2020 Q1

MGA QUARTERLY UPDATE

MALAYSIAN Gas ASSOCIATION

FROM THE PRESIDENT'S DESK

Dear Members,

First and foremost, I pray that all our members, family and colleagues are safe and healthy. We are living in an unprecedented circumstance; full of challenges, trials and tribulations. Challenges to our industry amidst extremely low oil price and depressed demand for natural gas. However, I will not dwell more on the current status of the energy sector and the impact from the pandemic as much has already been written.

The pandemic also presented opportunities. On a personal level, most of us in Malaysia now work from home. Time spent on commuting previously can now be instead used as quality time with the family.

As we in Malaysia stay at home to break the chain of COVID-19 spread, MGA found opportunity to form an online chain with the MGA members. The MGA Secretariat team is working from home to continue to serve our members, making full use of online facilities. The Working Committees continue to hold their regular discussions online and on 30th March 2020, MGA organised its first online webinar, *attended* by nearly 150 members.

We are not expecting to return to business as usual soon after the Movement Control Order (MCO) is lifted. We are currently reviewing our planned activities for 2020 and may have to postpone or even cancel some of them. We will share our calendar once finalised.

Just before the pandemic, on 10th March 2020, Malaysia witnessed some changes in the Federal administration. The ministry overseeing the gas industry, Ministry of Economic Affairs has now reverted to Economic Planning Unit (EPU), under the Prime Minister's Department. Ministry of Energy, Science, Technology, Environment & Climate Change (MESTECC) has been reorganised into three separate ministries, where Ministry of Energy & Natural Resource (KeTSA) is now overseeing the power sector. We congratulate their respective ministers, namely YB Dato' Sri Mustapa Mohamed as Minister in Prime Minister's Department (Economy) and YB Dato' Dr. Shamsul Anuar Nasarah as Minister of Energy & Natural Resource, on their appointments.

We look forward to closely engaging the ministries as soon as the MCO is lifted. With support from our members, MGA will continue to push for the drafting of the Natural Gas Roadmap, the drafting of the policy on cogeneration, greater utilisation of gas in the industry and greater share of gas in the power mix.

Come rain or shine, MGA will continue to serve its members. We welcome any feedback and suggestion that you may have to improve our services.

Thank you for your support and stay safe.

Open

Workshop #1 on Development of the Natural Gas Roadmap

MGA's Vice President, Seah Suying, presenting the Context Setting

In MGA's Quarterly Update for Q1 2019, MGA urged all members to collaborate together with key stakeholders and play an active role in lending their expertise to ensure that the Natural Gas Roadmap is comprehensively discussed, detailed and developed in the immediate to near future. We repeated the call through a newspaper report in June 2019.

Our efforts bore fruit when, before the end of 2019, the Ministry of Economic Affairs (MEA) decided to develop the Natural Gas Roadmap (NGR) and to consider its incorporation into the 12th Malaysia Plan.

Since then, MGA has been deeply involved in the development of NGR, include shaping the objective, methodology and content for the first Workshop. Organised by MEA, the first Workshop on the Development of NGR was held on 12th February 2020 in Putrajaya.

During the workshop, MGA's Vice President, Seah Suying, presented the Context Setting on the Natural Gas Roadmap. After that, more than 90 participants from more than 45 organisations (including MGA members, ministries & government agencies) were divided into several thematic groups to jointly determine the national aspiration for the gas industry and identify future opportunities.

The first workshop is a major milestone in the development of atural Gas Roadmap that is scheduled be completed within 2020.

Members who are interested to participate in future engagements in the development of NGR can contact the MGA Secretariat at Secretariat@MalaysianGas.com.

>90 participants from >45 organisations attended the Workshop

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ADVOCACY

MGA Council members, namely Seah Suying (left photo; center) & Datuk Zunaidah Idris (right photo; far right) actively contributing to the group discussions.

