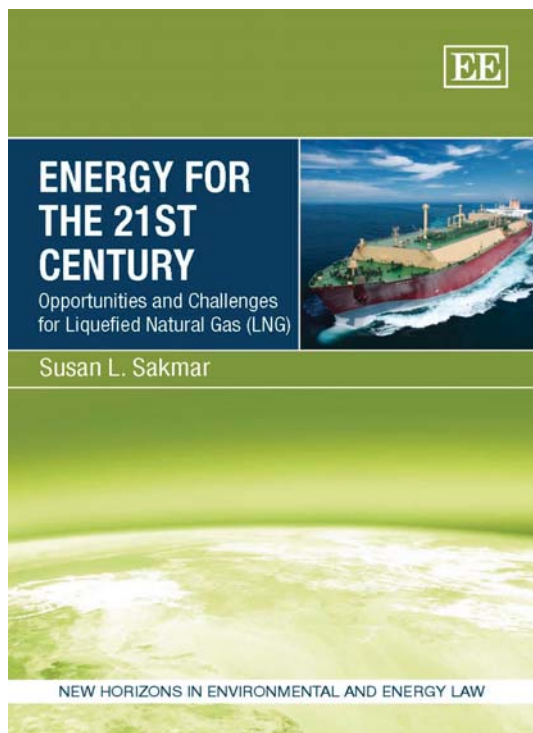




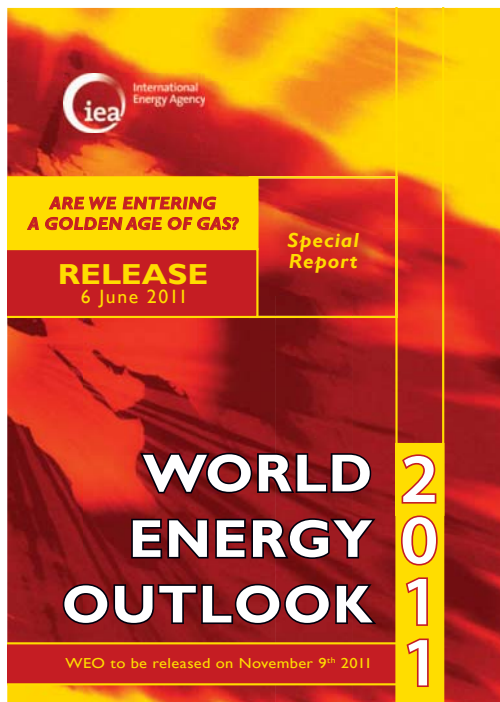
Susan L. Sakmar
Visiting Assistant Law Professor
University of Houston Law Center

UT Gas & Power Institute
Oct. 5-6, 2017
Houston, Texas

Introduction



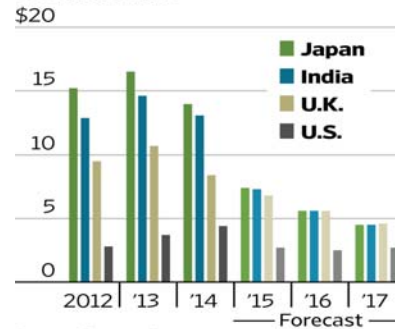
- LNG has been the fastest growing segment of the energy business.
- Policy makers, regulators, and market participants need to better understand market dynamics.
- **The global gas market is challenging and dynamic and almost everyone gets it wrong!**



Gas Gloom

Prices for gas delivered in Asia have slumped this year

Annual average gas prices, in dollars per million British thermal units



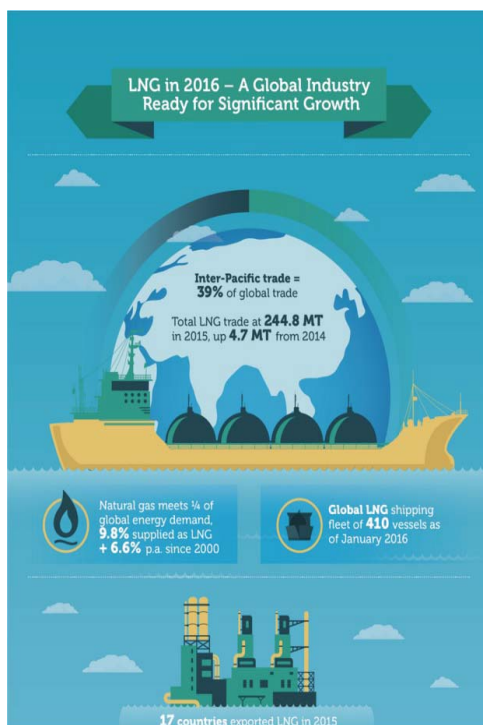
Source: Energy Aspects

THE WALL STREET JOURNAL.

