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Editor's Letter: Decarbonisation, gas and the new normal

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# Editor's Letter: Decarbonisation, gas and the new normal

Little is certain in the age of the pandemic. Every assumption previously made about the next few years has been turned on its head; either irrevocably altering or rapidly accelerating long-term trends festering in global economies, industries and even politics itself. But climate change – the certainty of its arrival, the impact it will have and the urgent necessity of addressing it – remains resolutely unchanged. Carbon emissions may have temporarily contracted, but not enough to make inroads into the Paris goals. Moreover, it is abundantly clear that our economies are not geared to survive carbon reductions led by depressed economic activity.

With governments the world over now issuing sovereign bonds to finance unprecedented levels of public spending to prop up economies shattered by lockdown, the call is growing to “build it back better” [1]: to reconfigure the global economy to accelerate the energy transition [2].

In fact, the firestorm on the value of energy assets across the world may be a sign of things to come, as our daily news title observed this week [3]. BP's write down of up to USD 17.5 billion of assets reflects a view of the future in which hydrocarbons demand is likely to be forcibly restricted.

For the gas industry, this means a rapid shift in priorities. Coal-to-gas switching, long the comfort zone of executives hoping to ease developed economies off fossil fuels and replicate the same approach in the developing world, may be leapfrogged altogether. Yet the IMF's call for a global carbon tax [4] – or market price – of USD 75/t could bring blue hydrogen into the money for the first time. A carbon price of USD 100/t, BP's assumption, would finance investment that could allow renewables and storage technology to outstrip fossil fuels on every metric from price to security of supply. Gas needs to make its case for the future [5], make it well and make it fast.

The urgency of climate action and the acute implications for the gas industry are clear. Gas Matters' SpotLight series on the decarbonisation of global economies in the post-Covid age aims to lift the lid on the “build it back better” narrative and ask what place natural gas has [6] in this evolving story.

**Rachel Parkes**

**Editor**

**Gas Matters**

***The views contained in this editor's letter are solely those of the editor and do not necessarily reflect those of Gas Strategies.***

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