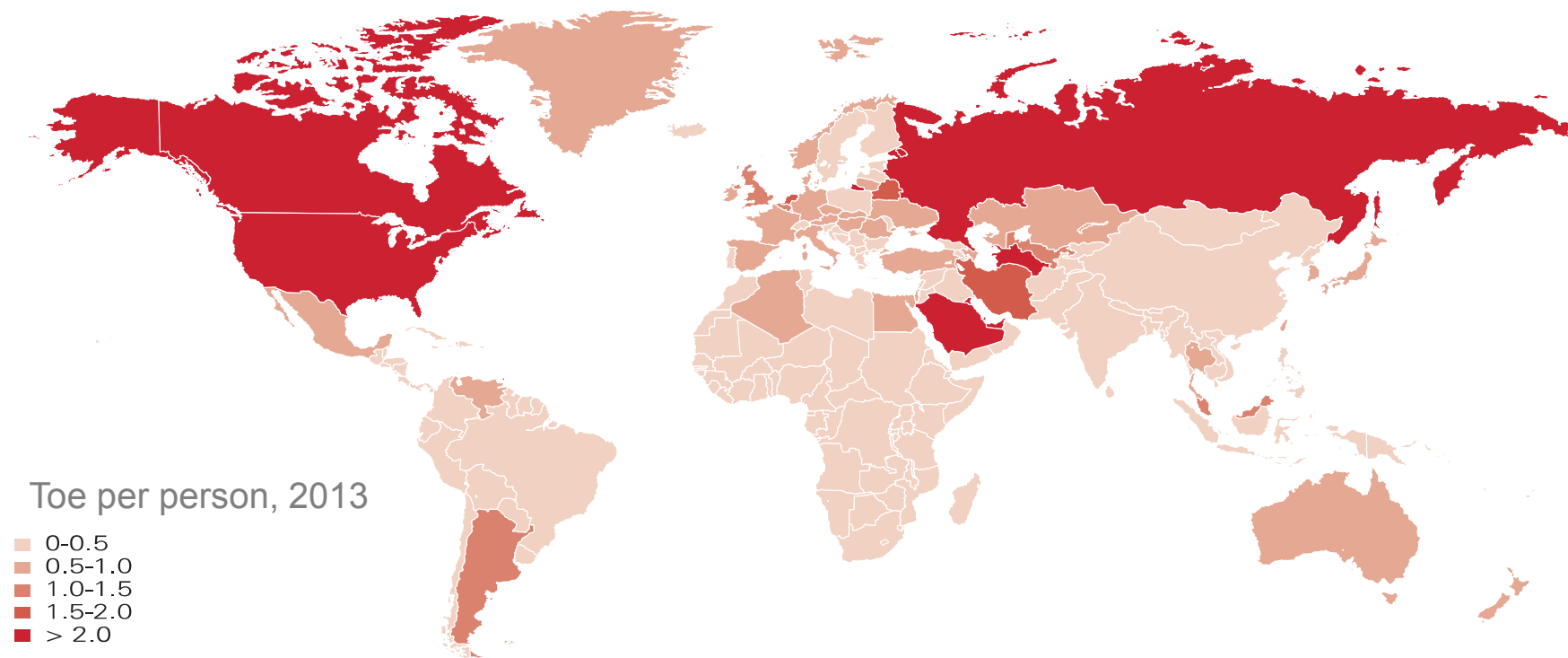




# The Future of Gas Markets

Vinod Tahiliani, BP India  
10<sup>th</sup> October 2014

# Gas consumption per capita



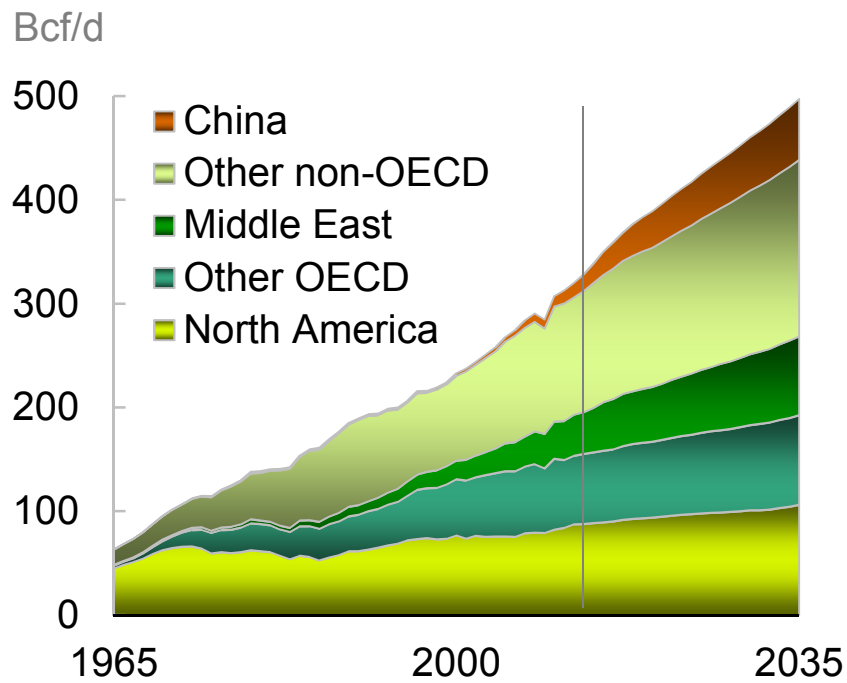
