

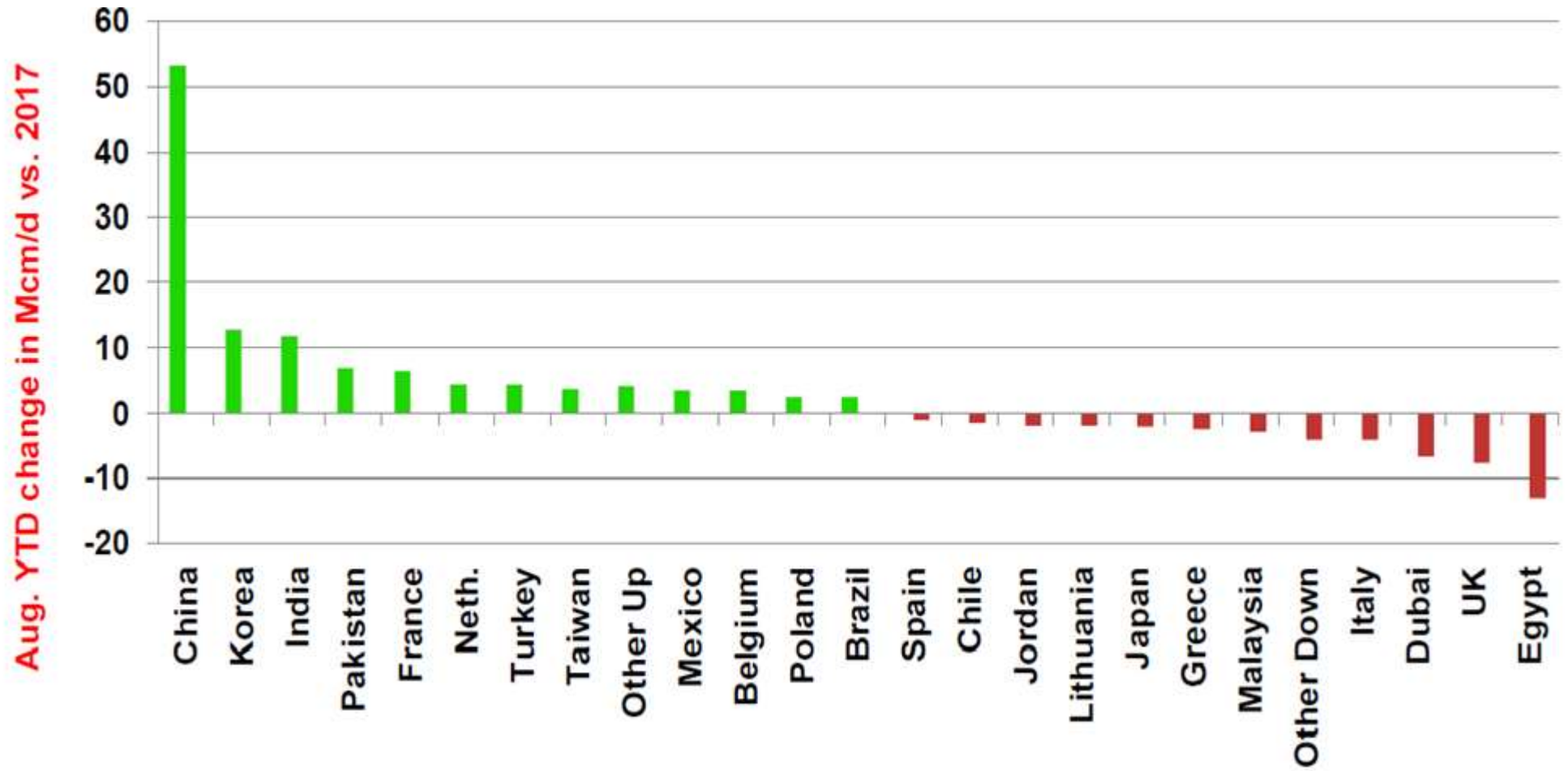
# China Emerging as Global Gas Super Power: View of the Exporter

