

COVID-19 Crisis is Causing the Biggest Fall in Global Energy Investment: IEA



The unparalleled decline in worldwide energy investment had been “staggering in both its scale and swiftness,” revealed the annual World Energy Investment Report of the International Energy Agency (IEA), published on May 27, 2020. The coronavirus pandemic has paved the way for the largest decline of global energy investment in history, with spending set to plummet in every major sector this year, said the report.

[5](#)

EVENT

Energy and Climate
Consequences of
COVID-19 Pandemic
to be Discussed in
IICEC Webinar

[9](#)

LNG

LNG's Share
Reached a Record
Level of 44% in
Turkey's Natural Gas
Imports

[10](#)

Viewpoint



**Turkey's 10-year journey in
renewable energy investments**

Mehmet Acarlı, General Manager, Borusan EnBW Enerji

[3](#)

Monthly Highlights

Turkey's 10-year journey in renewable energy investments	3
COVID-19 Crisis is Causing the Biggest Fall in Global Energy Investment: IEA	5
■ OIL	6
■ COAL	6
■ ELECTRICITY	6
■ RENEWABLES	6
■ EMISSIONS	6
■ NATURAL GAS	6
Oil Prices Steady as Rising Concerns Over Demand Recovery and Geopolitical Tensions Offset Supply Cuts	6
Energy and Climate Consequences of COVID-19 Pandemic to be Discussed in IICEC Webinar	9
LNG's Share Reached a Record Level of 44% in Turkey's Natural Gas Imports	10

Viewpoint

**Turkey's 10-year journey in renewable energy investments**

Mehmet Acarla, General Manager, Borusan EnBW Enerji

Private sector investments in renewable energy sector in Turkey has gained acceleration after 2010. Turkish Feed-in-tariff (FIT) scheme (YEKDEM) for renewable energy resources (wind, solar, hydro power, geothermal and biomass energy) has had the greatest role in this increased attraction. In 2009 Turkish government has expressed courageous targets for renewable energy and private investors responded this challenge almost immediately. First half of the 2010s has witnessed a “rush to renewable energy” especially for hydroelectric and wind power plants. By the mid of the decade wind investments have kept its pace and another investment wave for solar PV has begun. Late 2010s has seen the rise of the geothermal investments that made Turkey one of the leading countries in this sector. While Turkey comes to the end of this first FIT era, the sustainability of these renewable energy investments in Turkey becomes more important.

Current deficits due to energy imports has been a long-standing problem for Turkey's economy. Turkey had to alternate its energy mix with local and sustainable energy resources to mitigate its energy dependence and growing environmental concerns. Renewable power came as a perfect fit with its independency of energy raw materials and diminishing impact on carbon emissions. With the help of private investors Turkey managed to add 13 GW of hydro, 6 GW wind, 6 GW solar PV and 1,5 GW geothermal power to its power mix in the last ten years. Renewable auctions have been widely acclaimed by local and international investors and competitive bids have been collected from the auction participants. Renewables have largely

helped to resolve supply security and auction prices have proved that renewable levelized cost of energy (LCoE) have reached to grid parity.

On the other hand, renewable energy in Turkey has created thousands of new jobs. Turkish contracting firms have adapted themselves into wind and solar installations. Small and large consultancy firms, finance institutions, project developers have been offering their services for a better investment atmosphere. Most importantly renewable energy projects have brought prosperity to local communities (in geographically distant locations), energy companies have worked together with local stakeholders to increase the welfare with community projects.

In the second half of this decade, Turkish renewable energy journey has taken a new direction. Along with “The National Energy and Mining Policy of Turkey”, domestic production in renewable energy equipment has gained importance. Renewable auctions have mostly turned into “YEKA” auctions. This new initiative has led international wind and solar PV equipment manufacturers to invest in Turkey. The aim was to increase local manufacturing capabilities, enabling technology transfer, adding more jobs and further reduce the current account deficit. Indispensability of energy independence and the role renewable energy sector in gaining this once again become clear in the recent COVID-19 pandemic.

