

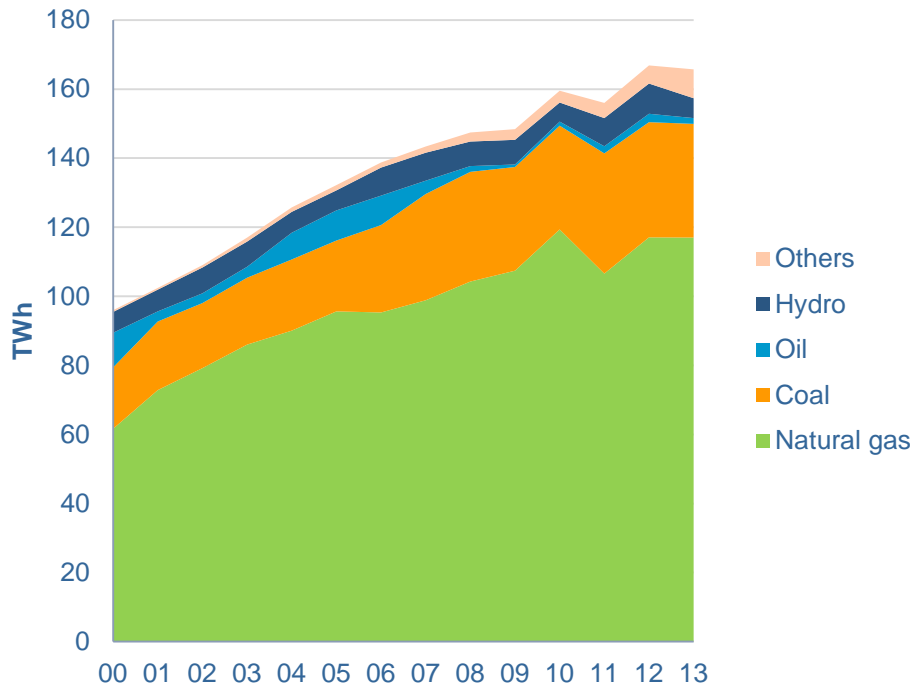
Gas market outlook and implications for the power sector