**Sergei Komlev**

Head of Contract Structuring and Price Formation Directorate  
Gazprom Export

**5 October 2018, St. Petersburg**

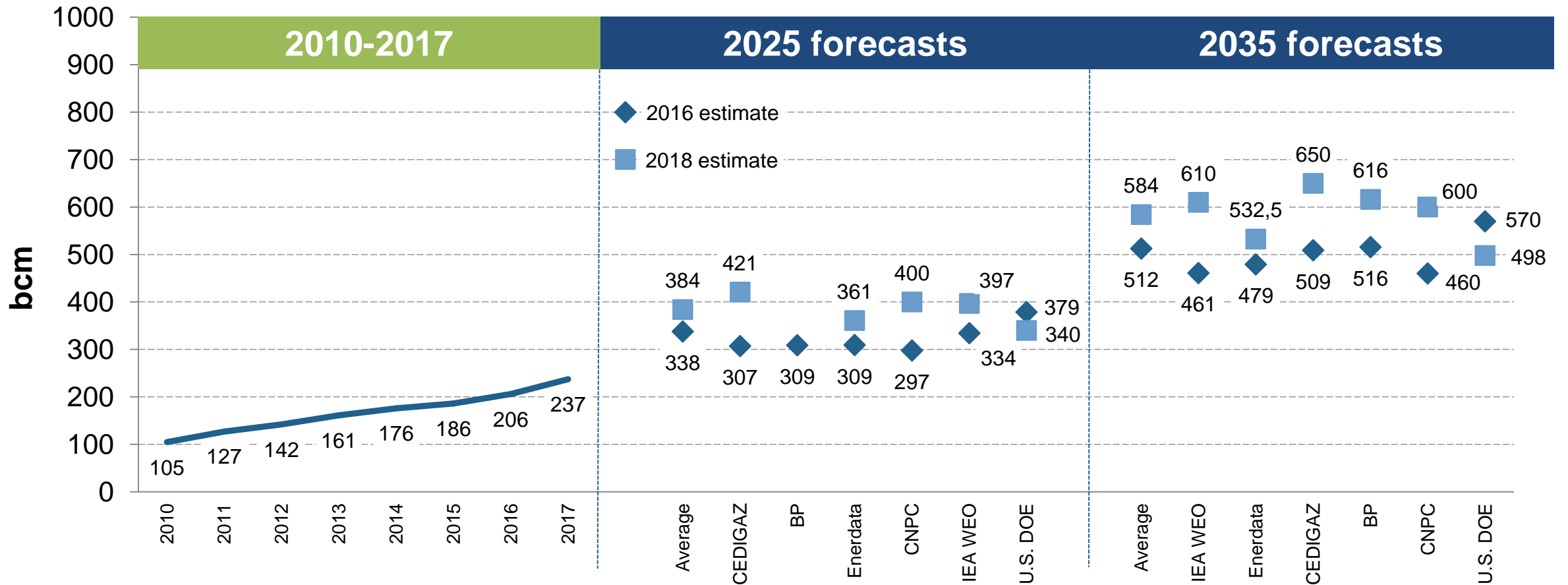
# China is the Fastest Growing Global Market for Natural Gas. Coal Phase-out is Driving Chinese Gas Demand Higher.

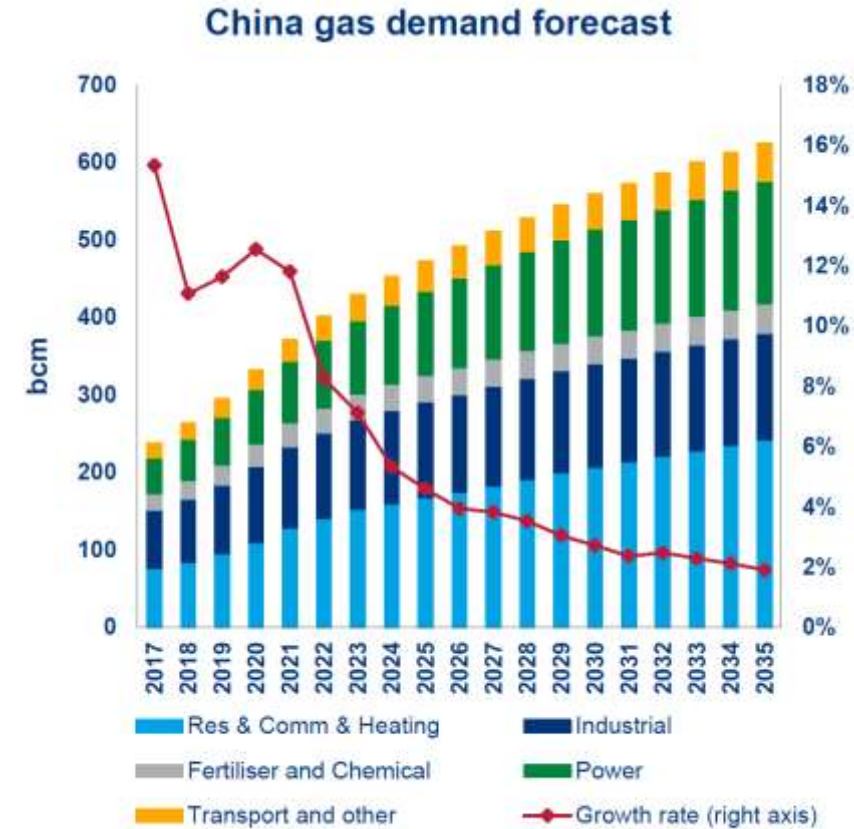
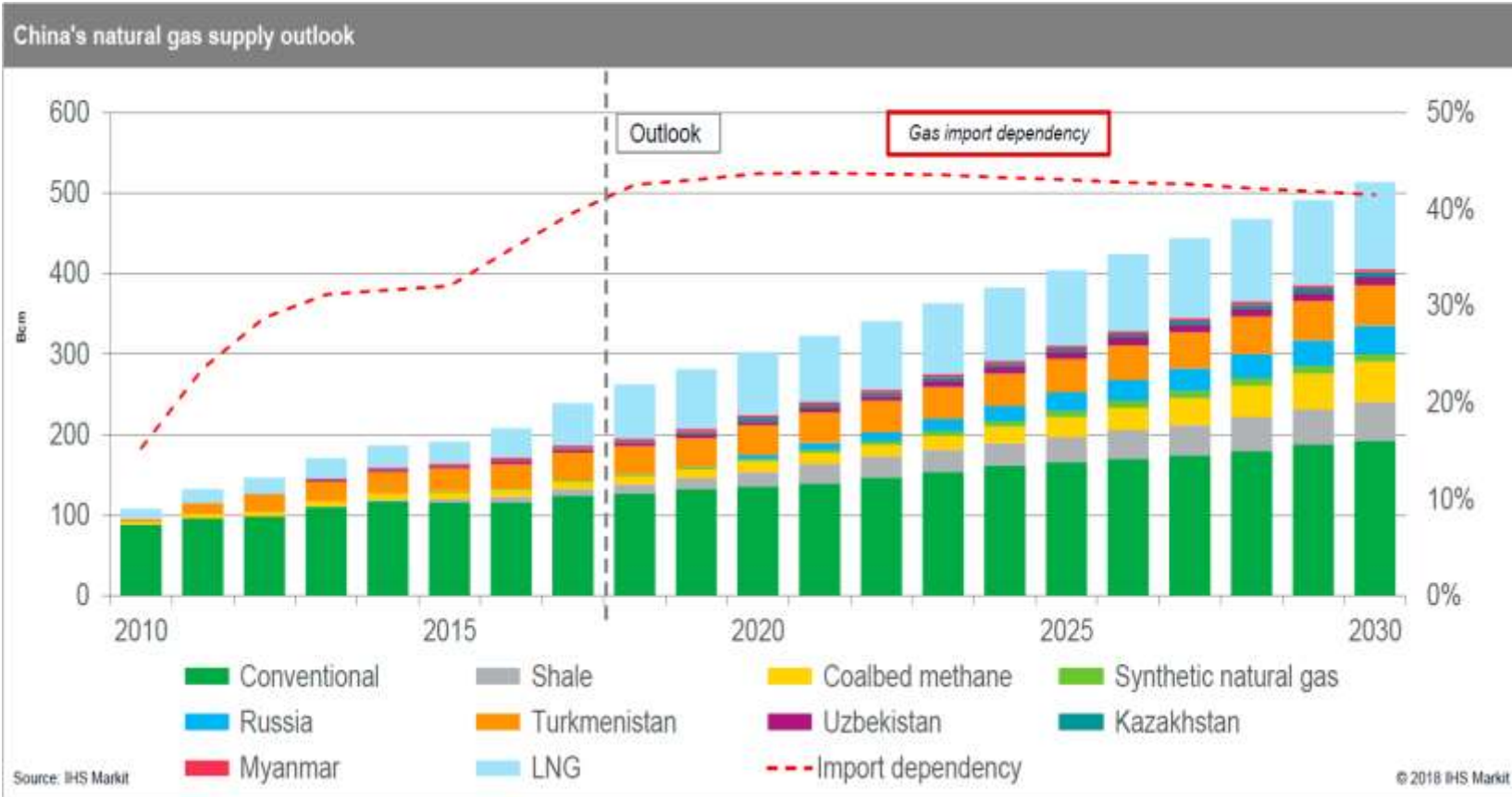


