



4th National Energy Forum ❖ September 27, 2012

Panel Discussion 3:
Key Issues & Challenges
for Effective Framework

Presentation by
Tan Sri Datuk Yong Poh Kon
President, FMM



Global Natural Gas Markets

Domestic NG always priced lower than exports

COUNTRY	DOMESTIC PRICE (\$/MMBtu)	LNG EXPORT 2Q2012 (USD/MMBtu)
UK	9	
Netherlands	9.2	
Germany	9.3	
Italy	12.1	
Russia	2.8	7 - 10.8
Peru	5	18.3
Nigeria	0.5	9 - 17.6
USA	3	16.4
Abu Dhabi/Qatar	1	8 - 17.9
Saudi Arabia	1	
Egypt	1.25-3	16.9
Australia WC	4.2	8 - 17.6
Indonesia	6.8-9.2	
JKM	12	
Malaysia	6	6 - 17

LNG export countries

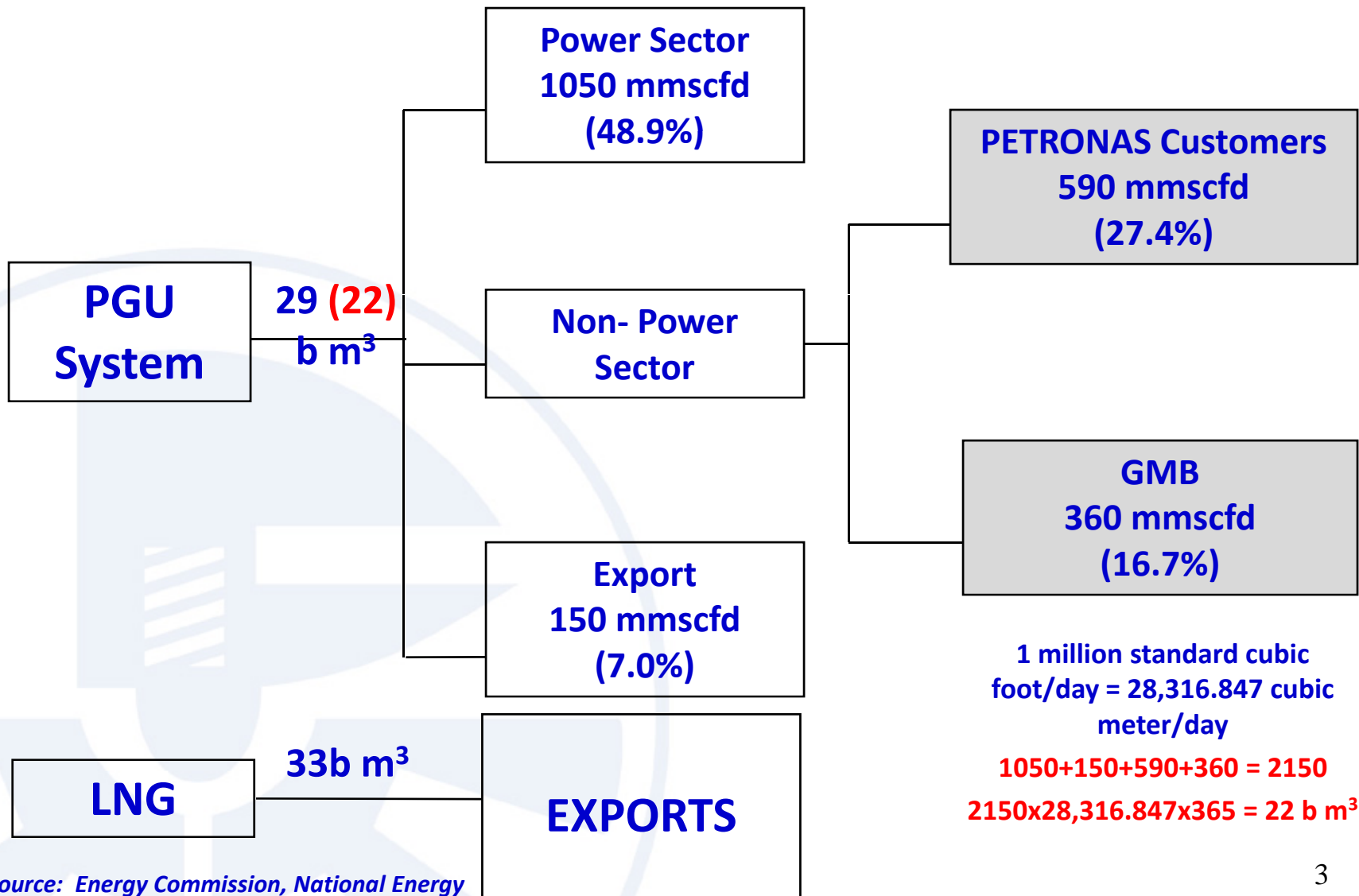
- Supply own country and region with pipeline gas at lower prices than LNG export prices
- Apply LNG segmentation on regional basis resulting in very diverse price levels

