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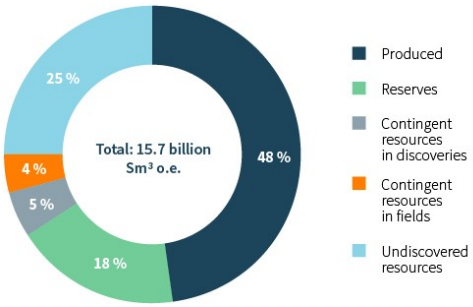
The role of the Norwegian petroleum industry in the energy transition

Climate change is occurring, and the world needs to curb GHG emissions. Since fossil fuels are a main contributor to GHG emissions, the petroleum industry needs to contribute to addressing the challenge. Emissions from production should be reduced and new industries should be developed to support the energy transition.

The inertia in the energy systems is however significant. For instance: A typical fossil fueled power plant operates for at least 25 years; an internal combustion engine (ICE) car has a life expectancy of more than 10 years; the electrification of societies requires massive investments in power grids and buildings and will take time. In addition, oil and gas is hard to replace for many end-uses such as for fertilizers and industry products. This means that even with global decisions to curb emissions, there will be demand for oil and gas for many decades to come. How fast the transition will go and how the oil and gas demand will be impacted, is dependent on: (i) how successful global leaders are in developing and implementing policies and binding agreements, and (ii) cost and technology advancements of low-emission alternatives both on the energy supply and demand sides.

Less than half of the estimated resources on the NCS has so far been produced, and the NCS is currently highly competitive in the market with low lifting costs and low CO_2-emissions per barrel o.e.

Figure 2. Resources on the NCS (NPD, 2020)



OG21 believes that the NCS and the Norwegian petroleum industry can continue to deliver value to the Norwegian society in terms of revenue and jobs along three dimensions:

1. Successfully compete for market shares in the oil and gas markets. Future markets and prices are uncertain, and to stay competitive the production needs to be highly cost-efficient, and the industry needs to deliver on the ambitious GHG emissions targets set forward by Konkraft (2021).

2. Secure deliverables to the European market for natural gas by de-carbonizing the gas. CCS is a key technology to de-carbonize natural gas, either into low-emission hydrogen or electrical power.

3. Contribute with competencies and solutions to the development of new industries, e.g. blue hydrogen and ammonia, CCS, offshore wind power and marine minerals mining. Developing such industries would assist in the energy transition and should take place in parallel with the further development of the petroleum industry to leverage synergies.

Development of resources on the NCS should continue. The NCS offers stable and secure supply in addition to among the lowest CO_2-emissions in the world.

→Forrige side →Neste side