Source: S&P

# In 2018 Credible Agencies Revised Upward their Forecasts for Gas Consumption in China

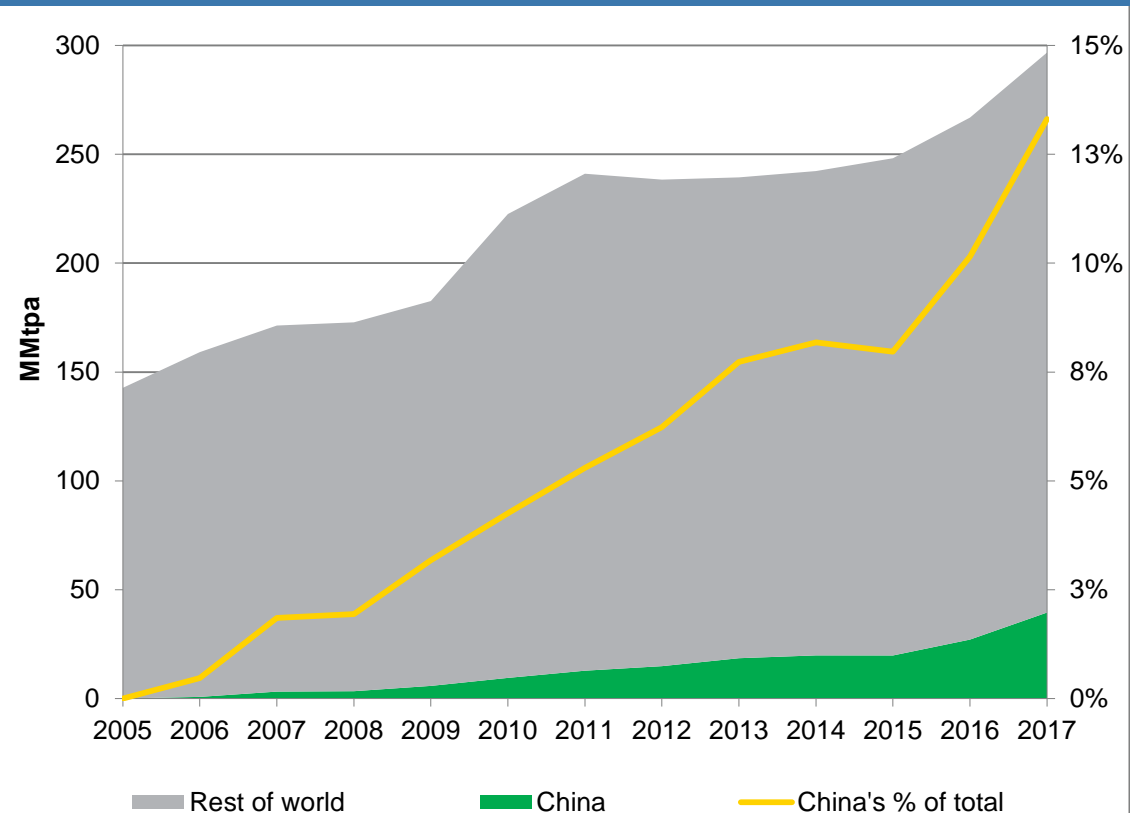
Scenarios and forecasts of gas consumption in China, 2018 versus 2016