According to most recent strategic plan of Ministry of Energy and Natural Resources, Turkey targets to add 4 GW of solar, 4 GW of wind, 4 GW of

hydro and 1 GW of geothermal capacity by 2023. Investors and government must deal with a variety of challenges to achieve a suitable climate for investments which have slowed down in the last couple of years. Main challenges could be listed as follows:

- A clear, comprehensive and realistic renewable energy strategy should be worked out in close collaboration between relevant ministries and in compliance with the targets of Paris Agreement, under consideration of European policies towards a zero-carbon economy. Such a strategy should include tangible measures concerning legislation, incentive schemes and market regulation principles with a fixed time plan for capacity build-up until 2030 and a visionary roadmap until 2050.
- The existing auction methodology with capacity allocations and YEKA should be redesigned to enable a higher realization rate of projects.
- A master plan for regional allocation of capacities should be worked out not only considering the grid availability and consumption projections, but also under consideration of environmental and social impacts.
- Renewable incentive schemes should be designed in a manner to enable the financing of renewable investments, but at the same time not to endanger the establishment of a competitive, liberalized energy market.
- Administrative permit process must be revisited to reach a unified implementation independent of the region. The process should be reestablished with mutual agreement between the related ministries and authorities

Capacity allocations and new auctions are vital for renewable energy expansion. YEKA and other renewable auction calendar must be established

for the next five years. This would increase the transparency and predictability of the renewable market as well. Furthermore, the project realization rates in previous auctions have been low, thus auction mechanism must be revisited to provide a competitive and sustainable investment climate.

YEKDEM has been the major factor for renewable energy investments. By the end of 2020, first YEKDEM period will be over and the aftermath is not favored by the industry stakeholders. Financing of the new renewable projects will be a real challenge without a price floor (which also proves to be an indicator for financing of these project). Many energy NGOs have made their calls to decision makers for the extension of the feed-in-tariffs in consideration with current conditions.

Recently announced “European Union Green Deal” has impacts on Turkey which is one of the top exporters to Europe. If considered properly, Green Deal might be a huge opportunity to modernize the Turkish Industry and to decrease carbon emissions substantially. Renewable energy has a huge role with the compliance of Green Deal requirements. As a first step Turkey must establish an Emission Trading System and Renewable Certificate System.

In the last decade Turkey has seen the most aggressive growth in solar power. Installed capacity has reached almost 6 GW in a few years. However, regulation changes and limitations on solar PV equipment have halted the growth. The future of solar power seems to be in the rooftop applications. In order to revive rooftop solar market administrative procedures must be simplified and rooftop solar must be mandatory in new buildings similar to many countries.

Despite the noteworthy progress in renewable energy, Turkey has still a huge untapped potential more than any other European country. Accurate strategies would make Turkey a model country in the world of implementing renewable technologies in its energy mix.

COVID-19 Crisis is Causing the Biggest Fall in Global Energy Investment: IEA

The unparalleled decline in worldwide energy investment had been “staggering in both its scale and swiftness,” revealed the annual World Energy Investment Report of the International Energy Agency (IEA), published on May 27, 2020. The coronavirus pandemic has paved the way for the largest decline of global energy investment in history, with spending set to plummet in every major sector this year, said the report.

The IEA’s executive director and IIEEC’s Honorary Board Chairman Fatih Birol said that a historic \$400 billion decline in overall energy investment in 2020 is expected, and the global power sector will account for almost \$80 billion of that, “a record 10% drop that takes spending down to the level it was at a decade ago,” during his remarks at the Global Energy Policy webcast of Columbia University, on May 28, 2020.

“The COVID-19 crisis has highlighted how much modern societies depend on electricity and has ‘squeezed’ the capital flows on which a healthy electricity sector depends,” he emphasized.

The World Energy Investment report warned the economic impact of the public health crisis could have serious implications for energy security and clean energy transitions.

“The historic plunge in global energy investment is deeply troubling for

many reasons,” said Fatih Birol, in a statement.