Workshop #1 on the Development of the Natural Gas Roadmap

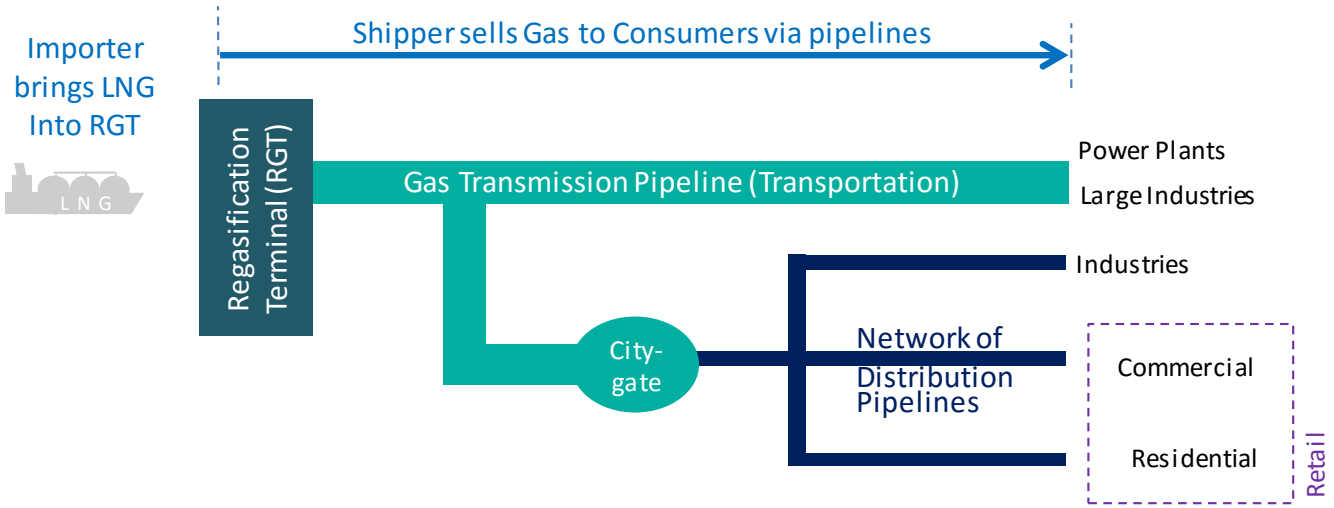
Thematic groups to jointly determine the national aspiration for the gas industry and identify future opportunities

Open

The Players in the Third Party Access for Natural Gas in Malaysia

As part of its gas market reforms, Malaysia introduced Third Party Access (TPA) regime when the Gas Supply (Amendment) Act 2016 came into force on 16 January 2017. Under the TPA, any licensed third party (called "Shipper") can sell natural gas directly to consumers and deliver the natural gas through existing infrastructure such as the Regasification Terminals (RGT) and the transmission and/or distribution pipelines.

The gas traded by the Shipper is acquired from the LNG cargo brought into the country by a licensed Importer via the RGT.



Type Of License	Primary Role	Activity	Licensee
Import Into Regasification Terminal	LNG importer	Bringing in liquefied natural gas (LNG) into Malaysia	Gaztech E&S Sdn Bhd TNB Fuel Services Sdn Bhd B.B. Energy Malaysia Ltd Petrolife Aero Sdn Bhd Petronas Energy & Gas Trading Sdn Bhd Shell Malaysia Trading Sdn Bhd OCN Energy Resources Sdn Bhd
Regasification	Infrastructure owner & operator	Operating and maintaining a regasification terminal (RGT) to receive, store & regasify LNG into natural gas.	Pengerang LNG (Two) Sdn. Bhd. Regas Terminal (Sg. Udang) Sdn. Bhd
Shipping	Gas Seller (Shipper)	Selling natural gas and subscribe capacity with a regasification, transportation and/or distribution licensee to deliver natural gas to consumers.	Gaztech E&S Sdn Bhd TNB Fuel Services Sdn Bhd B.B Energy Malaysia Ltd Petronas Energy & Gas Trading Sdn Bhd Shell Malaysia Trading Sdn. Bhd Petrolife Aero Sdn Bhd Gas Malaysia Energy and Services Sdn Bhd
Transportation	Infrastructure owner & operator	Operate & maintain the transmission pipeline to deliver gas under an arrangement with Shipper(s)	PETRONAS Gas Berhad PRPC Utilities and Facilities Sdn. Bhd. Pengerang Refining Company Sdn. Bhd. Trans Thai-Malaysia (Malaysia) Sdn. Bhd.
Distribution	Infrastructure owner & operator	Operate & maintain the distribution pipeline to deliver gas under an arrangement with Shipper(s)	Sabah Energy Corporation Sdn. Bhd. Malaysia Airports (Sepang) Sdn. Bhd Gas Malaysia Distribution Sdn. Bhd
Retail	Gas Retailer	sale of gas through the retail licensee's piping system to consumers' premises	