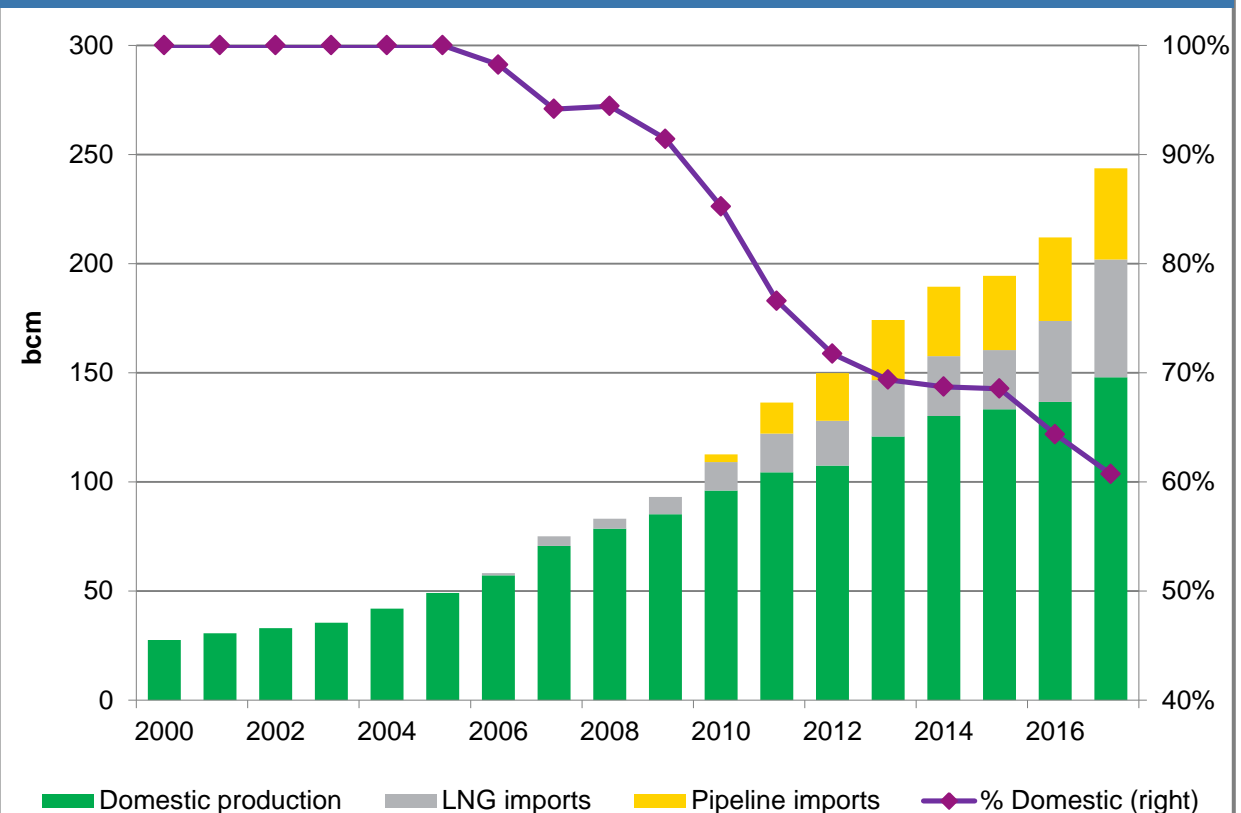
Источники: IHS, Wood Mackenzie

China: Share of global LNG imports



Source: IHS Markit

China: Sources of gas

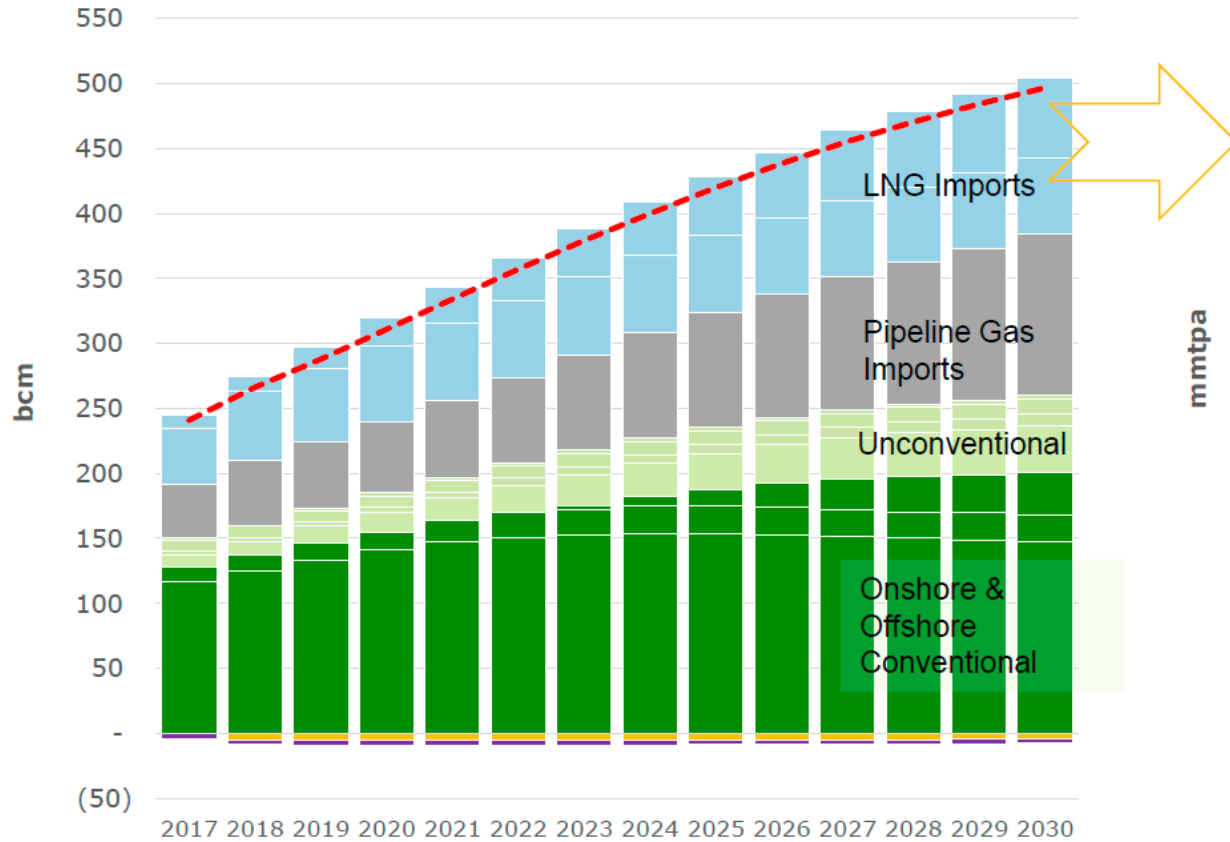