Source: Includes data from Cedigaz.

BP Statistical Review of World Energy 2014  
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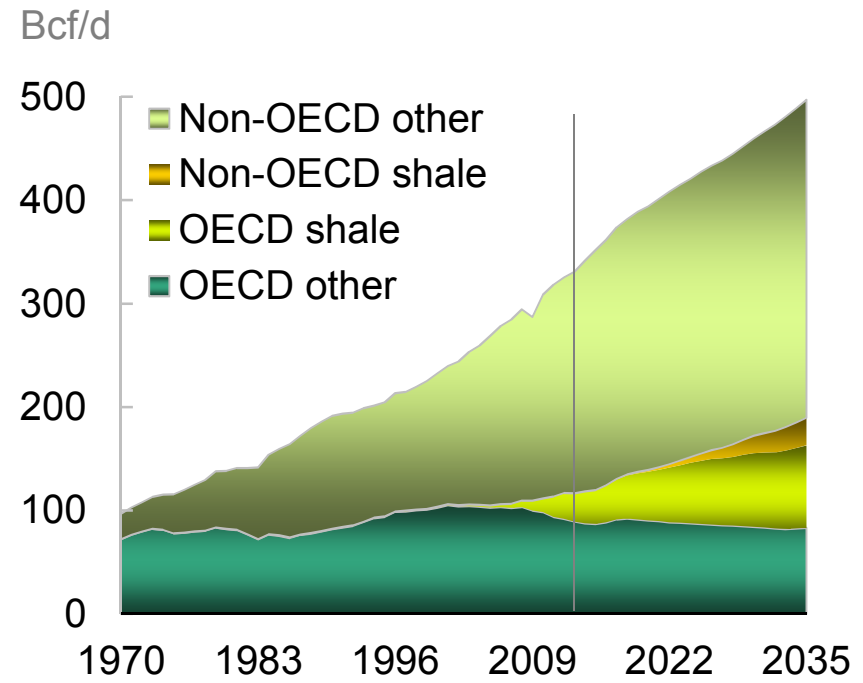
# Natural gas demand and supply



