

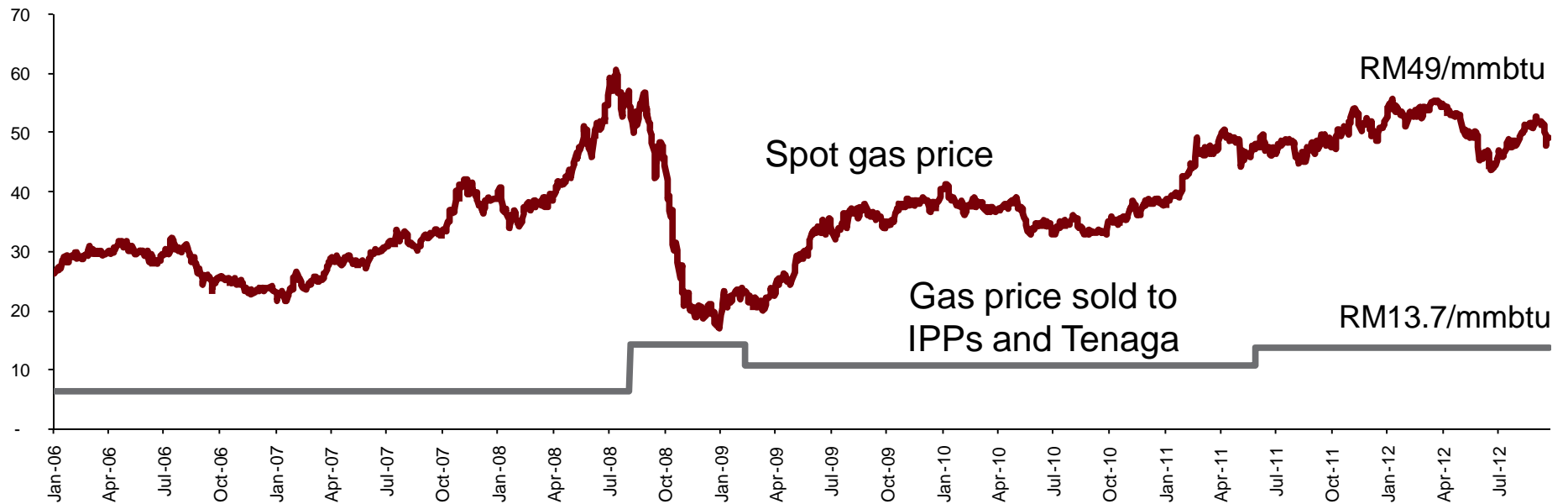
# Ensuring Energy Sustainability

Malaysia's 4<sup>th</sup> National Energy Forum (Sep 2012)



# BACKGROUND: WHAT'S WRONG WITH THIS PICTURE?

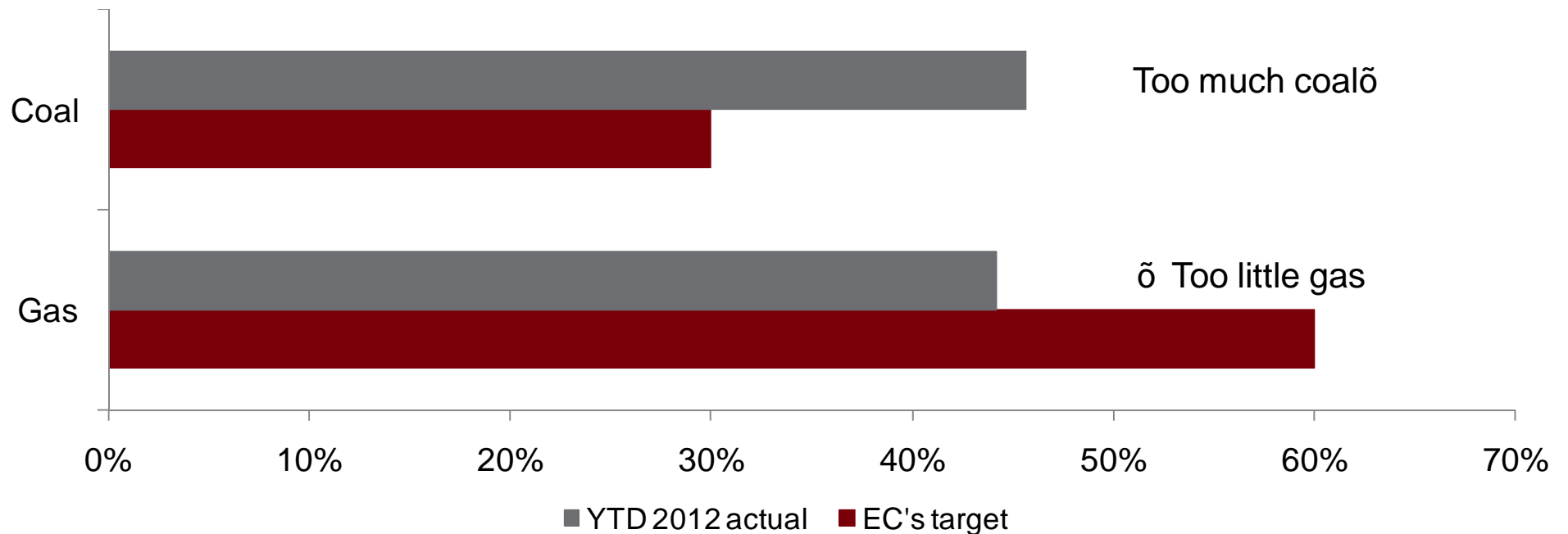
Gas prices have remained low for far too long.