At the beginning of 2020, the Paris based agency said the global energy investments were on pace for the growth of around 2%, reflecting the largest annual rise in spending in six years. But, after the COVID-19 outbreak brought large swathes of the world economy starting from march, and the IEA now expects global investment to tumble by 20% compared to 2019.

The combination of falling demand, lower energy prices, and a rise in cases of non-payment of bills means that energy revenues going to governments and industry are set to fall by \$1 trillion in 2020, according to the report.

The report states that the COVID-19 pandemic has brought with it a major fall in demand, with high uncertainty over how long it will last. “Under these circumstances, with overcapacity in many markets, a cut in new

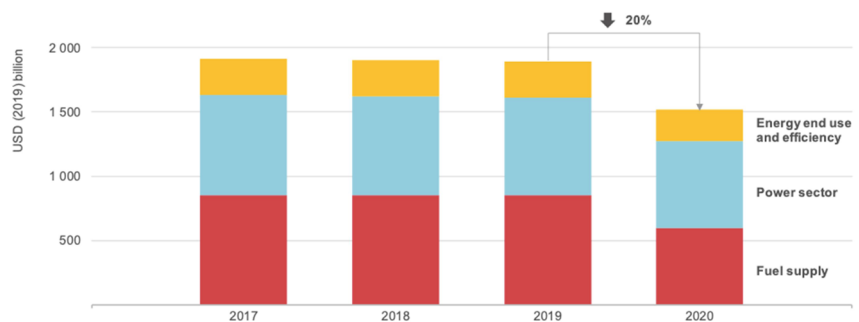
investment becomes a natural and even a necessary market response,” the report added.

However, the slump in investment may not turn out to be proportional to the demand shock, and the lead times associated with energy investment projects mean that the impact of today’s cutbacks on the energy supply (or demand, in the case of efficiency) will be felt only after a few years, when the world may be well into a post recovery phase, according to IEA.

Countries in full lockdown are experiencing an average 25% decline in energy demand relative to typical levels and countries in partial lockdown an average 18% decline, the report showed from the analysis of daily data through mid-April.

OIL

Oil is bearing the brunt of this shock because of the curtailment in mobility and aviation, which represents



Graphic: Total Global Energy Investments (IEA)

¹ International Energy Agency (IEA), (May 27, 2020) World Energy Investment 2020

nearly 60% of global oil demand. At the height of the lockdowns in April, when more than 4 billion people worldwide were subject to some form of confinement, year-on-year demand for oil was down by around 25 mbpd. For the year as a whole, oil demand could drop by 9 mbpd on average, returning oil consumption to 2012 levels.

COAL

After oil, the fuel most affected by the crisis is set to be coal. Coal demand could decline by 8%, not least because electricity demand is estimated at nearly 5% lower over the course of the year.

ELECTRICITY

The demand in the electricity sector has been significantly reduced as a result of lockdown measures, with knock-on effects on the power mix, revealed the IEA's report. Electricity demand has been depressed by 20% or more during periods of full lockdown in several countries, as upticks for residential demand are far outweighed by reductions in

commercial and industrial operations.

RENEWABLES

"Demand reductions have lifted the share of renewables in the electricity supply, as their output is largely unaffected by demand. Demand has fallen for all other sources of electricity, including coal, gas and nuclear power," the report emphasized.

The report highlighted that the output from renewable sources is expected to increase because of low operating costs and preferential access to many power systems during 2020. Nuclear power is expected to decline somewhat in response to lower electricity demand. In aggregate, this would mean that low-carbon sources far outstrip coal-fired generation globally, extending the lead established in 2019.

EMISSIONS

According to IEA's report, global CO2 emissions are expected to decline by 8%, or almost 2.6 Gt, to the levels of ten years ago. "Such a year-on-year reduction would be the largest ever, six times larger than the previous

record reduction of 0.4 Gt in 2009 – caused by the global financial crisis – and twice as large as the combined total of all previous reductions since the end of World War II." said the report.

