



AGH Bulletin

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World News

- 1) Australia's east coast liquefied natural gas (LNG) exporters may need to divert excess gas supply for domestic customers to stave off any potential supply shortages this winter in the country's south. Despite increased production commitments from the industry since last year, the supply in southern Australia is declining rapidly, raising risks of near-term shortages and long-term supply gaps. From 2026, Australia must acquire additional commitments to expand its gas supply or have enough renewable projects to offset the demand for gas.
(Source: Free Malaysia Today, 16 March 2023)
- 2) Japan is reported to receive 4.99 MT of LNG in March, the lowest monthly total since May 2020. South Korea, Asia's third biggest LNG buyer, is on track to import 4.08 MT in March down from February's 5.14 MT, while India is due to receive 1.59 MT of LNG for March.
- 3) Asia's LNG market has three current drivers, firstly cheaper spot prices encouraging buying in China, India and Bangladesh, secondly milder than usual temperature, which has curbed LNG imports in Japan, South Korea and Taiwan and lastly, Asia's rising import of thermal coal to compete with LNG.
(Source: Natural Gas World, 16 March 2023)

Home

- 1) PETRONAS reported record-breaking profit after tax (PAT) of RM101.6bil in the financial year ended Dec 31, 2022 (FY22), on the back of higher crude oil prices. The PAT nearly doubled from RM50.9bil a year earlier, enabling the national oil company to deliver a dividend of RM50bil to the federal government - its sole shareholder.
(Source : The Star, 13 March 2023)
- 2) Tenaga Nasional Bhd (TNB) is seeking approval from the authorities to undertake the development and commissioning of a 2,100-megawatt (mw) power plant in Kapar, Selangor. TNB has sought the approval of the Energy Commission (EC) to start technical evaluation and initial groundworks on its own without any joint-venture (JV) partner. The power plant will have dual capabilities of hydrogen-fired and gas-fired. This will allow TNB the option to use hydrogen, which is more environmentally friendly.
(Source: The Edge, 15 March 2023)
- 3) The Asia Carbon Conference (ACC) 2023 kicked off starting 15-17 March 2023 in Kuching, Sarawak gathering top industry leaders for carbon offsetting and trading in the rapidly growing global market. The conference is the first of its kind in Asia to explore innovative and effective solutions to tackle the challenge of climate change and to set the tone for policy making, investment opportunities and new technologies in the carbon market.
(Source: Borneo Post Online, 15 March 2023)

GLOBAL HIGHLIGHTS – LNG & Natural Gas

Snapshot as of 17 March 2023

Asia Pacific/India ¹

- 1) The decline in the spot price of LNG in Asia is tempting China to boost its import of the super chilled fuel.
- 2) China is on track to import 5.39 MT of LNG in March, above 4.77 MT in March 2022.
- 3) Despite China's renewed interest in LNG, total imports for Asia is trending lower, with March forecasting arrivals of 20.99 MT, down from 22.78 MT in March 2022.
- 4) Industry sources have confirmed most of spot transactions this week are mainly done by Chinese buyers with no details on the concluded deals.
- 5) JKM LNG spot assessment by Platts this week has shown further dip at USD13.04/MMBtu for May delivery. However, June and July deliveries are showing improvement at USD13.22/MMBtu and USD13.44/MMBtu respectively.

AGH Commentary

Spot activities remain active, however market is still hovering around low to mid USD13/MMBtu.

Europe ²

Surge in European Natural Gas Prices

- 1) There is a surge in European natural gas prices this week. April's Dutch TTF increased to Euro 44.10/MWh on 17 March compared to last week of Euro 41.50MWh. The increase was due to report of corrosion issues at French Energy Utility, EDF's 56 nuclear reactors in France. EDF shall be presenting its revised strategy for nuclear inspection and repair on Friday, 17 March.
- 2) In addition, the Northwest European countries have been forced to increase gas withdrawals from underground storage sites due to an ongoing strike action at France's four liquid natural gas terminals.

AGH Commentary

Incidents in France causing the surge in Europe gas prices.