Hopes for 'Golden Age of Gas' Evaporate
Slumping prices and weak Chinese demand for gas casts a pall over the LNG industry
Wall Street Journal, Nov. 1, 2015

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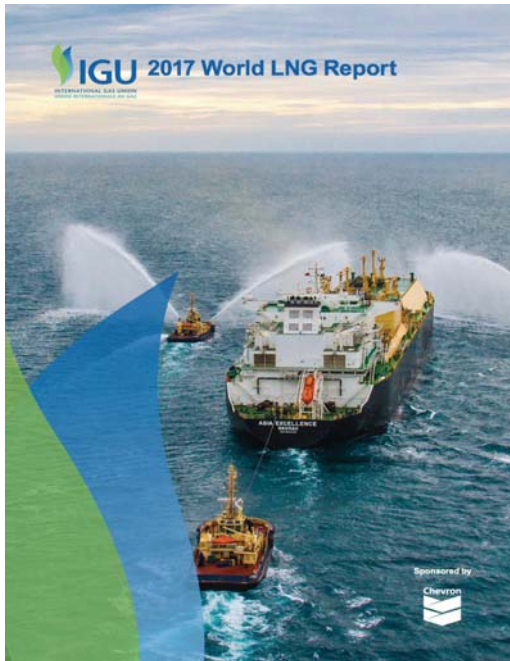
The Golden Age of LNG?



Source: IGU World LNG Report 2016

- LNG trade reached 244.8 MT in 2015, up 4.7 MT from 2014 and the largest year ever for LNG trade.
- Major expansion of LNG supply through 2020 means LNG can further increase market share.
- New markets in Egypt, Jordan, Pakistan and Poland benefit from near record-low prices.
- Global trade in LNG could exceed \$120B, making LNG the second most valuable commodity after oil! (Goldman Sachs 2015)

4



“The increase in [the] number of exporters and importers amplified the complexity of the industry and introduced new permutations and linkages between buyers and sellers.”

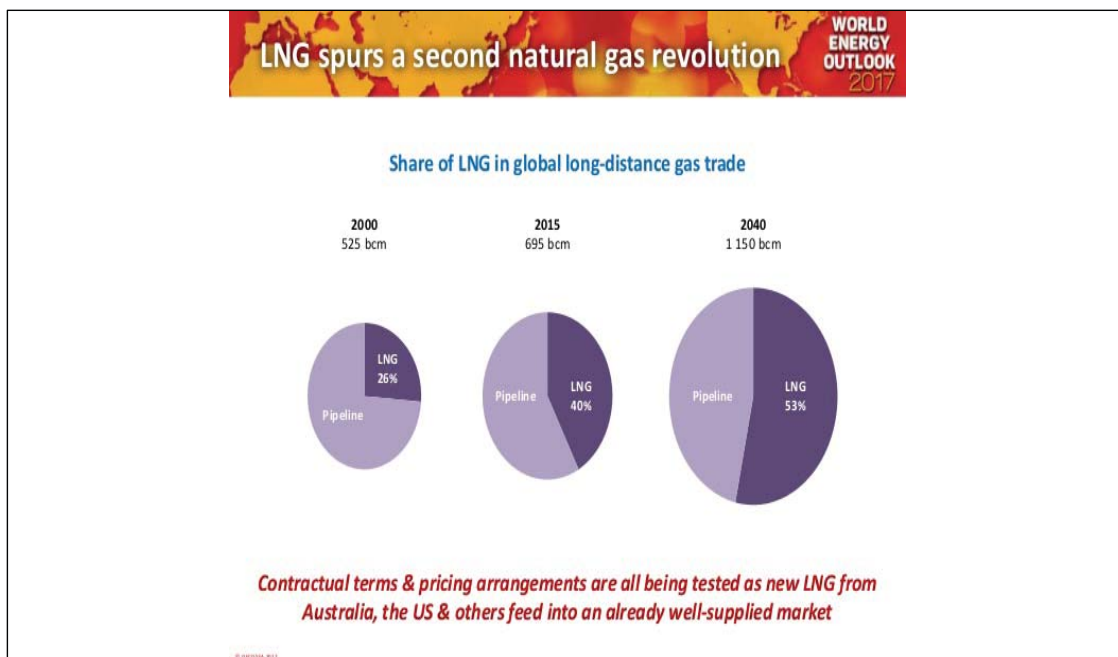
Key Trends:

1. U.S. LNG exports drive change.
2. New and old buyers drive change in contract terms.
3. New pricing models are emerging

Outlook: A more responsive, competitive LNG trading system.

Source: IGU World LNG Report 2017
Gastech 2017 Conference Edition

LNG Revolution?



Source: IEA WEO 2017, Joint CSIS-IEA Workshop, 5 May 2017

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Title search: Global LNG Update 2017

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First appeared as part of the conference materials for the
16th Annual Gas and Power Institute session
"LNG Update"