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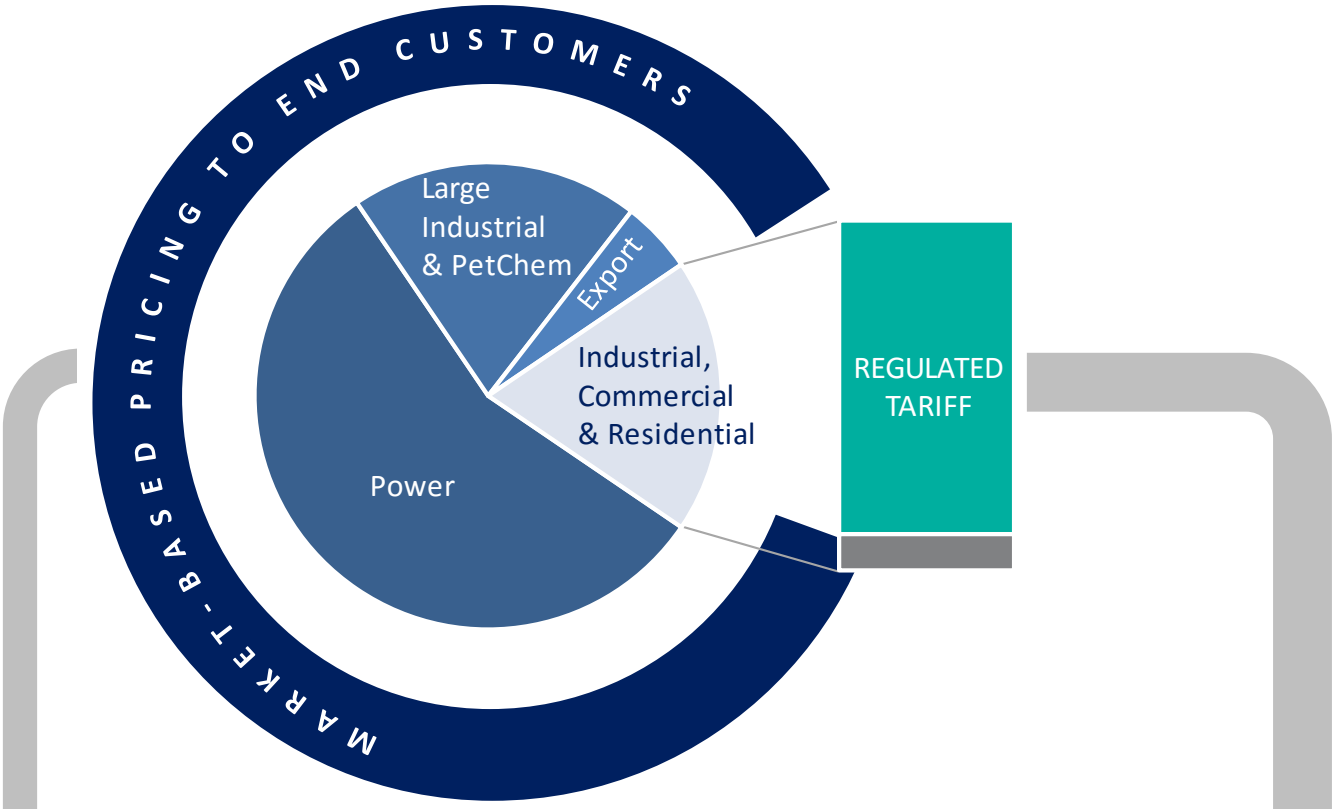
Progress of Gas Market Liberalisation in Peninsular Malaysia



Currently, over 80% of our natural gas market has been liberalized. This includes the power sector, petrochemical and some large industries where gas is traded on market-based pricing.

Tariff for distribution gas supplied by Gas Malaysia Energy & Services Sdn. Bhd. (GMES) is in a transition to be liberalised by 2022. During the transition, the tariff will be reviewed on annual basis.

Suruhanjaya Tenaga
Energy Commission

PRESS STATEMENT

HARGA GAS ASLI
GAS MALAYSIA ENERGY & SERVICES SDN. BHD.
DI SEMENANJUNG MALAYSIA

Putrajaya, 6 Disember 2019 – Kerajaan telah bersetuju untuk menetapkan harga jualan gas asli di segmen pengagihan yang dibekalkan oleh Gas Malaysia Energy & Services Sdn. Bhd. (GMES) untuk tempoh dua (2) tahun bermula 1 Januari 2020 hingga 31 Disember 2021 dengan semakan harga jualan gas asli pada setiap tahun.

Sehubungan itu, Kerajaan memutuskan supaya purata harga jualan gas asli GMES ditetapkan pada kadar RM33.65/mmBtu untuk tempoh satu tahun bermula 1 Januari hingga 31 Disember 2020 iaitu 2.91% atau RM1.01/mmBtu lebih rendah berbanding purata harga jualan gas asli semasa. Ini adalah bagi menangani situasi kenaikan kos menjalankan perniagaan di Semenanjung Malaysia serta ketidaktentuan harga pasaran gas asli global.