Costanza Jacazio, Bangkok, January 21

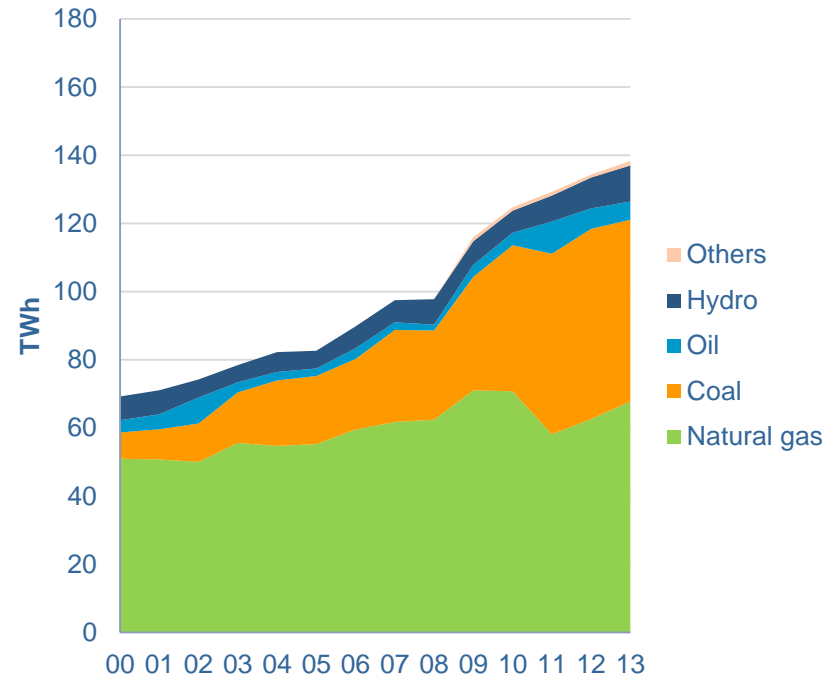


Thailand's power sector is heavily reliant on gas

Thailand's power generation by type: 2000-13

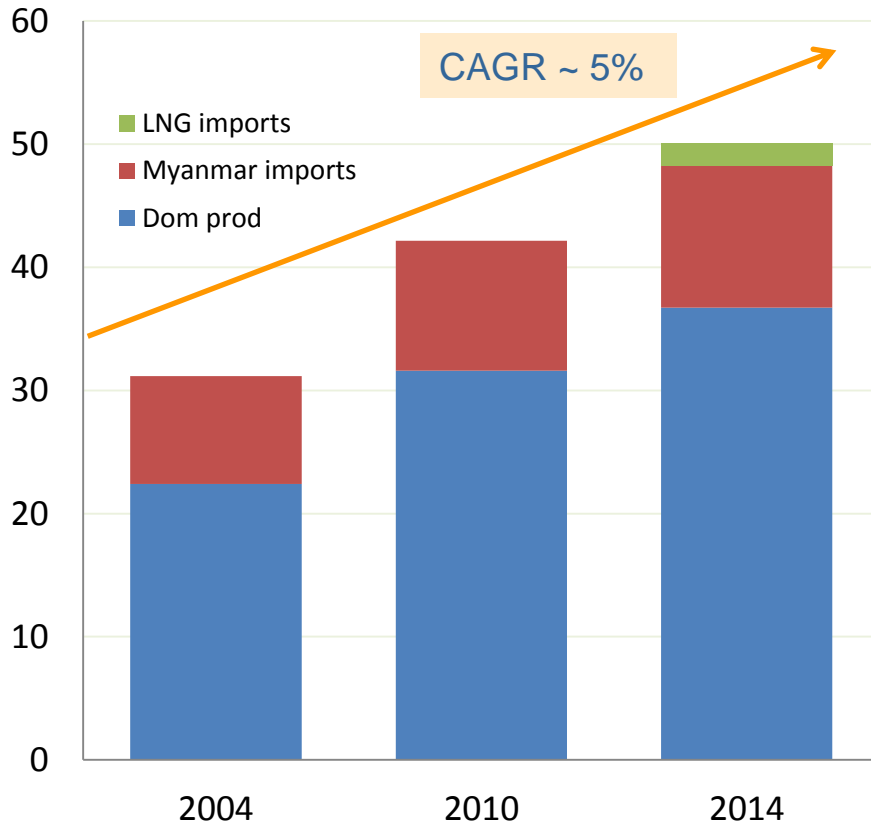


Malaysia's power generation by type: 2000-13



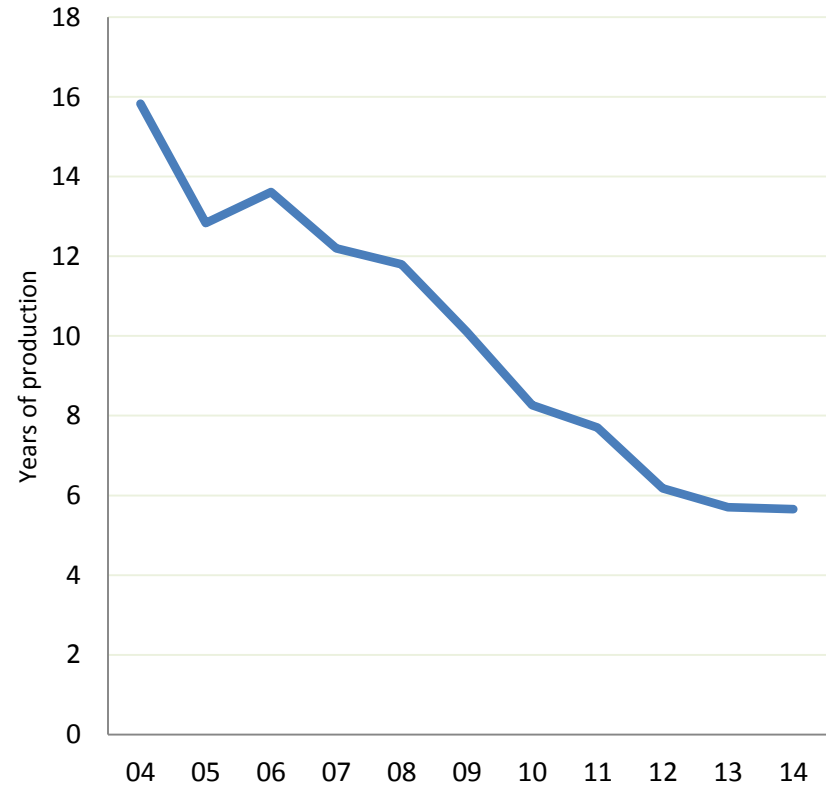
Gas consumption in Thailand has benefitted from cheap domestic gas