Source: Bloomberg, Chinese Customs, IHS Markit

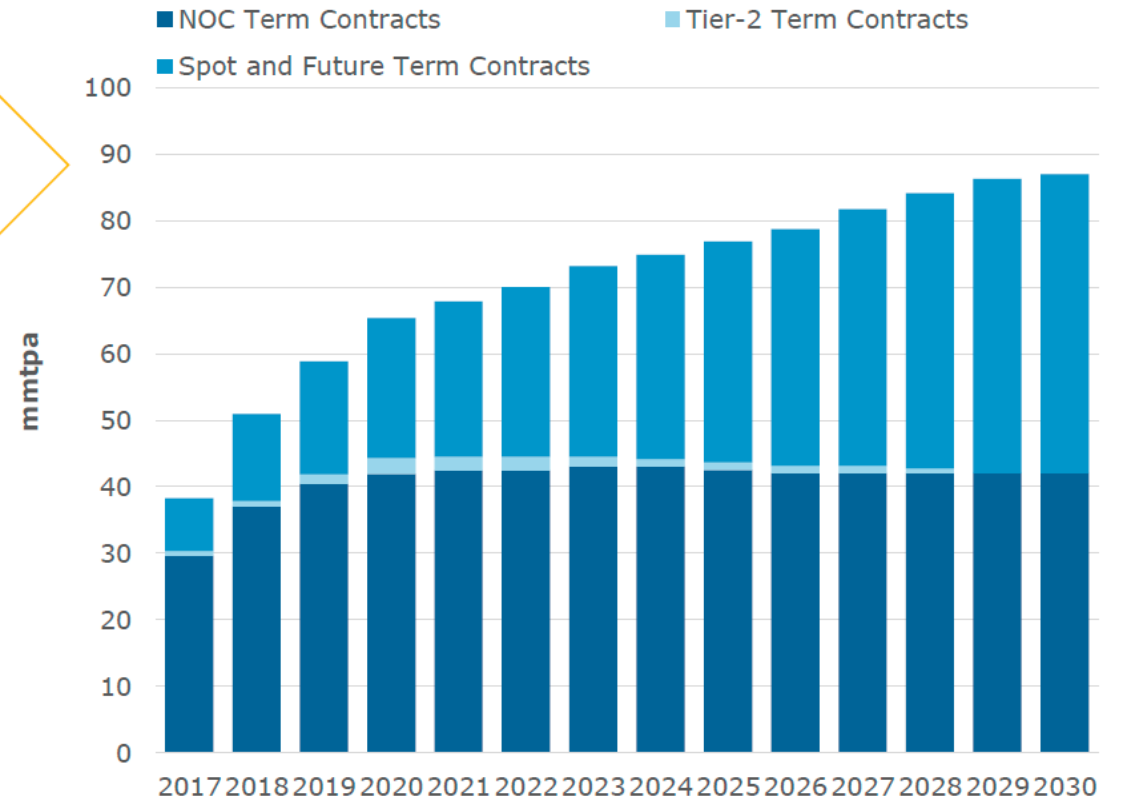
Sources: Bloomberg, IHS

# Spot Deliveries Could be the Major Source of LNG Supply to China

