

Background paper
Prepared by IEF Secretariat for the
2ND Gas Data Transparency Conference
22-23 May 2012, Doha, Qatar



Hosted by the **Government of Qatar** with the support of the Joint Organisations Data Initiative (JODI) partners

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Introduction

The 2nd Gas Data Transparency Conference is being held in response to a strong call from energy Ministers at the 13th IEF Ministerial in Kuwait (March 2012) for an extension of the Joint Organisations Data Initiative (JODI) to cover natural gas. The conference will assess the availability of gas data, review experiences of gas data collection at local, regional and international levels, and discuss the framework necessary to establish a monthly gas data mechanism as a global gas data transparency initiative. This report introduces the progress made so far in the extension of JODI to natural gas.

The call by IEF Ministers to extend JODI to other sources of energy dates back to the 10th IEF Ministerial held in Doha in 2006. This interest was reiterated with explicit reference to natural gas at the 11th IEF Ministerial in Rome and the Extraordinary Energy Ministerial Meetings of Jeddah and London, both held in 2008. It was subsequently supported at the 12th IEF Ministerial in Mexico in 2010 and at the G20 Summit in Cannes in 2011.

The increasing globalisation of the natural gas business means that markets everywhere today are influenced by local and regional events, as well as changes in supply and demand in all parts of the world. Producers, consumers and traders of gas are finding it more difficult to understand and to react to conditions in their local markets, as timely and consistent information on markets elsewhere is largely absent.

Natural gas is consumed and produced in seven major regions—Asia-Pacific, Europe, Eurasia (territories of the former Soviet Union), North America, Latin America, the Middle East, and Africa. The dynamics of the natural gas business in each of these regions is changing. Market players in all regions have an interest in seeing an improvement in the quality of information and data that are freely available to industry, consumers, and policy-makers, to enable them to conduct their business more efficiently.

The implementation of a JODI-Gas database takes a step towards increased transparency in gas markets, and contributes to the reduction of uncertainties, improves predictability and facilitates project planning. Moreover, improvement in the quality of information and data that are freely available would improve market transparency. The experience gained in developing the JODI-Oil data platform will be leveraged to ensure the efficient development of a global natural gas information resource; however, the very different nature of oil and gas markets may mean that we still face a learning curve. The type of information that can most usefully be provided by governments in the interest of enhancing market transparency are data in five categories: the supply, demand, storage, import and export of natural gas.

Gas data transparency developments

The share of natural gas in the world energy-mix has increased steadily during the last three decades from 17% in 1980 to 21% today, as a result of the combination of its attractive economic and environmental characteristics as well as an expanding infrastructure. Natural gas will continue to play a significant role in global energy demand for many decades to come, particularly as gas will remain the fuel of choice for the power generation sector in many parts of the world.



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The increasing globalisation of the gas market resulting from more global LNG trade and increased price volatility highlights a growing need for more market information on natural gas. Improving transparency in the gas market will contribute to the reduction of uncertainties, improve predictability, facilitate project planning and satisfy demands for better information from market participants worldwide.

Of equal importance to the long-term stability and smooth functioning of the market is that companies and governments have sound analytical foundations upon which to build a better understanding of expectations for the future business environment. Strategic planners, supported by analysis of fundamental trends in the industry, play a crucial role in this activity. Natural gas industry analysts worldwide are faced with an exceptionally difficult task as monthly or quarterly data are in short supply, inconsistencies in definitions are common, and data are presented in a range of different units.

Against this backdrop, IEF Energy Ministers have called for a progressive extension of JODI to natural gas and encouraged the IEF Secretariat to take the initiative to make this happen -- in collaboration with other relevant international organisations.

Governments can most effectively help to enhance the transparency of the natural gas market by supplying data in these five categories: production, import, export, storage and demand.

With respect to production and trade, it will be important to identify LNG separately from pipeline gas, as LNG is the vehicle by which markets in the different regions of the world communicate. Good quality stock data is always of high interest to market participants, as storage levels and movements most directly affect judgments on fundamentals that indicate whether markets are long or short.

With production, imports, exports, stocks and demand in the data set, the matrix of required information for natural gas is smaller than it is for oil (see Table (1)). Consequently, the scope of a JODI-Gas does not have to be as complex as that of JODI-Oil in terms of the basic matrix of product and flows required in the monthly questionnaire. Although natural gas is one product compared with ten oil products in the JODI database, harmonising the various measurement units and methodologies may present some challenges.



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Table (1): Monthly Gas Data Questionnaire

	<u>Country</u>
	<u>Month</u>
	<u>Year</u>
	Natural Gas in million m³ (at 15°C, 760 mm hg)
	Natural Gas in Terajoules
Indigenous Production	0
Imports	0
<i>of which: LNG in 1000 tons / million m3 (at 15oC, 760 mm hg)</i>	0
<i>Pipeline</i>	0
Exports	0
<i>of which: LNG in 1000 tons / million m3 (at 15oC, 760 mm hg)</i>	0
<i>Pipeline</i>	0
Stock Change	0
Gross Inland Deliveries (Calculated)	0
Statistical Difference	0
Gross Inland Deliveries Observed	0
<i>of which: Power Generation</i>	0
Closing level of stocks held on national territory	0

Mass to volume conversion factor of LNG (if you have specific figure)

m ³ /ton	LNG
Conversion factor	

Despite the challenges presented in dealing with a relatively immature and diverse market, the IEF Secretariat, its JODI partner organisations, and the Gas Exporting Countries Forum (GECF) have responded to the call by Energy Ministers and are working actively on the extension of JODI to collect monthly natural gas data.

The JODI partner organisations are already testing member countries' ability to report the necessary natural gas data (production, imports and exports both liquefied and gaseous, stocks and demand) on a monthly basis.



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Today 52 countries are participating in this exercise. They account for 66% of the global natural gas supply and 72% of the world natural gas demand. JODI organisations will assess the ongoing gas data collection exercise with the intention of opening the gas database to the public as soon as feasible. In the interim, they will continue their work with member countries to increase the number of countries submitting the gas questionnaire; and will assist the GECF in establishing a collection mechanism through which its members can start participating in the JODI-Gas process.

The first Gas Data Transparency Conference was held in Moscow, Russian Federation in October 2010 to discuss the globalisation of gas markets, their progressive liberalisation and the impact of such development on gas data availability (in particular on a monthly basis). The conference also reviewed experiences of gas data collection at local, regional and international levels, and the necessary conditions for establishing a monthly gas data collection mechanism at the global level.

Conclusion

The 2nd Gas Data Transparency Conference, Doha Qatar, 22 – 23 May 2012 presents a timely opportunity to deliver upon Ministerial calls and the expectation of the Moscow conference.

The Doha conference should contribute toward the establishment of a global gas data transparency initiative – following a two year data collection exercise by the participating international organisations and their member countries. The conference will also explore ways of making the gas database available for participating countries for their internal auditing purposes, prior to a public launch targeting before the end of the year.



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