### Demand by region



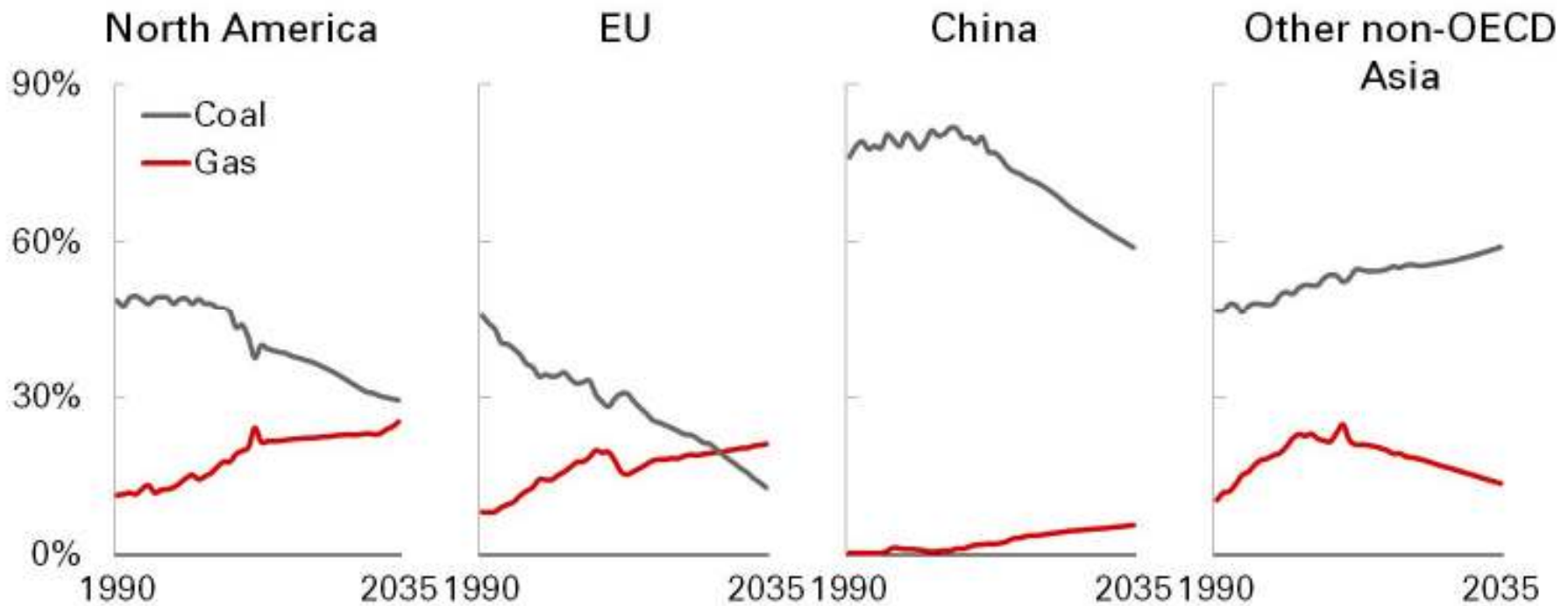
### Gas production by type and region



# Share of gas for power sector by region



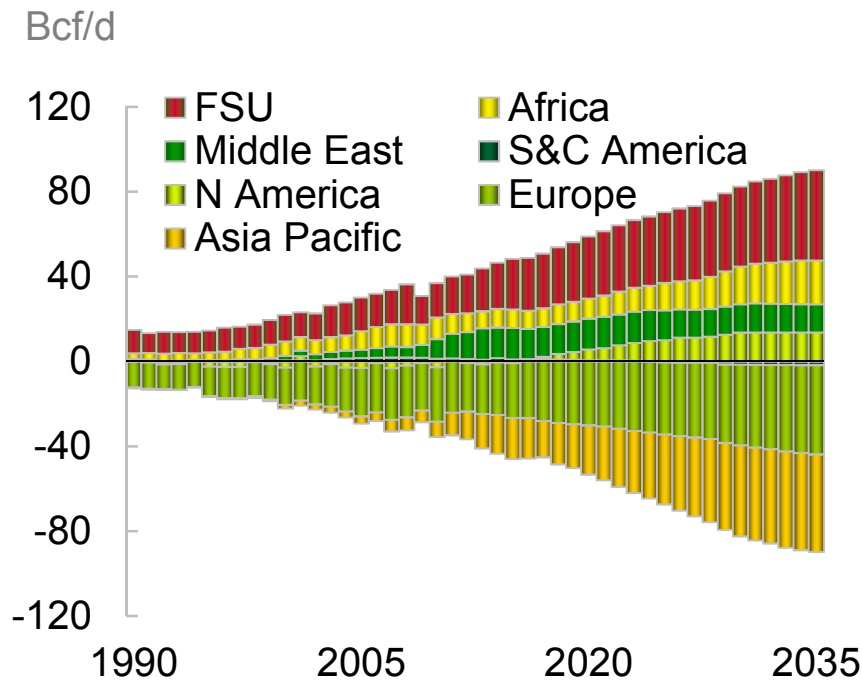
Share of power sector fuel consumption



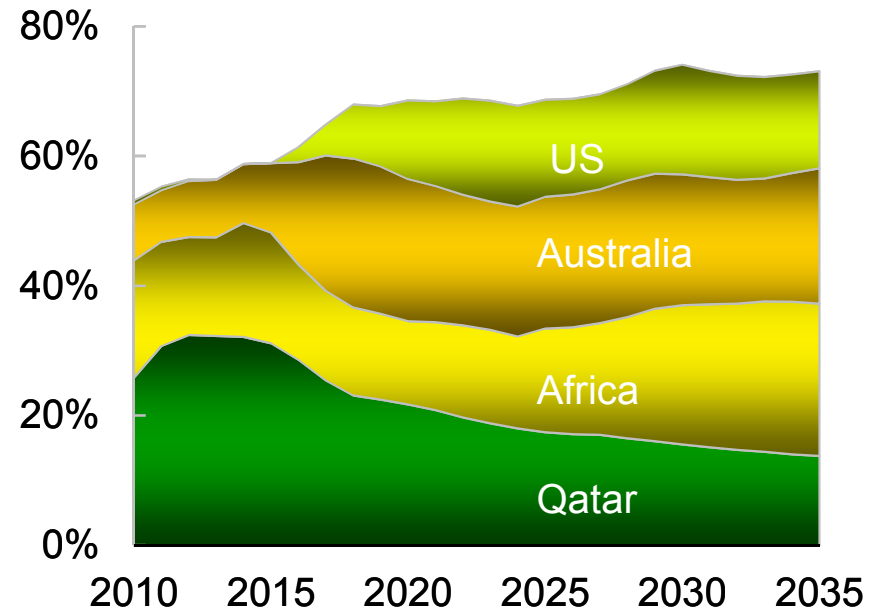