China Gas Supply-Demand Balance



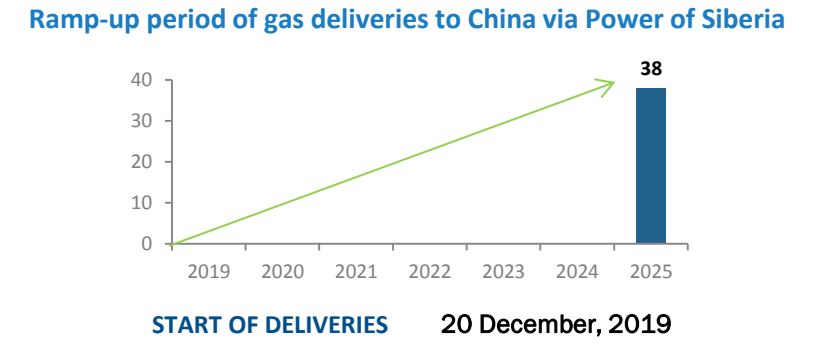
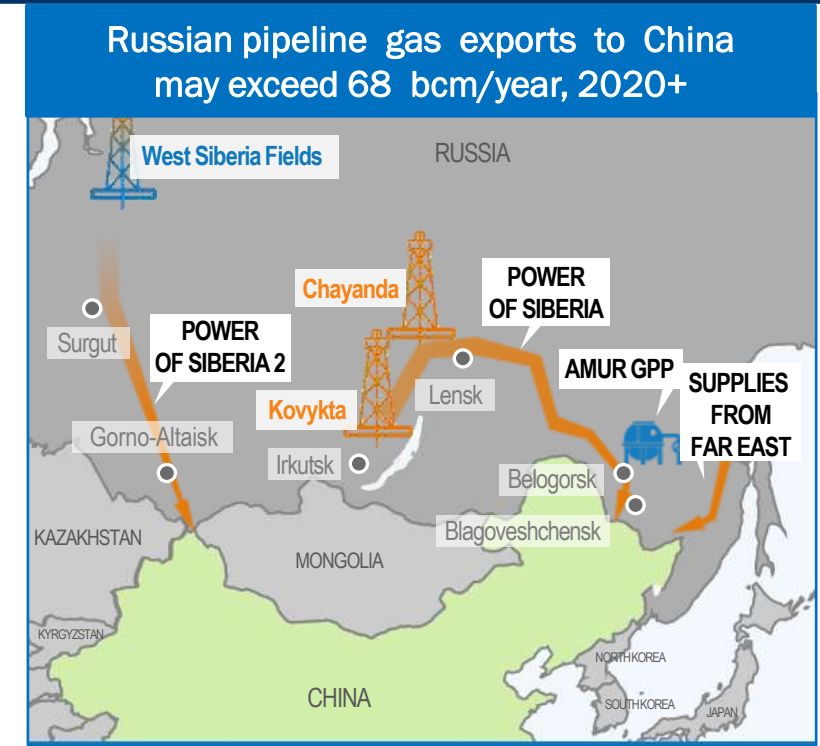
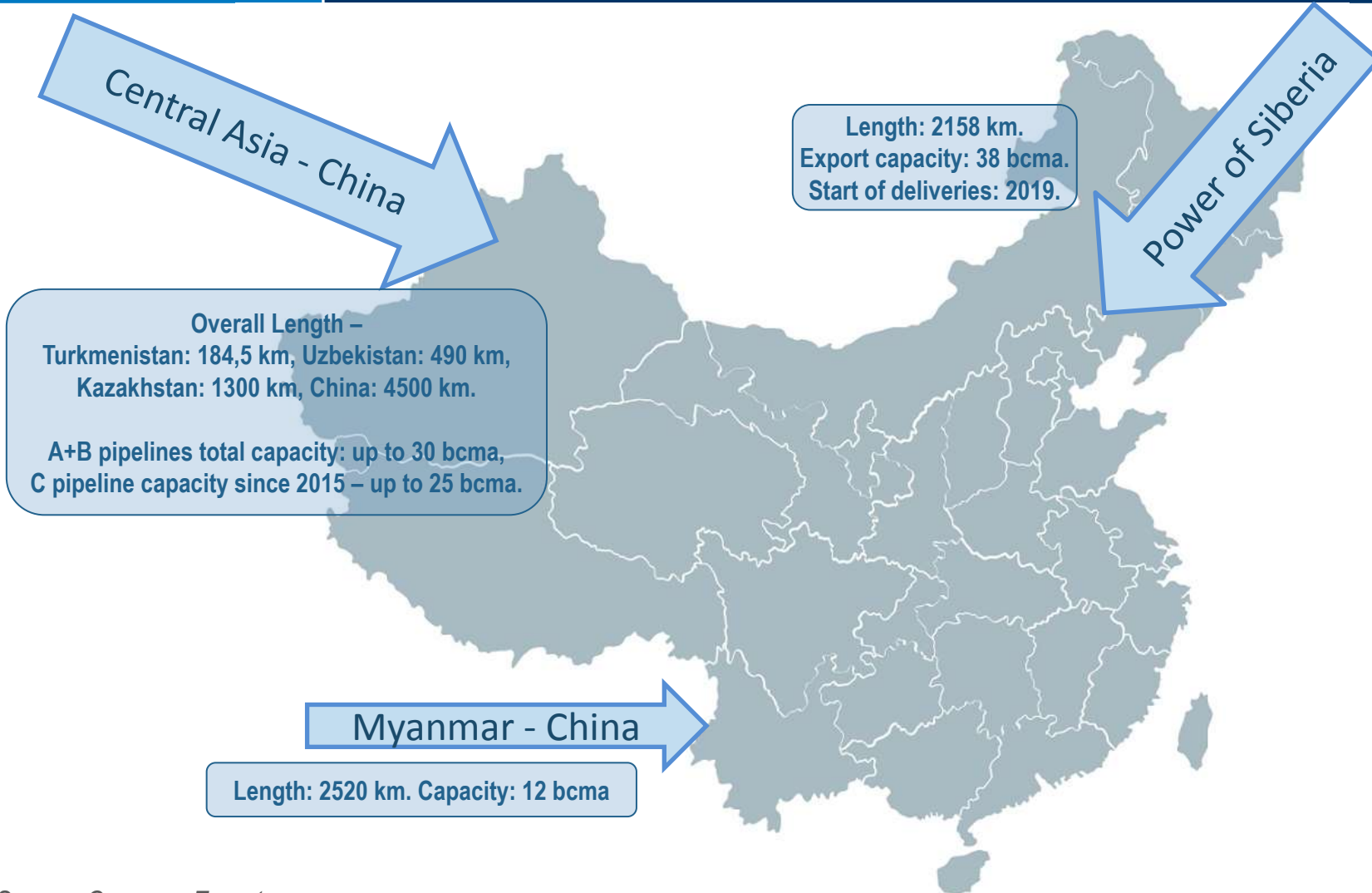
China LNG Imports Forecast