Red = Spot Japan prices delivered

Source : Argus, Interfax, Henry Hub, World Energy Source, Al Arabiya



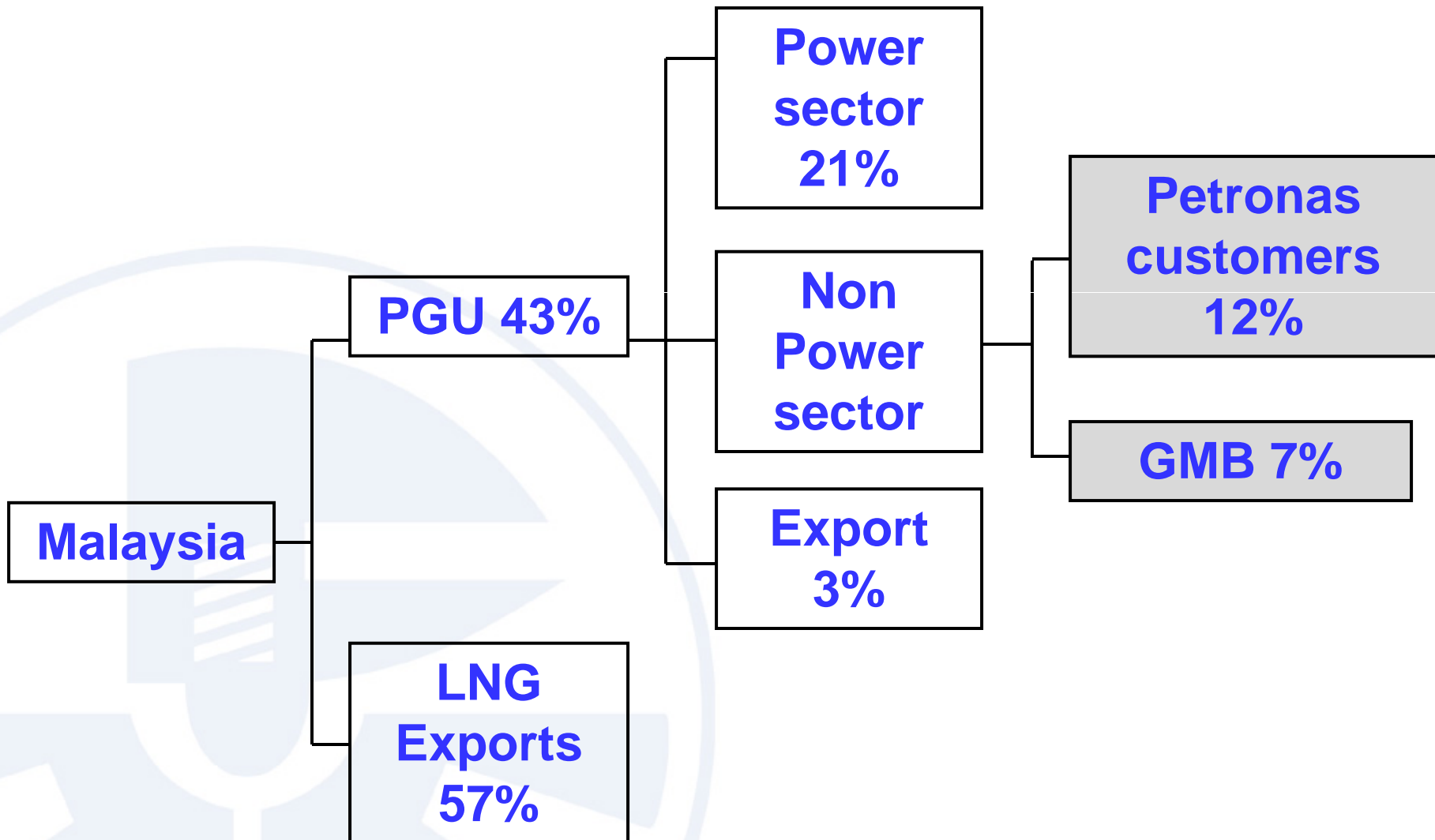
Breakdown of Natural Gas Consumption



Source: Energy Commission, National Energy Security Conference, February 2012 and BP