# Gas trade expands driven by LNG



### Regional net exports

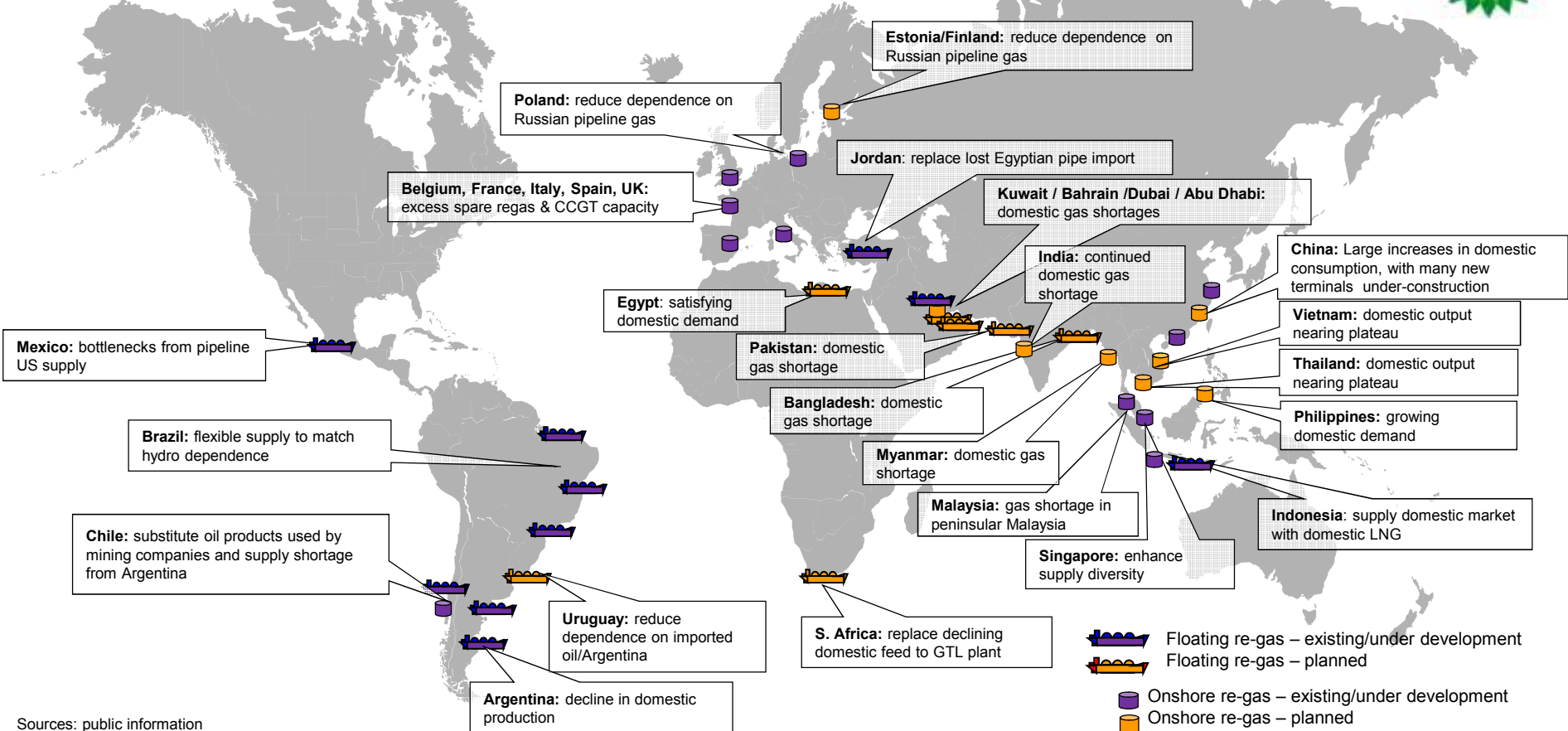


### Share of global LNG trade



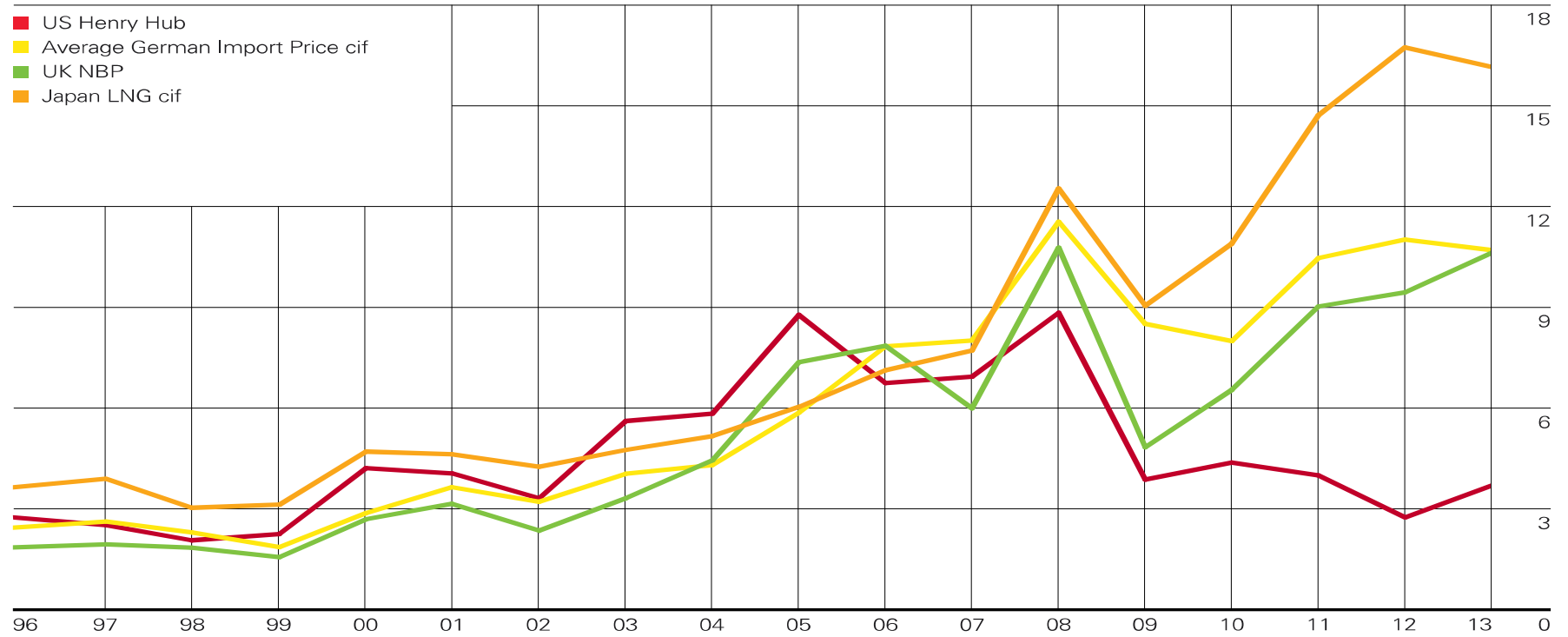


# Several new LNG buyers



Sources: public information

# Gas prices, \$/mmBtu

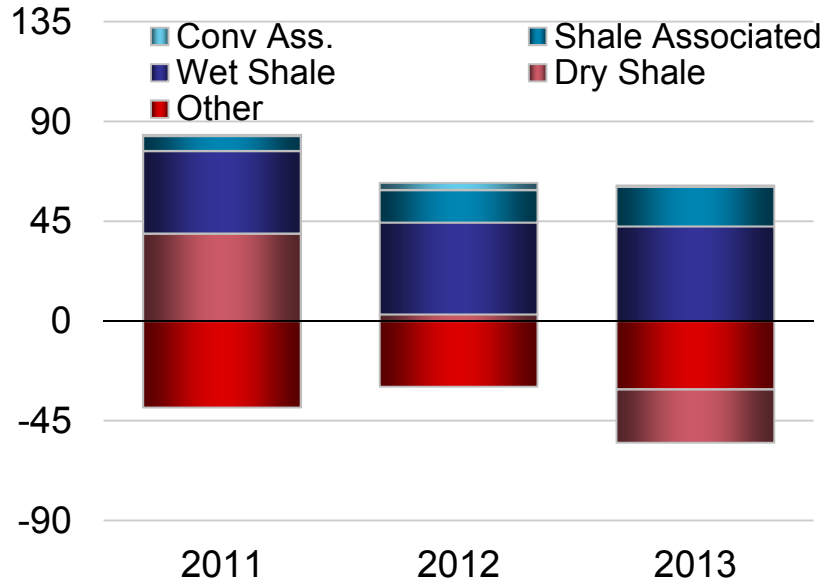


# Impact of price on natural gas in key markets



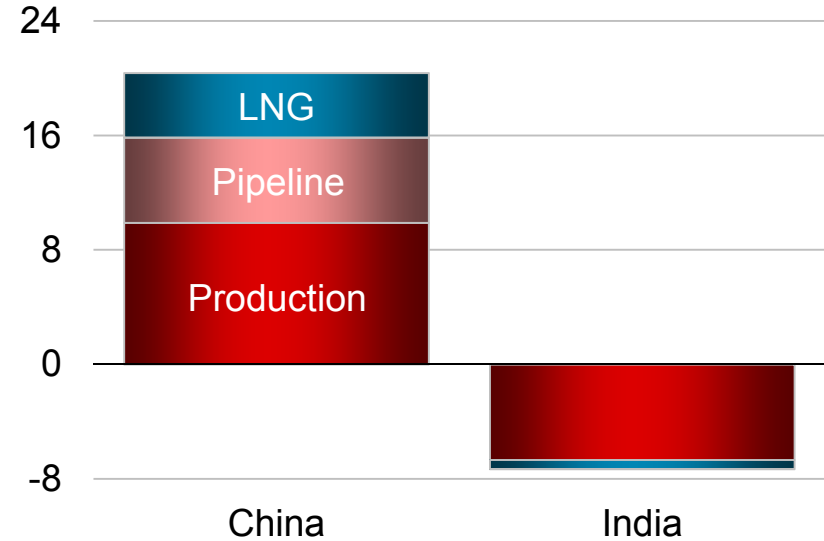
### Slowing US production growth

Annual change, Bcm

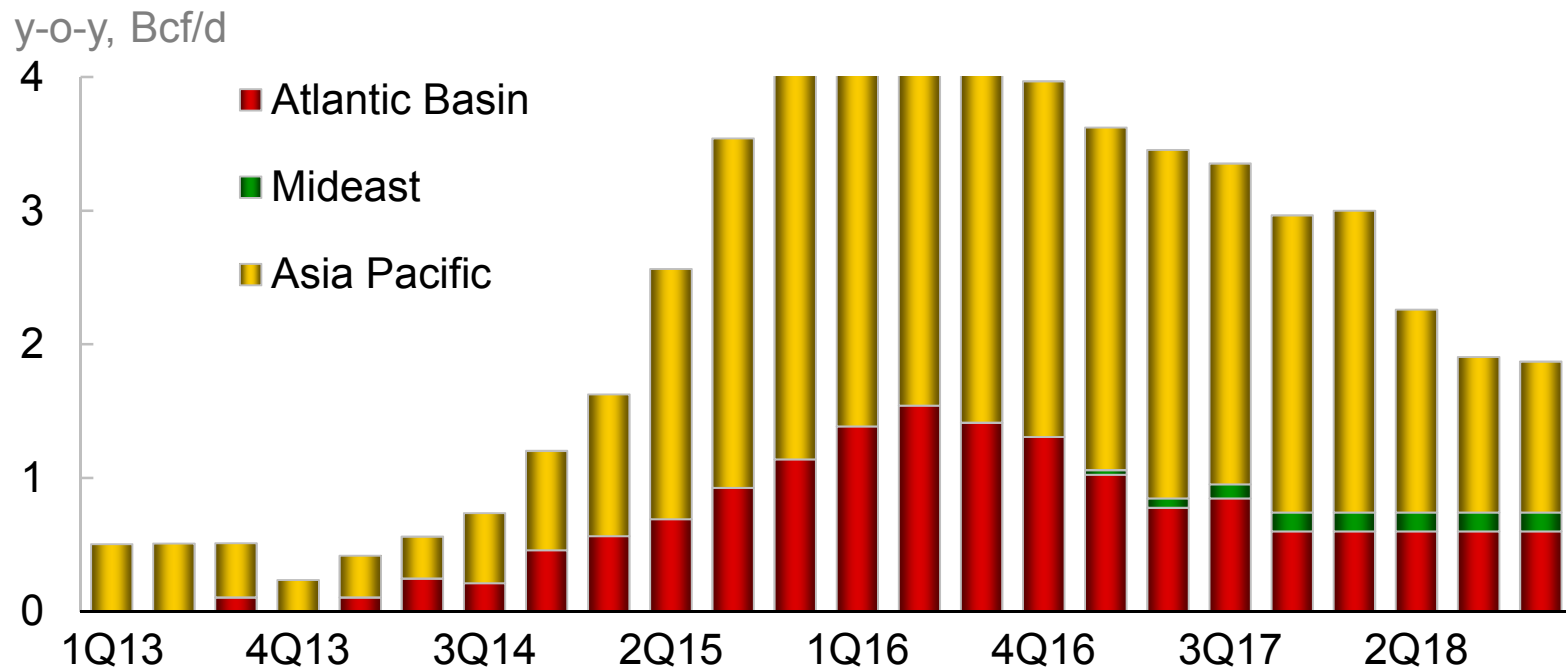


### Asian supply growth in 2013

Annual change, Bcm

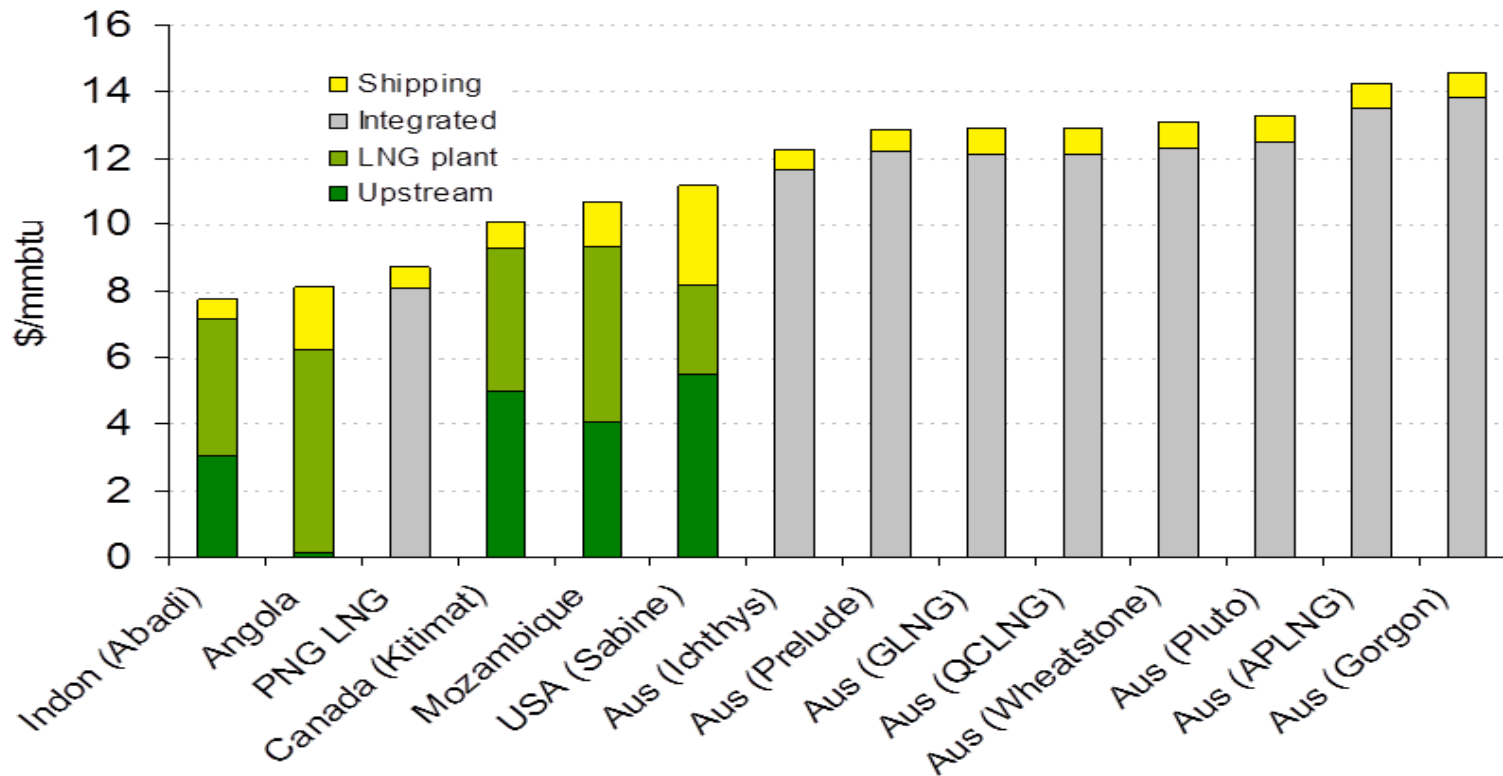


# Global liquefaction capacity growth



Source: includes data from PIRA, Waterborne

# LNG cost to deliver from new projects



\*To Japan (assuming delivery to Futtsu terminal on 155,000 m<sup>3</sup> DFDE vessel) at 12% discount rate

Source: Wood Mackenzie

# Conclusion



- Natural gas is the fastest growing fossil fuel with the expansion of trade driven by Asia Pacific
  - New supply sources are increasing gas market liquidity – with several countries competing for this supply
  - Pricing mechanisms for LNG are changing from mainly crude related to HH or other gas index related – however LNG is unlikely to be cheap
  - Flexibility is key for balancing gas markets and is valuable.
-

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