Source: SIA Energy

Source: SIA Energy

# With Russian Gas Arrival China Becomes a Major Importer of Pipeline Gas



Source: Gazprom Export

While LNG was mentioned by the China side as one of the ways to partially reduce the trade imbalance between the two countries last spring, exports from the US have declined over the past months, even before the announcement of a 10% tariff. That tariff will disqualify American LNG vis-à-vis LNG from Qatar and Australia, not to mention Russian gas supplied by the new Power of Siberia pipeline whose completion is scheduled for the end of 2019. The situation is complicating the projects of LNG developers in the U.S., Cheniere and Tellurian among others, to build new terminals. Current US LNG export projects may find it harder to commercialize their full capacity without Chinese buyers.



2016

2020 outlook



Note: darker areas represent more gas consumption

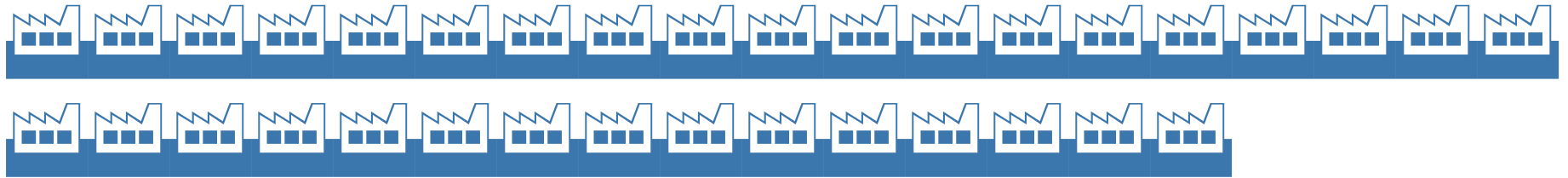
Source: Regional reports on gas market development, PJSC Gazprom

# Small-Scale LNG Industry Flourishes in China: Good Example for Russia to Follow

In China, there are over 180 small-scale LNG plants with an aggregate nominal production capacity of up to 100 mmcm/day.

In Russia, there are only 5 small-scale LNG plants currently producing 34800 tons of ssLNG per year.

