

## Southeast Asia's Energy Transition: Rethinking Liquefied Natural Gas (LNG)

24 October 2023, Singapore – Southeast Asia's energy transition takes centre stage as a new report by [Asia Research & Engagement](#) (ARE) unveils the comprehensive carbon impact of Liquefied Natural Gas (LNG). The report uncovers critical discrepancies between LNG's perceived environmental benefits and actual impact while highlighting pathways for positive change.

ARE cites three pivotal findings:

- 1. LNG Carbon Intensity:** While historically positioned as a cleaner substitute for coal, LNG's true environmental impact is more complex. Despite its lower carbon intensity at power plants, upstream emissions during production, storage, and transportation exacerbate its overall carbon footprint. Advanced research into methane leaks further emphasizes the severity of LNG's environmental impact, potentially exceeding coal's.
- 2. Projection Misalignments:** Forecasts of a substantial rise in global LNG production by 2040 contradict the International Energy Agency's (IEA) call for a peak in LNG usage by 2025, a crucial milestone in achieving Net Zero Emissions (NZE) by 2050. Recent geopolitical events, prompting a surge in LNG investment, have intensified the need for a comprehensive evaluation of its life-cycle emissions.
- 3. Southeast Asia's Challenge:** Rapidly increasing LNG reliance in nations like the Philippines and Vietnam is met with inherent risks, both financial and environmental. The absence of a holistic assessment of LNG's impact within their energy policies raises concerns about their ability to meet international emission targets.

Kurt Metzger, Director of Energy Transition at Asia Research & Engagement (ARE), who spearheaded the report, emphasises, "Our report signals a crucial juncture for Southeast Asia. Rethinking LNG's role in the region is imperative, and an expedited transition to renewable energy sources is the need of the hour."

To tackle this climate challenge, ARE puts forth practical recommendations:

- **Transparent Carbon Documentation:** LNG producers should diligently document and disclose the carbon emissions for each cargo, incorporating advanced technologies to monitor methane emissions, with third-party certification to ensure accuracy.
- **Re-evaluation of Investments:** LNG sellers and buyers, whether oil and gas companies or governments, should re-appraise the viability of ongoing investments, taking into full account LNG's overall life-cycle emissions.



- **Review of Energy Policy in SEA:** Southeast Asian nations should thoroughly review their energy policies to account for LNG's higher carbon footprint. They should consider replacing planned LNG investments with greater investment in renewable energy.
- **Review of Financial Institution Policies:** Financial institutions and investors should align their lending and investment policies with climate goals. They should consider discontinuing new financing of LNG projects and gradually reducing exposure to existing LNG projects.

Southeast Asia stands at the crossroads of a critical energy transition. ARE calls upon regional and global stakeholders to recognise the findings of this report and take proactive steps to address the climate challenges.

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