

Africa's gas market: Primed to boom

At the end of 2016, Africa had proven natural gas reserves of 503.3 Tcf (trillion cubic feet), indicating an increase of around 1% in total gas reserves on the continent. Though, 90% of gas production continues to come from Algeria, Nigeria, Egypt and Libya.



©Visionsi 123rf.com

The African market

However, the [West Africa's gas sector is expected to boom in 2018](#), aided by good economic recovery across the continent. Governments in the Gulf of Guinea and across West Africa are amplifying their efforts to secure gas supply to enhance domestic power generation, and expand their revenues away from crude oil. This includes developing pipelines, floating liquefied natural gas (FLNG) platforms and major gas field projects. However, to encourage infrastructure investment across the region, deregulation of the gas market is also necessary.

There have also been large gas discoveries in Mozambique, Kenya and Tanzania on the east coast, but developing these discoveries and their concomitant infrastructure requires expensive investment and long-term commitment. While the emergence of shale gas and the strategic environmental assessment commissioned by the South African government leads the way for exploration on the continent.

Bridging fuel

The International Energy Agency (IEA) asserts that natural gas will take the lead in meeting the world future energy needs, and demand will grow faster than oil and coal at 1.6% per year over the next five years. This growth will be stimulated by low prices, ample supply, and its role in reducing air pollution and other emissions.

In addition, natural gas is seen as the bridging fuel to a low-carbon future. It can play a central role in supporting energy security alongside variable renewables during the transition. [It is also an adaptable fuel and supplies 22% of the energy used worldwide](#). It makes up nearly a quarter of electricity generation, plays a crucial role as a feedstock for industry, has fewer emissions of most types of air pollutants and carbon dioxide, and still produces an equal amount of energy.

With the global natural gas market growing, driven by the availability of shale gas and the increase in the liquefied natural gas (LNG) trade, the stage is set for gas to become the world's primary energy source towards 2050, and the last of the

fossil fuels to experience peak demand.

Investment opportunities

However, new markets need connecting with hundreds of thousands of kilometres of pipelines. [LNG provides a viable route to monetise large gas reserves](#) in remote locations such as sub-Saharan Africa which have no significant markets nearby, and only limited connectivity to existing demand centres (2017 DNV).

A shift towards gas-based economies, with companies exploring cost-effective solutions to create value from flared gas, and assessing the various technologies to transport gas from remote offshore fields, is expected. This increased growth in natural gas use will result in more investment in both the short and long term across the supply chain of natural gas.

Currently, natural gas is the only fossil fuel that will preserve its share in the energy mix of the coming decades by improving its carbon footprint by curtailing methane emissions and improving the economics of large-scale carbon capture and storage (CCS) for gas-fuelled power generation. This can only be achieved if supported by policies to reduce air pollution and greenhouse gas emissions.

Independent power producers (IPPs) are constantly surveying the African market for entry opportunities.

For more, visit: <https://www.bizcommunity.com>