NATURAL GAS

Unlike oil and power markets, the impact of COVID-19 pandemic on gas demand in the first quarter of the year was more moderate, according to the report. The natural gas demand fell around 2% year-on-year, as gas-based economies were not strongly affected, stated the report. But IEA urged that the gas demand could fall much further across the full year than in the first quarter, with reduced demand in power and industrial activities. Despite the moderate impact on gas demand, some traders are expecting European gas contracts for near-term delivery to go to zero or even turn negative - which could force sellers to give gas away - following a similar move in the West Texas Intermediate (WTI) oil price last month. ²

Oil Prices Steady as Rising Concerns Over Demand Recovery and Geopolitical Tensions Offset Supply Cuts

While the measures to combat the COVID-19 pandemic have had an unprecedented negative impact on the global economy and the global GDP for 2020 is expected to decline in the range between 2.5 – 4.0%, deepest fall since the Great Depression, oil prices signal to turn on a dime after hitting 20-year lows in 'Black April'.

As the oil market is still in contango,

albeit not as deep as in April, analysts began to make slight upside revisions on their projections, with most still expecting Brent prices to bounce back to \$50 a barrel by 2021. Partial rebound in Brent prices, fluctuated around \$30-35 per barrel throughout May, seem to be supported by 9.7 million barrels per day (mbpd) production cuts in accordance with the latest OPEC+ deal as well

as the expected positive effect of the loosening of strict lockdown limitations in China and Europe on global oil demand. Mixed signals from global economic parameters also cause varying oil market projections. Goldman Sachs revised up its estimate for Brent Crude prices to \$55.63 a barrel from \$52.50, and \$51.38 per barrel from \$48.50 for WTI Crude prices for 2021. "Oil production

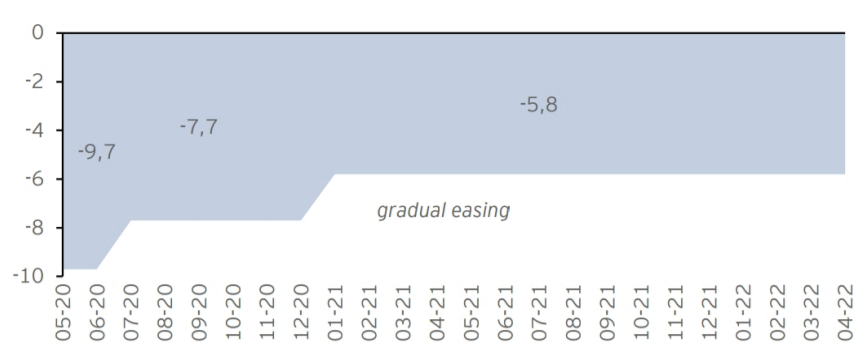
² Reuters, May 22, 2020, Negative pricing seen spreading from oil to gas as European demand slumps

has started to decline quickly from a combination of a scale back in activity, shut-ins, and core-OPEC/Russia production cuts. Demand is also beginning to recover from a low base, led by a restarting Chinese economy and inflecting transportation demand in developed market economies,” Goldman Sachs Equity Research said in a note on May 4. While the Wall Street bank doesn’t expect oil prices to recover rapidly in the coming weeks, it remains fairly bullish about oil demand in 2021.

Morgan Stanley followed Goldman Sachs’ cautious optimism by claiming that the worst for oil is over. “The demand recovery will be somewhat muted, and we could see some structural changes to people’s behavior,” Martijn Rats, head of oil research at the investment bank, said on May 6. As the bank warned oil demand is unlikely to return to pre-crisis levels until the end of 2021 because of the gradual relaxation of national lockdowns, it still keeps price forecasts unchanged, with Brent seen at \$35 a barrel in 2020Q4.

Following two leading investment banks, the U.S. Energy Information Administration (EIA) revised up its oil price forecasts for 2020 by \$1, from \$33 a barrel to \$34.13 for Brent and from \$29 to \$30.10 for WTI. The agency said it forecasts Brent crude increasing to an average of \$47.81 and WTI to \$43.31 in 2021, as “declining global oil inventories next year will put upward pressure on oil prices.”