China: 180 ssLNG plants  
up to 100 mmcm/day

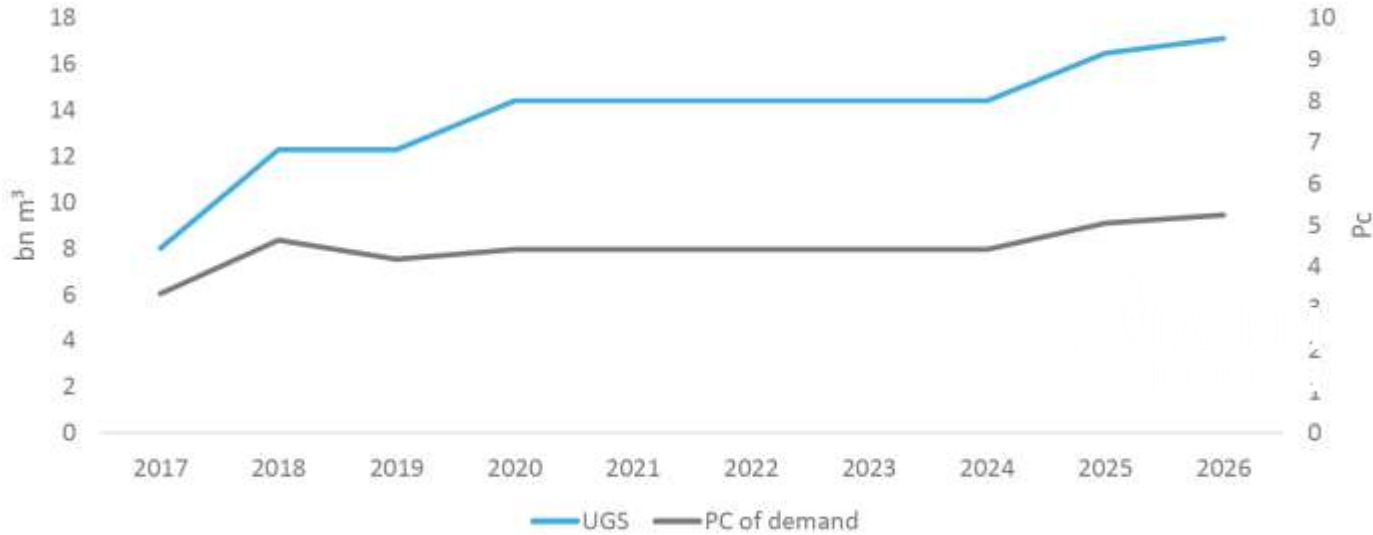


Russia: 5 ssLNG plants  
0,15 mmcm/day



# Russia is Above China in Terms of Underground Gas Storage Capacity

Chinese UGS additions



**26** Underground Gas Storages in Russia **25** in China

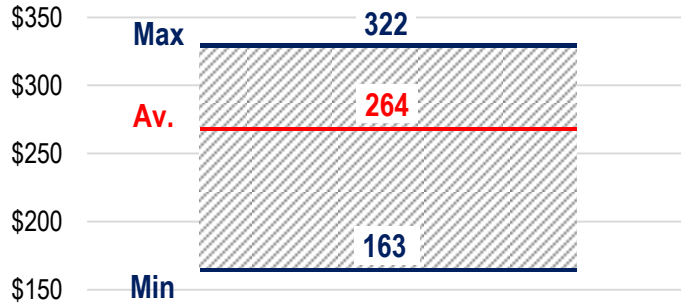
**75** BCM total capacity of UGS in Russia **8** in China

**The world's largest UGS** is Russia's Northern Stavropol Gas Storage, with active capacity of **43 bcm**.

# Domestic Gas Price Formation in Russia and China: Commonalities Favor Exchange of Experience in Market Liberalization

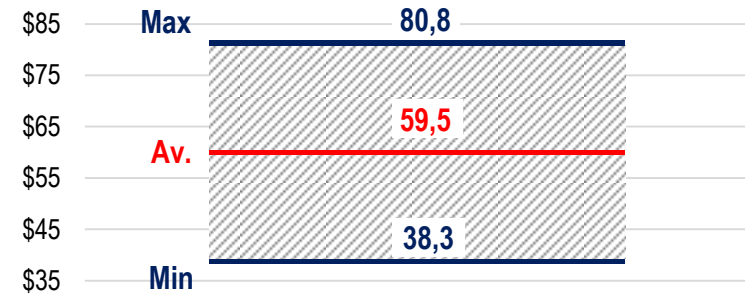
## CHINA:

Wholesale Gas Pricing in China

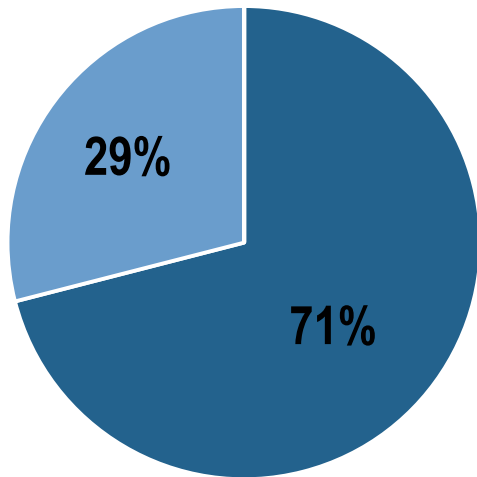


## RUSSIA:

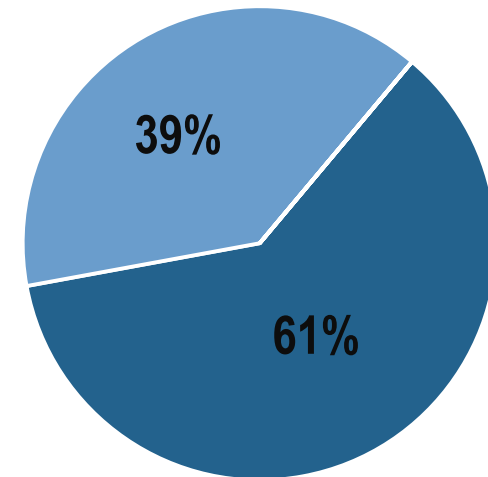
Wholesale Gas Pricing in Russia



Gas Prices Formation in China




Gas Prices Formation in Russia



■ Regulated price

■ Non-regulated price



**Thank you for your attention!**

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