rather be than here – as much as I love all of you and love the World Energy Council. I am sure that not only do you all understand but that most of you share my sentiments.

But, we are called to strive to make the world a better place and that includes recognizing that the world relies on fossil fuels for 80% of our energy and as former Minister, Dr. Hisham Katib, has pointed out, will for a long time to come, through most of our lifetimes, even if we live to be 100 years old.

In the United States, we are looking at a natural gas world for new power generation, probably for ten years or until carbon capture and storage or carbon capture utilization and storage become widely utilized.

Our carbon dioxide emissions are down about 17% and in 2012 likely achieved President Obama's emission reduction target for 2020. This is due in part to the continued economic problems, fuel switching from coal to natural gas for power generation and also increased energy efficiency in transportation, buildings, industrial processes, appliances and digital devices.

Recent Environmental Protection Agency regulations make it difficult to build a new coal plant. Some expect EPA to begin a rulemaking to limit CO₂ emissions of existing coal plants, on new natural gas power generation and eventually existing natural gas generation.

I think we will continue to export increasing volumes of coal. The rest of the world will use coal even if the United States sees further drops in domestic consumption. China now consumes one-half of the world's annual coal use and both China and India will utilize increasing volumes of coal.

I think we also will export natural gas as LNG. Globally, many economies can benefit from the abundant and affordable supplies of U.S. domestic natural gas. Countries that have free trade agreements with the U.S. can almost automatically benefit from U.S. LNG exports. Suppliers to countries without free trade agreements have additional regulatory barriers, but I think most applicants will eventually be approved.

Lastly, we expect President Obama to focus more on climate change issues in his second term. How this will impact the global fossil fuel industry remains to be seen.

Thank you for your kind attention.