Jadual harga jualan gas asli bagi pelanggan-pelanggan GMES mengikut kategori untuk tempoh 1 Januari hingga 31 Disember 2020 ditetapkan seperti berikut:

Kategori	Purata Penggunaan Gas Tahunan (mmBtu)	Harga Jualan Semasa		Harga Jualan Berkuatkuasa 1 Jan - 31 Dis 2020
		Harga Asas	Harga Selepas Surcaj	
		(RM/mmBtu)		
A	Peruncit Untuk Pengguna Perumahan	23.52	25.44	25.10
B	0 - 600	30.40	32.32	31.71
C	601 - 5,000	30.56	32.48	31.86
D	5,001 - 50,000	30.86	32.78	32.15
E	50,001 - 200,000	32.20	34.12	33.45
F	200,001 - 750,000	32.20	34.12	33.45
L	Melebihi 750,000	33.28	35.20	33.99
	Purata	32.74	34.66	33.65

Penetapan harga jualan gas asli GMES seperti di atas tidak melibatkan gas asli untuk kenderaan (*natural gas vehicle* - NGV) dan gas petroleum cecair (*liquefied petroleum gas* - LPG) yang dibekalkan melalui tong gas atau secara pukal.

There exist opportunities to trade gas on willing buyer, willing seller basis for volume outside the regulated tariff.

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Aligning MGA's Gas Advocacy Communication Strategies

On 28th January 2020, the following MGA working committees (WCs) met to ensure alignment of MGA's Gas Advocacy communication strategy, respective WC action plans and messagings for 2020;

1. Advocacy
2. Regulatory & Government Affairs
3. Communications & Multimedia

ADVOCACY

MGA Commissioned M-SEIS; An In-depth Study On The Socio Economic Impact Of Natural Gas Industry In Malaysia

In October 2020, MGA appointed Institute for Democracy and Economic Affairs (IDEAS) to prepare an in-depth study on the socio economic impact of natural gas industry in Malaysia. Data from this study will be used for advocating and promoting the benefits of natural gas that supports national aspirations on long term energy supply security and environmental sustainability for Malaysia.

Amongst the scope of MGA's Socio-Economic Impact Study (or fondly called M-SEIS) includes;

- To assess the financial and economic impact of natural gas integrated value chain from the upstream business to the end consumer.
- To assess the societal benefits of natural gas industry to the community living around the natural gas industry, as well as the producing states in Malaysia.

IDEAS, a nonprofit research institute established in Malaysia, was selected after an extensive tender process that were participated by several other reputable international consultants.

A special committee comprising members of MGA's Advocacy Working Committee was formed to oversee the tender process and to review the study produced by IDEAS. The final study was approved by the special committee in January 2020.

The study is currently for internal use only and its contents will be used to feed MGA's Communication Plan for 2020.

MGA's Special Committee on M-SEIS with IDEAS Research Team

MGA's Secretary General, Rosman Hamzah presenting the Contract Agreement to Laurence Todd, Director of Research, IDEAS

Tune in to find out which industry……

- *is a significant contributor to national coffers…*
- *creates plentiful direct and indirect jobs…*
- *powered Malaysia's economic transformation…*
- *improves Malaysia's trade balance and international resilience…*
- *nurtured national champions that compete internationally….*

Open

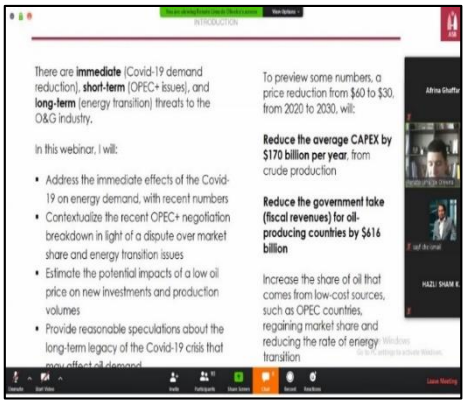
MGA brings Industry Talk to Members Staying At Home

It's business as usual for MGA despite the Movement Control Order aimed at controlling the spread of COVID-19. Committed to its objective to continue serving the members, MGA leveraged on the power of technology to bring learning into the home of its members. In the spirt of shared success, MGA on 30th March 2020 collaborated with Asia School of Business (ASB) to conduct its first webinar entitled "**Making Sense of Key Factors Affecting the Energy Market (OPEC+, Covid-19 and Energy Transition)**". Despite being the first MGA webinar, the response from members was very encouraging with nearly 150 participants tuning in.