According to its latest Short-Term Energy Outlook (STEO) report released on May 12, EIA expects the global petroleum and liquid fuels demand to average 92.6 mbpd this year, lower than the 95.5 mbpd figure projected in mid-April. “Lower global



Graphic: Oil production cuts agreed by OPEC+ members (mbpd) ³

oil demand growth for 2020 reflects growing evidence of disruptions to global economic activity along with reduced expected travel globally as a result of restrictions related to COVID-19. Firmer demand growth as the global economy begins to recover, and slower supply growth will contribute to global oil inventory draws beginning in the third quarter of 2020,” the EIA said.

On the other hand, Fatih Birol, Executive Director of the International Energy Agency (IEA), drew attention to the possible effect of oil market crash on major oil companies’ commitments for net-zero emissions. “Whether or not their position will change in the aftermath of the oil market crash will be a litmus test,” Birol said. “Oil companies need to take the lead to modernize their strategies and increase the share of clean energies in their investment spending plans,” he added. Birol also agreed there is definitely a risk that some U.S. shale companies will go bust. “If the U.S. oil industry collapses, this would send ripples through the world economy,” he warned, adding that global oil markets remained on ‘yellow alert’ for the time being.

“I believe there may be a need for further efforts coming from producing countries in order to make 2020 a bit less worse than what we thought of

at the beginning of this crisis,” Birol also said in another interview on May 13. “Demand will not jump from one day back to levels we had before the crisis, and we still have a huge amount of surplus and plus a lot of floating oil around the world so therefore one needs to be very careful if one doesn’t want to change,” he added.

The IEA, however, revised up its oil demand decline forecast to 8.6 mbpd compared with a fall of 9.3 mbpd in April, as a gradual easing of COVID-19 related restrictions on mobility help consumption. The Paris-based agency also warned any recovery will be dependent on whether governments can ease the lockdown measures without reviving coronavirus outbreaks.

“It is on the supply side where market forces have demonstrated their power and shown that the pain of lower prices affects all producers,” the agency said, noting that by year-end, the US will be “the biggest contributor to global supply reductions compared with a year ago.” With the OPEC+ production cuts came into effect on May 1, the IEA sees global supply in May down by an unprecedented 12 mbpd month on month. The agency estimated OPEC crude output in April at 30.73 mbpd, up more than 2 mbpd on the month, and 1 mbpd higher than in April 2019. By contrast, non-

³ EY, (May 27, 2020) Energy Quarterly Report: COVID-19 is changing the world

OPEC oil supply was down 1.1 mbpd year-on-year, it noted.

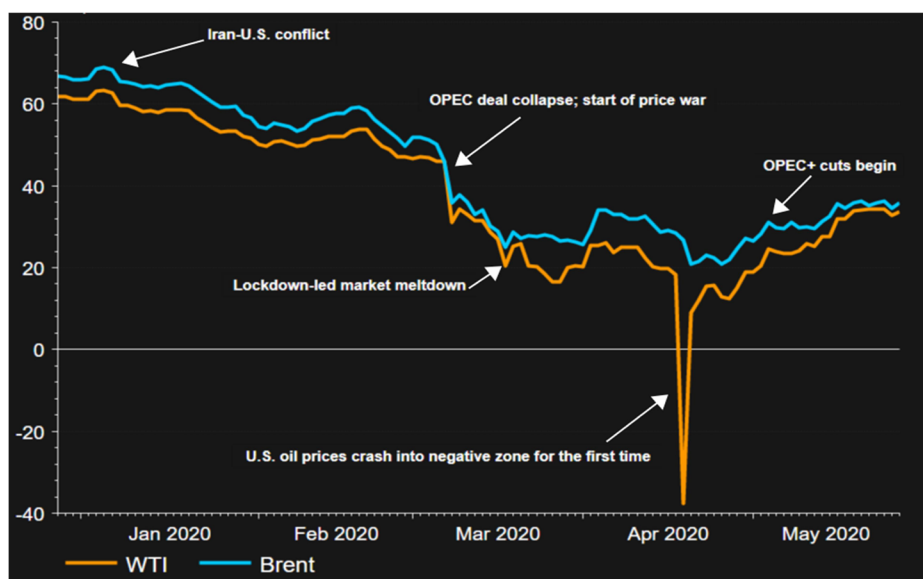
The IEA now sees global crude refining throughput at 66.2 mbpd, unchanged from April, and more than 14 mbpd lower from a year ago. "If crude supply adjusts more quickly to the oversupply than forecast, this will support crude prices and depress refinery margins, resulting in lower refining throughput than anticipated," the agency said.