Sources:

¹ Reuters; 10 March

² Europe dips into gas storage as strikes continue at French LNG Plants, www.upstreamonline.com; 15 March

GLOBAL HIGHLIGHTS – LNG & Natural Gas Outlook as of 17 March 2023

Global Gas Future Price

Month 2023	JKM Platts Future		TTF Natural Gas Future		CME HH Future	
	USD/ MMBtu	RM/ MMBtu	USD/ MMBtu	RM/ MMBtu	USD/ MMBtu	RM/ MMBtu
Apr	-	-	13.83	62.34	2.51	11.30
May	13.45	60.60	13.96	62.90	2.26	11.78
June	13.70	61.73	14.08	63.44	2.83	12.75
July	13.92	62.74	14.13	63.65	-	-
Aug	14.37	64.74	14.22	64.09	-	-
Sep	14.43	65.05	14.47	65.21	3.02	13.62
Oct	14.38	64.82	15.12	68.13	3.11	14.00
Nov	16.03	72.22	16.23	73.11	-	-
Dec	17.14	77.26	16.68	75.16	3.82	17.21

Source: ICE Energy Report , CME Group Market Data

Global Crude Future Benchmark Snapshots in RM per MMBtu

Month 2023	Brent (ICE)	WTI (NYMEX)	JCC (ICE)
Apr	59.60	55.37	66.63
May	59.35	55.51	63.06
June	59.19	55.60	61.51
July	58.94	55.57	60.81
Aug	58.64	55.45	60.23
Sep	58.32	54.87	59.75
Oct	58.09	54.86	59.45
Nov	57.88	54.44	59.12
Dec	57.27	54.63	58.75

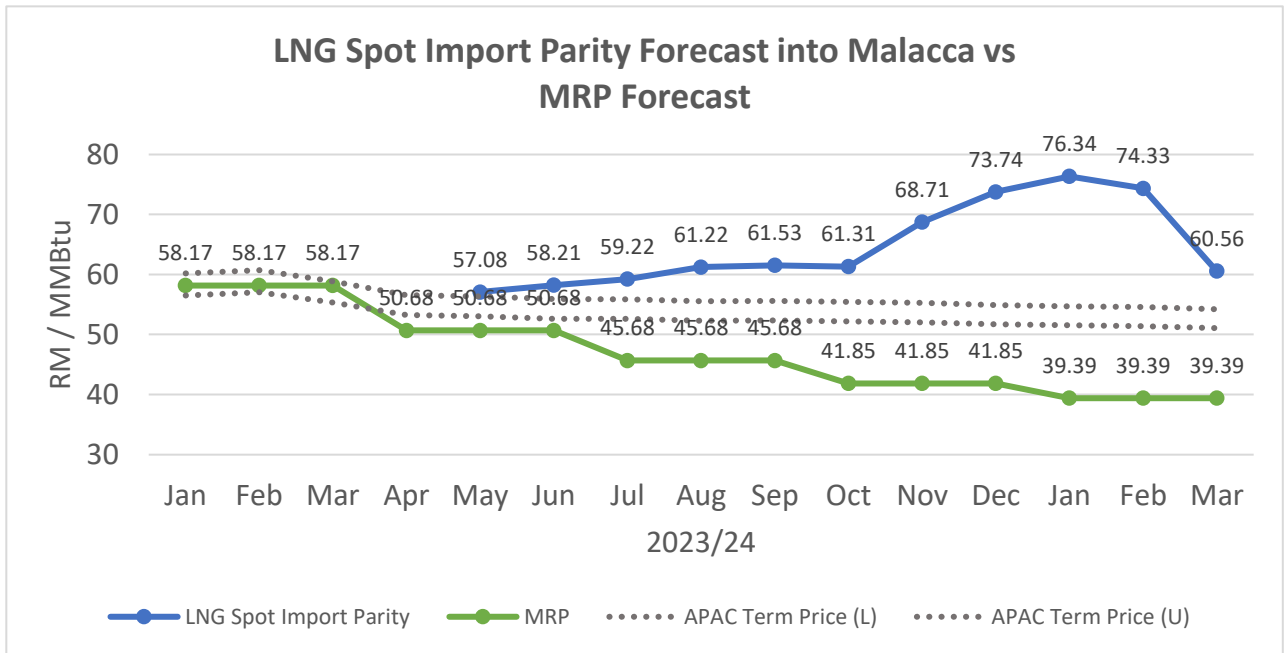
Source: CME Group Market Data, ICE Energy Report

Coal Future Price

Month 2023	Coal CIF ARA Future Quotes		ICE Rotterdam Futures	
	USD/MMBtu	RM/MMBtu	USD/MMBtu	RM/MMBtu
Mar	-	-	-	-
Apr	4.96	22.35	4.76	21.43
May	4.77	21.49	4.70	21.17
June	4.71	21.24	4.67	21.05
July	4.72	21.27	4.69	21.13
Aug	4.72	21.29	4.71	21.21
Sep	4.76	21.45	4.73	21.31
Oct	4.80	21.62	4.79	21.59
Nov	4.83	21.78	4.81	21.70
Dec	4.85	21.85	4.83	21.79

Sources: Coal (API2) CIF ARA (ARGUS-McCloskey), www.cmegroup.com; ICE Rotterdam Coal Future Prices, www.barchart.com

LOCAL HIGHLIGHTS – Domestic Forecast for MRP & LNG Import Parity as of 17 March 2023