Thailand gas supplies (bcm, 2004-14)



Source: IEA

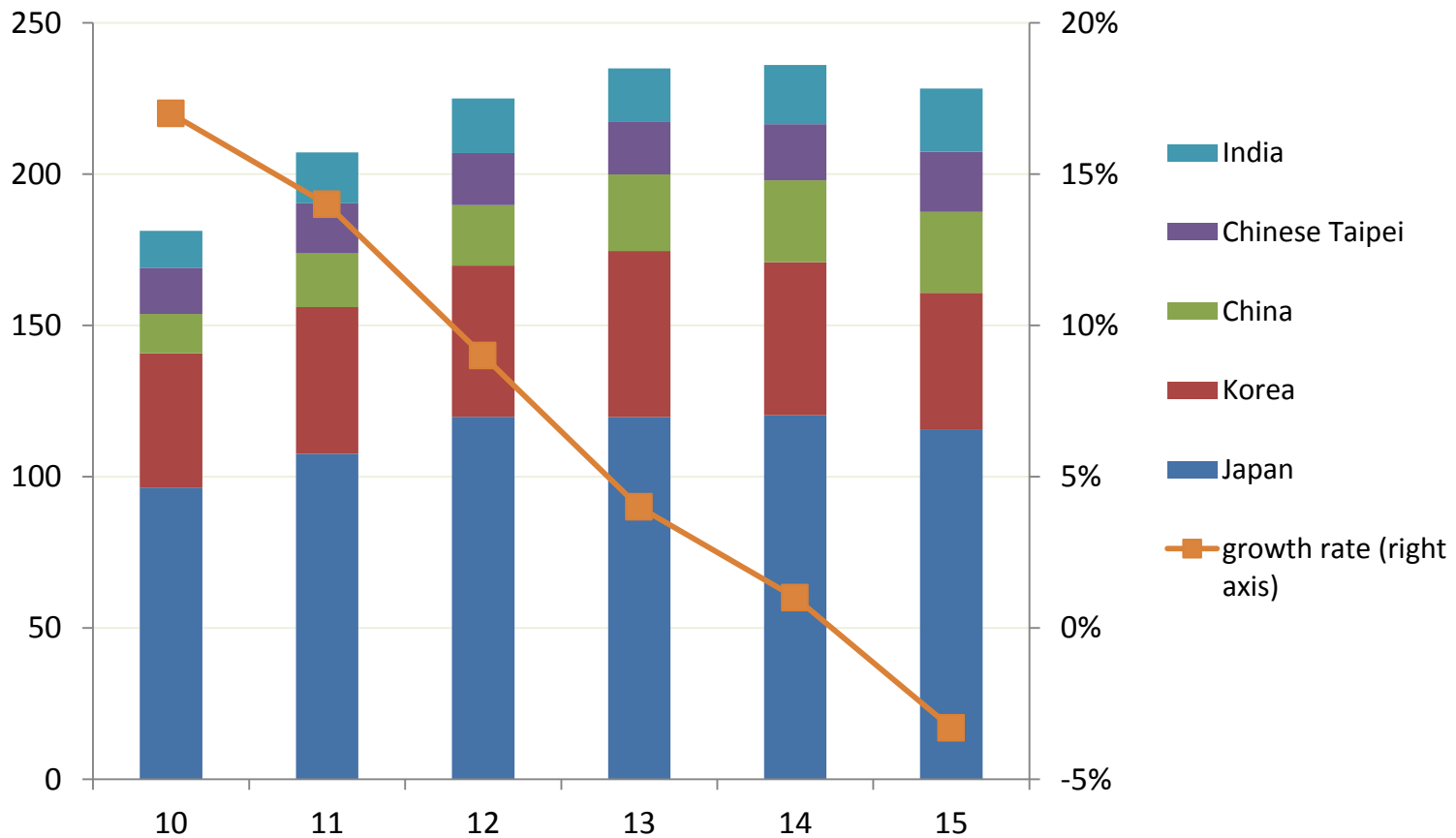
Reserve-to-production ratio



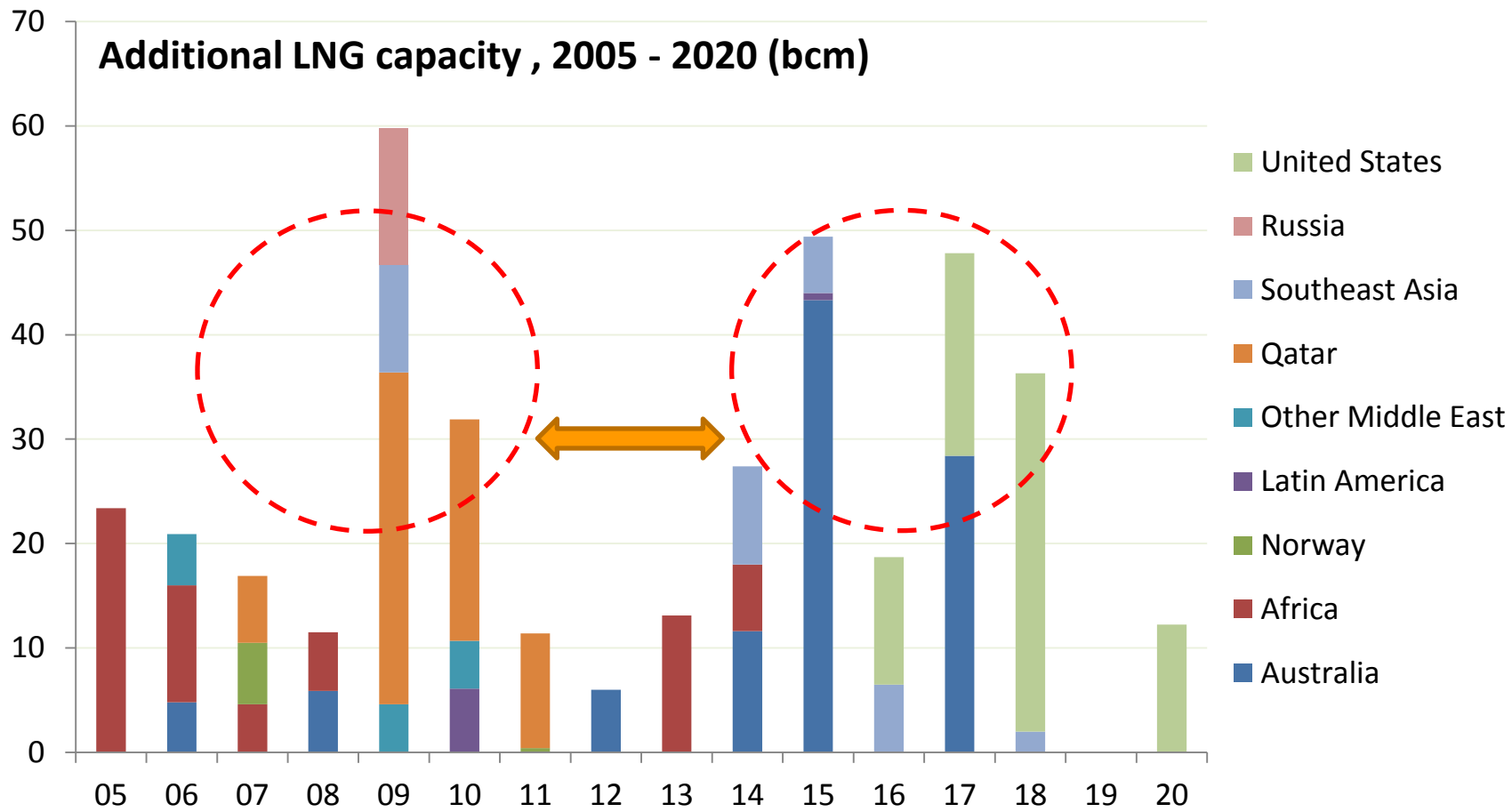
Source: BP Statistical Review of World Energy Markets

Oversupplied LNG market: a helpful window for an energy transition

Asian LNG demand has slowed down sharply (bcm)