"2020 may well be the worst year in the history of the oil industry, and April will remain the Black April," IEA's Executive Director Birol said. But he expects shale oil to recover from this crisis, despite skeptics who had written it off: "Some people thought, even sometime in January, that the shale oil is going to be dying forever: I don't agree with that. With prices coming back to \$40 and above, we will see shale come back and to say shale will be dying or we will wipe out shale, as one country said, is playing Russian roulette. Shale will get a big hit now for sure. I believe shale will come back maybe slowly. One of the lessons to learn from this period: it was too quick to write the obituary of shale oil."

Although the IEA seems to be optimistic about a gradual recovery towards the end of 2021, transportation data from major economies still show a radical gap in comparison with pre-COVID-19 levels. According to the real-time transportation data provided by Apple, Google, TomTom, and the Transportation Security Administration, high-frequency demand data is trending upwards in China, India, and parts of Europe and the U.S., but most regions still remain 20-60% below pre-COVID-19 levels

	2019	Jan 20	Feb 20	Mar 20	1Q20	Apr 20	May 20	Jun 20	2Q20	3Q20	4Q20	2020
Americas	19.2	19.2	18.5	17.4	18.4	14.7	16.3	17.1	16.1	18.8	18.3	17.9
Europe	12.2	12.0	12.0	11.1	11.7	8.6	7.6	8.9	8.4	10.6	11.0	10.4
Asia Oceania	6.8	6.9	6.6	6.5	6.7	5.8	5.2	5.6	5.5	6.5	6.3	6.3
Total OECD	38.1	38.1	37.1	35.1	36.7	29.1	29.2	31.6	30.0	35.9	35.6	34.6
FSU	6.8	6.8	6.9	6.9	6.9	6.3	5.6	6.1	6.0	6.6	6.7	6.5
Non-OECD Europe	0.6	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.5	0.5	0.4
China	13.0	13.4	10.5	11.7	11.9	12.8	12.8	13.0	12.9	13.1	13.3	12.8
Other Asia	10.5	10.8	10.9	9.7	10.4	7.1	7.7	8.3	7.7	9.8	10.3	9.5
Latin America	3.2	3.2	3.1	3.0	3.1	2.3	2.4	2.5	2.4	2.8	3.1	2.8
Middle East	7.7	7.4	7.1	6.4	7.0	6.3	6.6	7.0	6.6	7.5	7.2	7.1
Africa	2.0	2.2	2.2	2.0	2.1	1.8	1.6	1.8	1.8	2.0	2.0	2.0
Total Non-OECD	43.8	44.2	41.1	40.2	41.8	37.1	37.0	39.1	37.7	42.1	43.0	41.2
Total	81.9	82.4	78.2	75.2	78.6	66.2	66.2	70.7	67.7	78.1	78.6	75.8
Year-on-year change	-0.4	-0.6	-3.9	-5.5	-3.3	-15.0	-14.1	-11.0	-13.4	-5.1	-3.0	-6.2

Graphic 2 – Global refinery crude throughput (mbpd)⁴



Graphic 3 – Timeline of major events impacting oil prices⁶

for road transportation and 75% below for air transportation, Rapidan Energy Group reported.⁵

