24th World Gas Conference
ARGENTINA | 2009
5-9 October

The Global Energy Challenge:
Reviewing the Strategies
for Natural Gas

IGU Global Survey of Wholesale Price Formation

Presentation to WGC 2009
Committee Session B2
6th October 2009
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Nexant UK

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Global Survey of Wholesale Price Formation

- Objective to establish baseline survey on wholesale price formation mechanisms around the world
- IGU members provided the data for almost 100 countries, and Nexant have collated and analysed them
- First undertaken for the year 2005 and was repeated for 2007
- Focus on wholesale prices (broadly defined) – hub, border, wellhead, city-gate

Types of Price Formation Mechanisms

- Oil Price Escalation
- Gas-on-Gas Competition
- Bilateral Monopoly
- Netback from Final Product
- Regulation Cost of Service
- Regulation Social and Political
- Regulation Below Cost
- No Price
- Not Known

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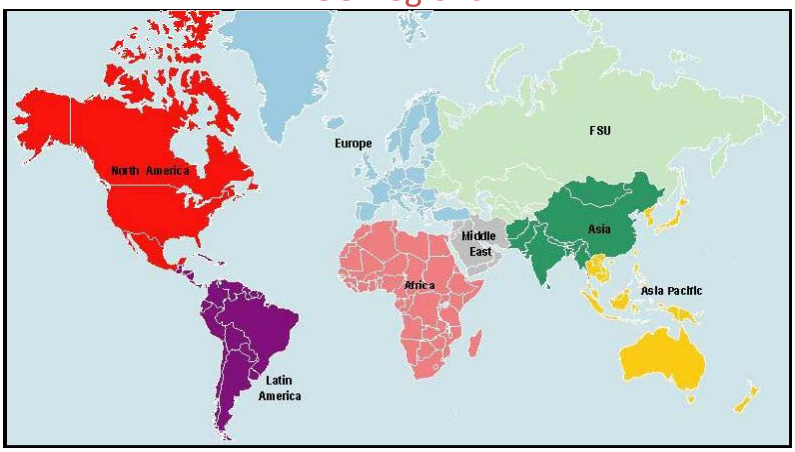
Data Collection and Analysis of Results

- Data analysed as follows
  - Domestic production – indigenous production consumed in country
  - Pipeline imports
  - LNG imports
  - Total imports
  - Total consumption
- Analysed at Regional and World Level
- Wholesale Price Levels

IGU Regions



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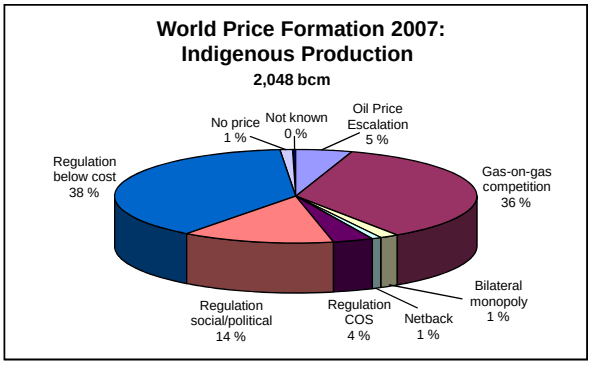
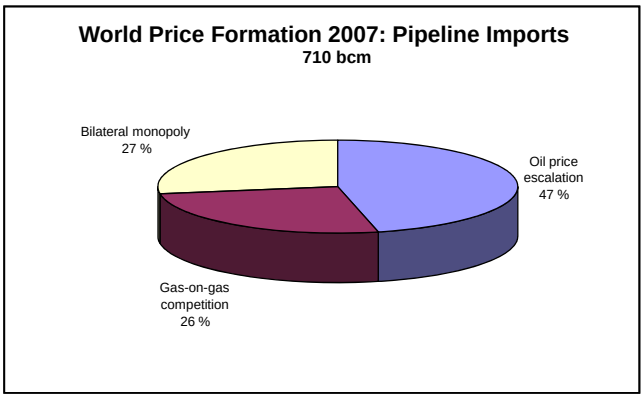
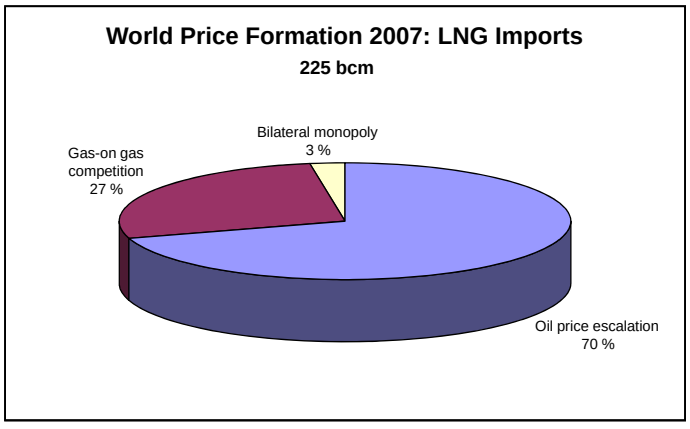
Domestic Production