Breakdown of Natural Gas Consumption





Fair Pricing of Indigenous NG for Domestic Customers

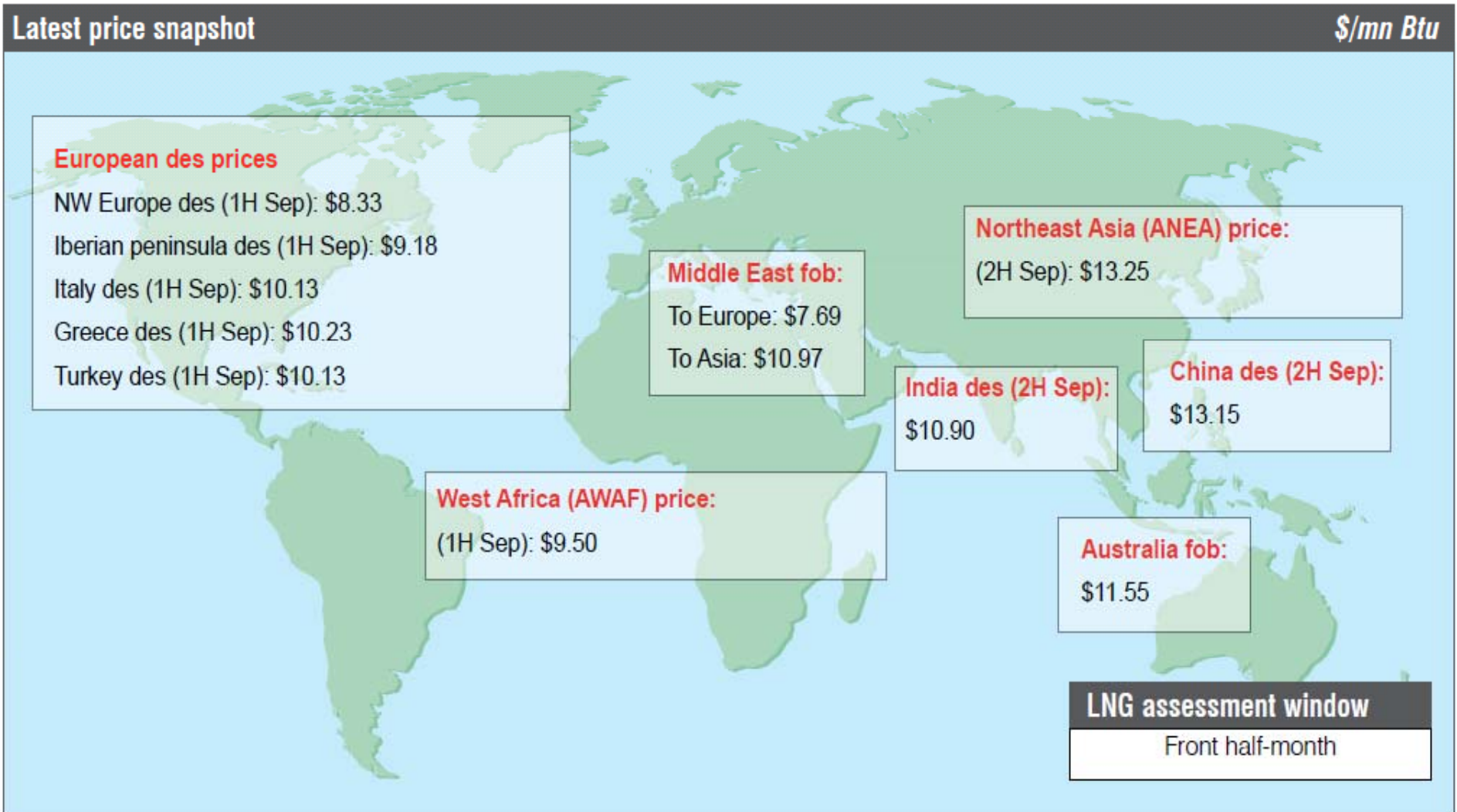
- Domestic NG pricing should be **BASED ON LONG-TERM CONTRACTS BASIS – NOT ON SPOT PRICE**
 - Ship LNG to Malacca regasification terminal and use same pricing basis for long-term contracts less appropriate discount for domestic users
- Local industries be given **PRIORITY TO INDIGENOUS GAS SUPPLY** whether the supply is from Peninsular, Sabah or Sarawak.
 - Look at **SUPPLY of indigenous gas in TOTALITY – NOT SEGREGATED**
 - Channel supply from Sabah/Sarawak to meet demand of local industries which has tremendous value add impact, instead of exporting



LNG Global Markets

Spot Price Range \$/MMBtu 8-13;

LT LNG Contract Price Range \$/MMBtu 5-8 (oil indexed)





Malaysia Long Term LNG Contracts

LT LNG Contract Price Range \$/MMBtu 5-8 (oil indexed)