As the oil prices could steady in early May after the shocking negative WTI prices on April 20, oil markets tumbled once again on May 22 as China's move to impose a new security law on Hong Kong further strained U.S.-China relations and clouded economic recovery prospects. Bilateral relations have soured since the coronavirus outbreak, with the two countries already at odds over Hong Kong, human rights, trade, and

U.S. support for Chinese-claimed Taiwan. After Beijing said in late May that it would impose new national security legislation on Hong Kong, U.S. President Donald Trump warned that Washington would react "very strongly" against any attempt to gain more control over the former British colony. Rising U.S.-China tensions, between the world's largest oil consumers, fuelled concerns about the outlook for demand.

In the midst of the rising geopolitical concerns, Morgan Stanley announced that it raises year-end Brent price

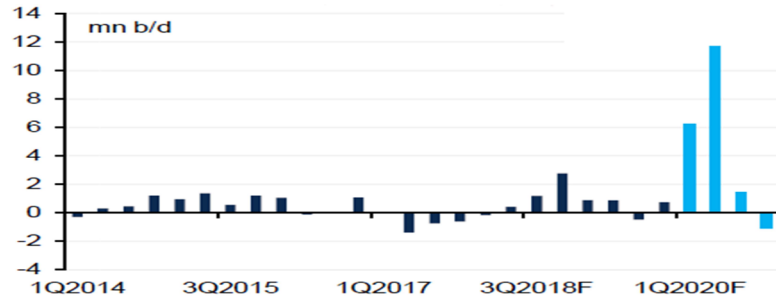
⁴ International Energy Agency (IEA), (May 14, 2020) Oil Market Report (April 2020)

⁵ Courtesy of the Rapidan Energy Group. <https://www.rapidanenergy.com>

⁶ Reuters, (May 29, 2020) Oil analysts see prices edging up but still capped below \$40/bbl: Reuters poll

forecast from \$35 to \$40 per barrel, citing a faster-than-expected balance in global oil demand and supply as countries ease coronavirus restrictions and major producers cut supply. "We expect demand to rebound to about 97 mbpd by Q4 as economies come out of lockdown - a significant improvement although still down about 4 mbpd year-on-year," the bank said on May 26. The bank further expects supply to decline towards year-end and said that will lead to an oil market that is 4-6 mbpd undersupplied during 2020Q4 and 2021Q1.

On May 28, the IEA released another report pointing out the investment



Graphic 4 – Global oil supply-demand gap⁷

in oil industry is expected to fall by almost one-third which may risk the supply demand equilibrium by 2025. The agency said revenues for governments and industry are set to plummet by over \$1 trillion in 2020 and this radical loss caused oil

companies to shelve major production projects. The IEA said if investment in oil stays at 2020 levels, it would reduce the level of global supply in 2025 by almost 9 mbpd, a clear risk of tighter markets if demand moves back to pre-crisis levels.

Energy and Climate Consequences of COVID-19 Pandemic to be Discussed in IICEC Webinar

Sabancı University IICEC cordially invites you to the webinar on
Energy and Climate Consequences of the COVID-19 Pandemic

Tuesday, June 2, 2020 **5:00 pm - 6:30 pm (Turkey Time)**

Dr. Yaşar Atacık
Founder and Board Member,
Footprint and Sustainability
Association

Değer Boden
Founding Partner, Boden Law

Prof. Carmine Difiglio
Director, IICEC
(Moderator)

Prof. Ahmet Evin
Emeritus Professor,
Sabancı University, and
Senior Scholar,
Istanbul Policy Center

Mithat Rende
Retired Ambassador

The energy and climate consequences of COVID-19 pandemic will be discussed at the IICEC's webinar on June 2, 2020.

The webinar of the Turkey's prominent research center will be moderated by the IICEC Director Prof. Carmine Difiglio.

The participants of the webinar are as follows:

- Dr. Yasar Atacık - Founder and Board Member,

Footprint and Sustainability Association

- Değer Boden - Founding Partner, Boden Law
- Prof. Ahmet Evin – Emeritus Professor Sabancı University, and Senior scholar Istanbul Policy Center
- Mithat Rende - Retired Ambassador

Please click [here](#) for free registration.