The featured speaker, Prof. Renato Lima-de-Oliveira, Associate Professor of Management at ASB, addressed the effects of Covid-19 on energy demand, provided some context on the recent OPEC+ negotiation breakdown and estimated the potential impacts of a low oil price on new investment and production volume. Drawing from economics, politics, and history, he discussed the causes of the recent changes and the different scenarios of how market dynamics will evolve and the effects to countries like Malaysia.

First Ever Webinar

Opening Remarks by Hazli Sham Kassim, MGA President



Click Here to Watch video of the Talk

Dr Renato concluded his presentation with assessment on the long term legacy of the Covid-19 crisis as follows :

The full impact of covid-19 is hard to assess, but the latest estimates point to a 5% oil demand reduction for 2020

- The demand shock coincided with a supply shock
- Long lasting legacy from Covid-19 may affect the transportation sector
  - Work from home will become the new norm
  - Break up of global production chains

Based on the feedback, members found the topic discussed was helpful to provide a sense of what's happening around the world as we navigate through these challenging times. Moving forward, MGA could make webinar a regular feature of its Industry Talks. Share your thoughts with us by email to secretariat@malaysiangas.com

Asia School of Business (ASB) is a collaboration between Bank Negara Malaysia and MIT Sloan School of Management.

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MGA President spoke at IPCT 2020 in Kingdom of Saudi Arabia

On 14th January 2020, MGA President, Hazli Sham Kassim, spoke at the International Petroleum Technology Conference (IPTC) held at the Dhahran EXPO in Dhahran, Kingdom of Saudi Arabia.

Panel session 3 on "The Future of Gas: From Wellhead to Market" session, moderated by Tom Earl, Chief Commercial Officer, Venture Global LNG, featured the following distinguished speakers;

- Hazli Sham Kassim, President, Malaysian Gas Association (MGA) & Regional Coordinator, International Gas Union (IGU)
- Emanuele Calviello, VP Business Development & Equity Projects, Eni
- Nabeel I. Al-Afaleg, General Manager – International Gas , Saudi Aramco
- Bader AbdulHameed Al Bugaishi, Head of Production Systems Modeling at Tatweer Petroleum
- Nathan Meehan, President of Gaffney, Cline and Associates

Hazli, also in his capacity as IGU's Regional Coordinator, presented from the South East Asia regional perspective. His presentation, titled "The Future of Gas for South East Asia", covered the following;

- Overview of South East Asia
- Regional trends; covering upstream, policies, infrastructure and market.
- Recommendations for a sustainable energy future in the region

Open

MGA Implements COBE To Uphold High Standard Of Professionalism & Integrity

Click to view MGA's CoBE

As part of MGA's initiative to enhance governance and compliance in the conduct of its business, the MGA's Code of Conduct and Business Ethics (CoBE) was introduced in February 2020. The CoBE contains guidelines relating to the standard and ethics that all employees are expected to adhere during work and when representing the Association during external engagements. As well as promoting discipline and order at the workplace, the Code reflects MGA's commitment to uphold the highest standards of professionalism, integrity and ethics in its role as the lead advocate of the Malaysian gas industry.

The Code is applicable to all employees of MGA including secondees and interns. Members representing MGA such as Council Members and Working Committees are encouraged to adopt these or similar principles and standards.

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Welcome

Afrina Ghaffar
(INTERN)

Studying Bachelor of Event Management (Hons) at Faculty of Business Management, UiTM

Afrina loves to edit travelogue whenever she gets the opportunity to travel and loves to discover and learn more about interior design for houses.

Nur Aqilah Amirah Mohd Ali

Graduated from UTeM with Bachelor of Technology Management (Innovation).

Aqilah is passionate to learn something new and enjoy meeting new people.

She loves reading and joining voluntary activities.

Raymond Agong Giso

Graduated from UiTM with Bachelor of Administrative Science and Policy Studies.

Raymond is grateful for having the opportunity to experience and explore new things. He loves nature because it inspires him to be positive & independent.

Aqilah & Raymond will be attached to MGA throughout 2020 under the ILTIZAM's Professional Development Programme (PDP) by Ekuiti Nasional Berhad (Ekuinas).

Auf Wiedersehen

Murni Kassim
(HEAD OF CORPORATE SERVICES)
May 2017 to Mar 2020

MGA would like to record its appreciation to Murni for her exemplary and invaluable services throughout her attachment to MGA.

We wish her the best in her new role as Head of Change Strategy at PETRONAS and hope that she will continue to be active in participating in MGA activities.

The Team Continues to Serve MGA Members from Home

www.malaysiangas.com

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