Malaysian LNG sold to	Price (USD/mmBtu)	Data source
Shanghai	\$7.50	Oxford Institute
China	\$7.79 (April 2012)	Argus
PLN Indonesia	\$4.60 (8.6% annual increase starting December 2014 for 12 years to reach \$11.3/mmBtu by 2026)	Interfax

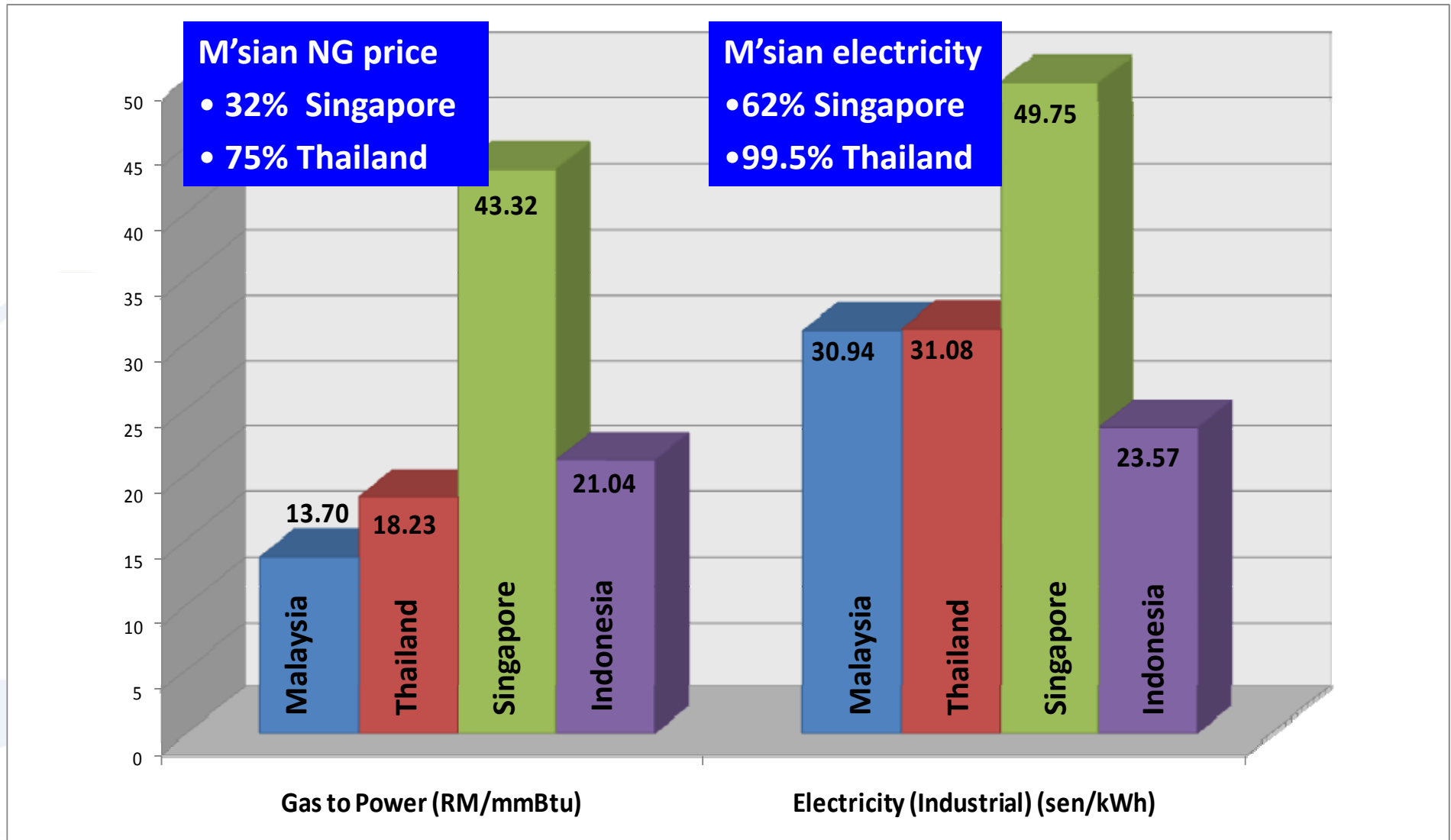


Pricing Ex Bintulu

- For Malaysian domestic consumers, should not be based on spot prices
- Should be based on what Petronas sells on a Long Term basis.
- If not, in time Malaysian consumers would be paying higher prices than other long term buyers.



Malaysian NG price LOWEST – but HIGH electricity tariff



Note: As of May 2011
EPU, TNB

Sources: