

PTT poised to gain from Myanmar deal

GOVT-LEVEL PACT NEXT MONTH WILL TAKE ENERGY GIANT STEP CLOSER TO BT20 BN GAS PROJECT

THE NATION

THAI and Myanmar officials will sign a memorandum of agreement at a meeting of Asean energy ministers next month that will take energy giant PTT a step closer towards a major gas project across the border.

The signing of the agreement will pave the way for PTT to conduct a study on a Bt20 billion investment in a 3-million-tonne liquefied natural gas (LNG) floating storage and regasification unit for LNG procurement and import in the southern city of Kanbawk, said Areepong Bhoocha-oom, the permanent secretary of the Ministry of Energy.

"This [planned] signing will permit PTT to enter into the area and do the environmental impact assessment report and, later, begin construction," Areepong said. The gas supply is scheduled to come on stream by 2027.

Energy ministers and officials from across the regional bloc will meet in Manila on September 26-18.

Initially, Myanmar will not be involved in the investment, Areepong said, adding that PTT has sufficient capability to proceed with the project or it may enter into joint investments with local business operators.

The project's LNG will be moved through the Thailand-Myanmar gas pipeline to Thailand's western plants to improve the nation's energy security and some portion of the gas would be delivered to Myanmar, he said.

It is seen as vital that Thailand liberalise the LNG and liquefied petroleum gas (LPG) sector to deal with a potential gas crisis expected from 2021-23 when gas production capacity in the Gulf of Thailand is project-

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ed to decline.

The gas production capacity at the Erawan and Bongkot gas fields is forecast to drop from 2,100 million cubic feet per day to 1,500 million cubic feet from 2021-23.

An agreement for the Thailand-Malaysia Joint Development Area, with a gas production capacity of 400 million cubic feet per day, is scheduled to expire in 2027; negotiations for an extension of the deal are under way.

Thailand's demand for gas is about 5,000 million cubic feet per day.

Thailand also purchases gas from three fields in Myanmar: Yadana, Yetagun and Zawtika. The gas production capacity of these fields is expected to drop from 1,050 million cubic feet per day to 350 million cubic feet from 2023-24.

Thailand uses 80-100 million cubic feet of gas a day from its onshore fields and imports 600 million cubic feet per day of LNG, or 10 per cent of demand for the gas.

From 2021-23, Thailand will see a shortage of gas amounting to 2,000 million cubic feet per day, and imports of LNG by 40 per cent or 15 million tonnes. In 2027, Thailand is forecast to import LNG amounting to 50 per cent of demand.

The country's demand for LPG is 500,000 tonnes a month.

However, output is 470,000 tonnes. Thailand imports 43,000 tonnes a month, representing 10 per cent of the demand.

The expected gas crisis will likely see a monthly reduction of 50,000 tonnes of LPG at gas separation plants.

As a result, LPG imports are predicted to increase to 20 per cent of demand, rising to 30 per cent in 2027.

The liberalisation of natural gas supply is expected to spur competition for imported gas at reasonable prices.

The Department of Mineral Fuels and Energy Regulatory Commission of Thailand is seen as needing to supervise the gas imports to ensure fairness and the least impact on electricity prices.