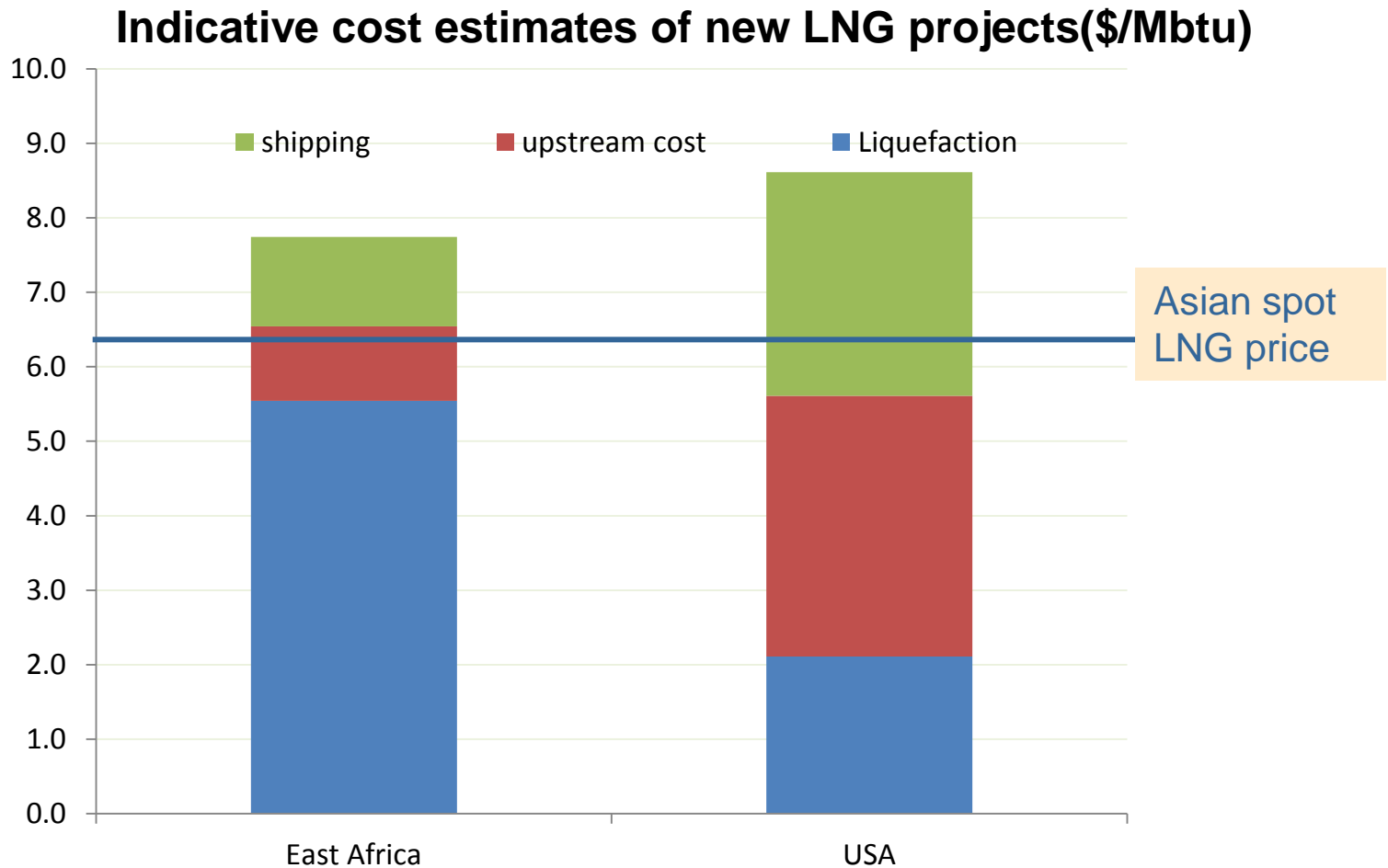


Second wave of additional LNG is on the way



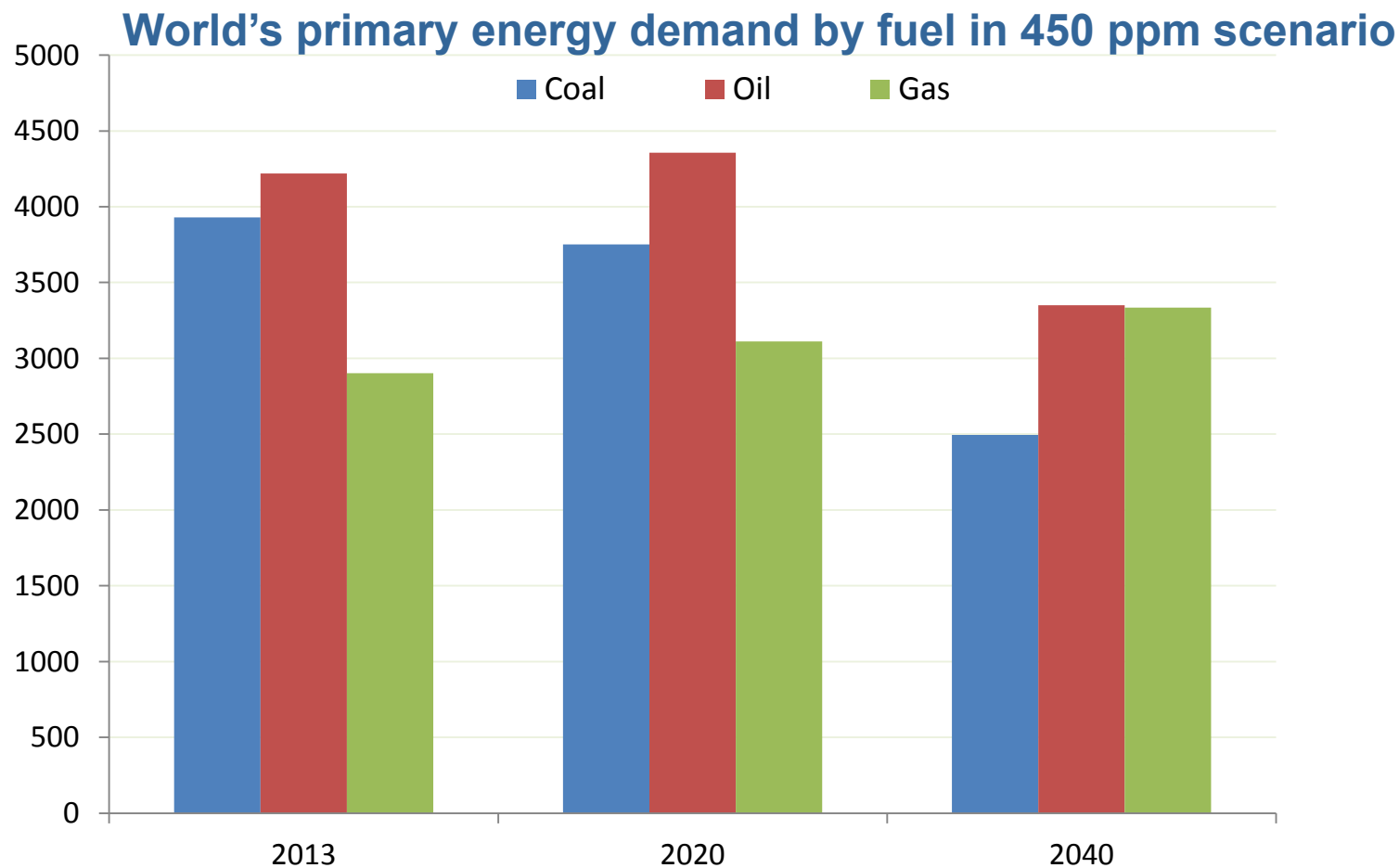
Source: IEA Mid-term gas market report 2015

Today's prices are below development costs of the cheapest LNG projects



Source: IEA estimates

Global gas consumption to increase even in a carbon constrained World



Source: IEA, World Energy Outlook 2015

Conclusions:

- ***Strong growth in domestic gas production unlikely to be sustained***
- ***High dependency on gas for power generation raises concerns over fuel security and power generation costs in the long-run***
- ***Today's oversupply in LNG markets is a helpful window of opportunity to implement reform and move towards greater diversification***
- ***Today's LNG prices are below development costs of the cheapest LNG projects***