Source: AGH Market Analysis

Month	Import Parity - MRP Spread	Change	Import Parity - APAC Term Ave Spread	Change
May-23	▲ 6.40	▼ -0.28	▲ 2.41	▲ 3.94
Jun-23	▲ 7.54	▼ -0.33	▲ 3.94	▲ 4.07
Jul-23	▲ 13.55	▼ -0.45	▲ 4.99	▲ 3.69
Aug-23	▲ 15.54	▲ 0.37	▲ 7.32	▲ 4.50
Sep-23	▲ 15.85	▼ -0.75	▲ 7.58	▲ 3.02
Oct-23	▲ 19.46	▲ 0.61	▲ 7.51	▲ 1.06
Nov-23	▲ 26.86	▲ 2.83	▲ 15.06	▲ 3.20
Dec-23	▲ 31.90	▲ 4.28	▲ 20.46	▲ 4.39
Jan-24	▲ 36.95	▲ 8.33	▲ 23.23	▲ 6.08
Feb-24	▲ 34.95	▲ 6.08	▲ 21.34	▲ 3.74
Mar-24	▲ 21.17	▲ 5.11	▲ 7.90	▲ 2.61

Source: AGH Market Analysis

Commentary

The differential between the Import Parity and MRP is mainly narrowing for summer season but widening for winter season.

LOCAL HIGHLIGHTS – Peninsular Gas Utilities (PGU)

Gas Volume Updates as of 17 March 2023

There is no change in available capacity from last week

Northern Region			
State	Exit CITY GATE (CG)/Metering Station (MS)	Available Capacity	
		MMscf/d	MMBtu/d
Perlis	Tambun Tulang CG	10.97	11375.89
	Ayer Puteh CG	30.92	32064.04
	TTPC MS	55.86	57926.82
Kedah	Pondok Labu CG	19.21	19920.77
	Kulim Hi Tech CG	75.18	77961.66
	Sungai Petani CG	20.44	21196.28
	Pokok Sena CG	20.86	21631.82
	PFK MS	16.25	16851.25
	NUR MS	200.97	208405.89
	Prai CG	24.97	25893.89
Penang	TNB Prai MS	98.28	101916.36
	TNB Gelugor MS	23.35	24213.95
	Prai Power MS	110.22	114298.14

Eastern Region			
State	Exit CITY GATE (CG)/Metering Station (MS)	Available Capacity	
		MMscf/d	MMBtu/d
T'gaganu	Kerteh CG	0.89	922.93
	Teluk Kalong CG	8.68	9001.16
	Kerteh 3 CG	96.3	99863.1
	Kerteh 2 CG	3.79	3930.23
	TNB Paka MS	208	215696
	YTL Paka MS	139.16	144308.92
	CUF Kerteh MS	105.52	109424.24
Pahang	CUF Gebeng MS	125.84	130496.08
	Gambang CG	0.49	508.13
	Gebeng CG	29.51	30601.87
	Gebeng 2 CG	68.6	71138.2
	PCEMSB MS	8.46	8773.02
	PCASB MS	7	7259
	Aromatic KR2 MS	3.3	3422.1
	PCOGD MS	50.51	52378.87
	PERWAJA MS	50.88	52762.56
	MTBE NG MS	11.6	12029.2
	PDH MS	8.4	8710.8
	BASF Fuel	8.29	8596.73
	BASF Feedstock	2.1	2177.7
	Idemitsu MS	9.83	10193.71
	Titan MS	37.78	39177.86
Genting Sayen MS	47.95	49724.15	



Source: PETRONAS Gas Berhad

LOCAL HIGHLIGHTS – Peninsular Gas Utilities (PGU)

Gas Volume Updates as of 17 March 2023

There is no change in available capacity from last week

Central Region			
State	Exit CITY GATE (CG)/Metering Station (MS)	Available Capacity	
		MMscf/d	MMBtu/d
Klang Valley	KLIA CG	0.06	62.22
	Dengkil CG	71.6666	74318.2642
	Puchong CG	14.64	15181.68
	Batu Tiga CG	37.76	39157.12
	GB3 MS	93.48	96938.76
	Connaught Bridge MS	186.77	193680.49
	GDC KLIA MS	1.9	1970.3
	PNGV KLIA 1	0.47	487.39
	PNGV KLIA 2	0.7	725.9
	PNGV KLIA 3	0.41	425.17
	Venator MS	7.6	7881.2
	S'gor	Serdang CG	76.4
Shah Alam CG		80.37	83343.69
Kapar CG		9.07	9405.59
Meru CG		95.42	98950.54
Bestari Jaya CG		8.74	9063.38
Kuala Langat Power Plant MS		50.35	52212.95
Serdang MS		174.67	181132.79
N.Sembilan	Kapar MS	268.04	277957.48
	Seremban CG	15.91	16498.67
	Seremban 2 CG	10.29	10670.73
	Bandar Baru Nilai CG	10.66	11054.42
	Tebong CG	25.23	26163.51
	Port Dickson MS	230	238510