⁷ BofA Global Research, (May 28, 2020) The extremely high oil market surplus registered so far in 1H20 could turn into a deficit

LNG's Share Reached a Record Level of 44% in Turkey's Natural Gas Imports



Alparslan Bayraktar

The Atlantic Council in Turkey organized a virtual seminar on the impact of COVID-19 on the global energy sector and reflections on Turkey on May 14, 2020.

The online event featured a distinguished panel composed of Alparslan Bayraktar, Deputy Minister of Energy and Natural Resources, Republic of Turkey; Ambassador Richard L. Morningstar, Founding Chairman, Global Energy Center, Atlantic Council; and Anita Orban, Vice President for International Affairs, Tellurian LNG, and was moderated by Atlantic Council in Turkey Director Defne Sadıklar Arslan.⁸

Deputy Minister Bayraktar pointed out that LNG has become an increasingly important source of Turkey's energy mix. In 2018, LNG made up to 22 percent of

Turkey's natural gas imports, while it is projected to make up at least one-third of all imports this year.

"The share of LNG in Turkey's total gas imports reached 44%, and the share of U.S. LNG in total LNG imports is 40% so far in the first four months of this year," said Bayraktar.

Pointing out Turkey's natural gas market that falls short of the target in the liberalization, Deputy Minister Bayraktar highlighted the long-term contracts and the take or pay obligations as a reason behind the structural barriers that limited the progress towards liberalization.

"But now we have an opportunity to accelerate the liberalization in the natural gas market. A total of 16 billion cubic meters of long-term contracts will expire in the next two years," said Bayraktar.

Deputy Minister Bayraktar noted that the increasing share of the U.S. LNG is a matter of the good relationship between two countries, but it is also crucial to achieving the highest trade volume target stressed many times by President Erdogan and U.S. President Trump.

Ambassador Morningstar underlined

that the uncertainty caused by the pandemic, along with falling prices, will affect investments and ongoing projects in the sector, which can have long term impacts. U.S. shale, which has been one of the defining success stories in the oil and gas world in recent years, is suffering from low prices but will survive, said Morningstar, who expects a new wave of consolidation in the industry. Commenting on major regional energy projects such as the Southern Gas Corridor, Morningstar said that any major expansions and investments are unlikely at present under the current conditions.

Dr. Orban argued that the long-term prospects for natural gas remain positive. She said that gas demand had been relatively less affected during the pandemic compared to oil and coal. Noting that one of the main reasons for low gas prices is the proliferation of liquefied natural gas (LNG)—driven, in large part, by increasing exports from the United States over the past few years—Orban explained that, at current prices, gas is very competitive and should continue to win market share in electricity generation from coal.

⁸ Atlantic Council, (May 29, 20220) Impact of COVID-19 on the global energy sector and reflections on Turkey

Publisher

IICEC SABANCI UNIVERSITY ISTANBUL INTERNATIONAL
CENTER FOR ENERGY AND CLIMATE

For any questions and additional information, please contact:

Prof. Dr. Carmine Difiglio

E-mail: carminedifiglio@sabanciuniv.edu

Dr. Mehmet Doğan Üçok

E-mail: mdoganucok@sabanciuniv.edu

CONTACT

Address:

IICEC, Sabancı University Minerva Palace,
Bankalar Cad. No: 2, Karaköy, 34420, İstanbul Turkey

Phone: +90 (212) 292 49 39 / 1114

IICEC's Energy Market Newsletter is a complimentary newsletter, published on IICEC's webpage - <https://iicec.sabanciuniv.edu> - and distributed to its mailing list. IICEC and any IICEC Energy Market Newsletter content providers do not accept liability for commercial decisions based on the content of this report as the complimentary IICEC Energy Market Newsletter is not intended to inform commodity market speculation or to provide advice for any business transactions