Source: Bloomberg, Tenaga

# 1. WHAT'S NOT SEEN WHEN THE LIGHTS TURN ON

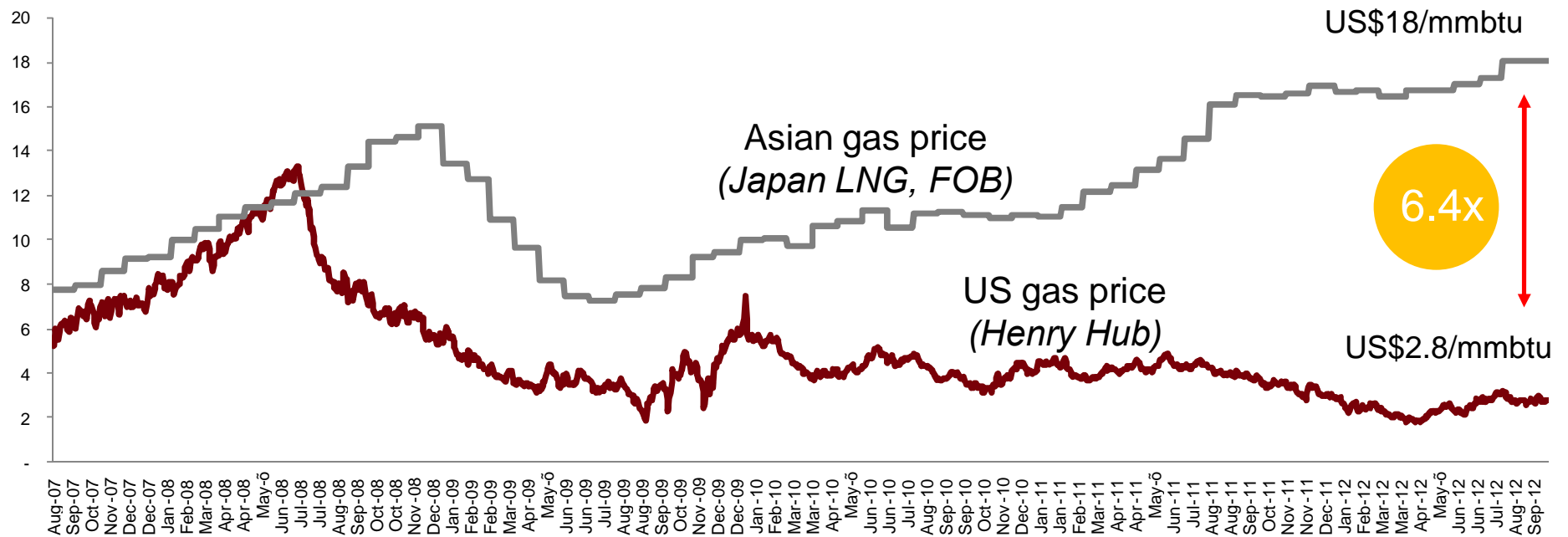
Current consumption rates cannot be sustained for much longer.



Source: Energy Commission up to 13 Sep 2012

## 2. ALL GOOD THINGS COME TO AN END

How will the shale gas revolution in North America impact Asian gas prices?



Source: Bloomberg, Tenaga

### 3. INDUSTRIAL DEMAND IS INELASTIC

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Businesses are showing a willingness to pay market prices for energy.

*Officially secured 80% of the additional gas volume coming on stream in 2013. Though sold at higher prices, it remains cheaper than alternatives and is the most efficient fuel.*



Gas Malaysia

*Bracing that gas subsidies will be removed, glovemakers are diversifying energy needs. They also intend to pass on the incremental cost to buyers.*



Glovemakers

Source: Gas Malaysia, Financial Daily (27Jul for glovemakers), Star Biz (4 Sep for Gas Malaysia)

**THANK YOU!**

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