Western Region			
State	Exit CITY GATE (CG)/Metering Station (MS)	Available Capacity	
		MMscf/d	MMBtu/d
Perak	Kamunting CG	20.96	21735.52
	Parit Buntar CG	18.47	19153.39
	Ayer Tawar CG	16.19	16789.03
	Hutan Melintang CG	47.86	49630.82
	Merbau CG	78.5	81404.5
	Tronoh CG	4	4148
	SEV Lumut MS	180.42	187095.54

Southern Region				
State	Exit CITY GATE (CG)/Metering Station (MS)	Available Capacity		
		MMscf/d	MMBtu/d	
Johor	Kluang CG	39.24	40691.88	
	Kulai CG	18.2	18873.4	
	Senai CG	114.96	119213.52	
	Pasir Gudang CG	237	245769	
	Plentong CG	74.2	76945.4	
	Tg Langsat CG	17.66	18313.42	
	Paya Rumput CG	14.11	14632.07	
	TNB Pasir Gudang MS	279.57	289914.09	
	Pengerang COGEN Power MS	111.61	115739.57	
	Southern Power Generation MS	20	20740	
	Plentong (Senoko) MS	145	150365	
	Plentong 2 (Keppel) MS	118	122366	
	M'cca	Alor Gajah CG	9.25	9592.25
		Tanjung Kling MS	50.01	51860.37
Tanjung Gemok MS		38.93	40370.41	
Teluk Gong MS		111	115107	
Panglima MS		25.31	26246.47	
EDRA Energy Sdn Bhd		210.21	217987.77	
Tangga Batu Refinery MS		32.66	33868.42	
Tangga Baru Cogen MS	12.34	12796.58		

Source: PETRONAS Gas Berhad

FUN FACTS

1 History

Russia is the world's leading exporter of gas, exporting 201.7 billion cubic meters of gas via pipelines in 2021, and 39.6 billion cubic meters of liquefied natural gas (LNG).

Source: Statistica 2023



2 ChatGPT Let's ask...

How does the Malaysian natural gas industry evolve over the years?

The Malaysian natural gas industry has evolved significantly over the years, moving from a predominantly domestic focus to becoming an important player in the global natural gas market. Key stages of this evolution include:

Discovery and early development: The Malaysian natural gas industry traces its roots to the discovery of natural gas reserves in the 1960s. In the early years, development focused mainly on supplying the domestic market, particularly for power generation and industrial applications.

Expansion and export: In the 1980s and 1990s, Malaysia witnessed rapid growth in its natural gas production, driven by the development of offshore gas fields and advances in extraction technology. During this period, the country began exporting natural gas in the form of liquefied natural gas (LNG), with the establishment of the Petronas LNG Complex in Bintulu, Sarawak. Malaysia quickly emerged as one of the world's leading LNG exporters.

Diversification and regional cooperation: In the 2000s, Malaysia continued to expand its natural gas production and export capacity. The country also entered into several regional cooperation agreements, such as the Trans-ASEAN Gas Pipeline (TAGP) project, which aimed to interconnect the natural gas networks of ASEAN countries.

Overall, the Malaysian natural gas industry has evolved significantly over the years, transforming from a primarily domestic-focused industry to a major player in the global natural gas market. The country's ongoing efforts to diversify its energy mix, invest in innovation, and adapt to a changing global energy landscape will continue to shape the industry's future trajectory.

Domestic market reform: Recognizing the need to ensure the long-term sustainability of its natural gas resources, the Malaysian government implemented reforms in the domestic market, such as the introduction of market-based pricing mechanisms and the liberalization of the gas supply industry.

Focus on alternative energy sources: Over the past decade, Malaysia has made efforts to diversify its energy mix by investing in renewable energy sources like solar, wind, and hydropower. This shift not only helps to reduce the country's reliance on natural gas but also contributes to its commitment to reducing greenhouse gas emissions under the Paris Agreement.

Emphasis on innovation and technology: Malaysia has been increasingly focusing on research, development, and innovation in the natural gas sector. This includes efforts to improve the efficiency of natural gas extraction and processing, as well as the development of new technologies, such as carbon capture, utilization, and storage (CCUS).

Growing regional competition: In recent years, the Malaysian natural gas industry has faced growing competition from other countries in the Asia-Pacific region, such as Australia and the United States. This has prompted Malaysia to explore new export markets and strategies, as well as to invest in the development of its domestic natural gas infrastructure.

END OF REPORT