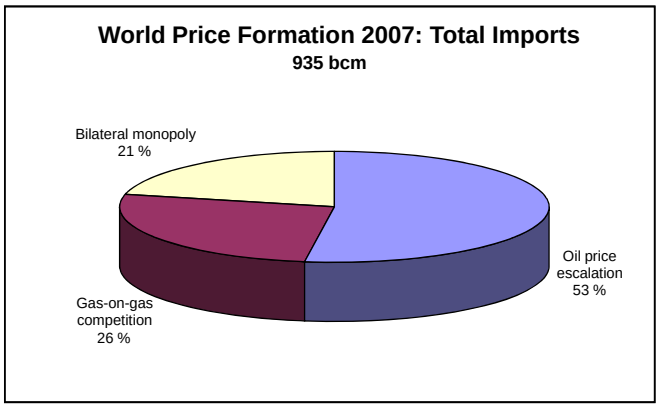
Pipeline Imports



LNG Imports



Total Imports



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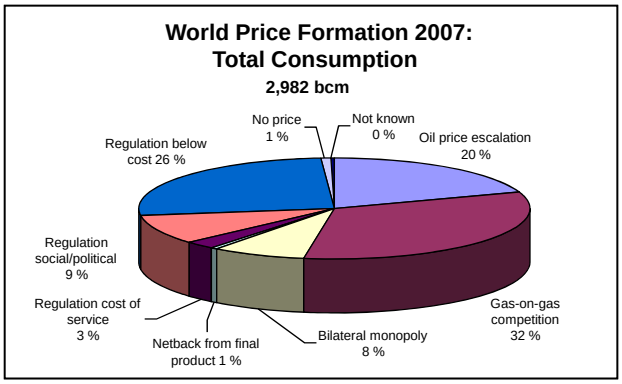
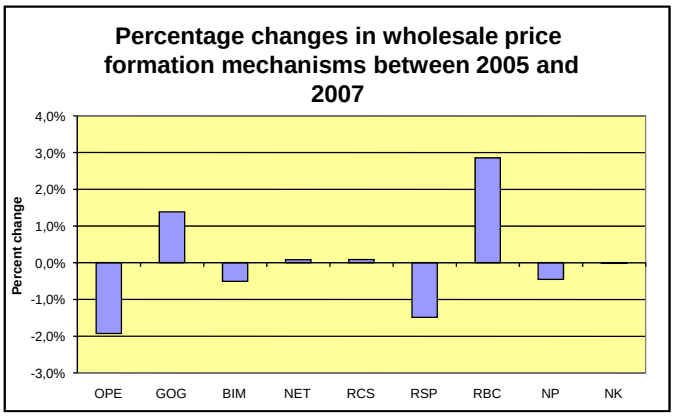
Total Consumption



Changes Between 2005 and 2007



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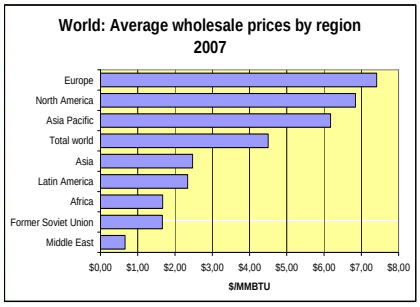
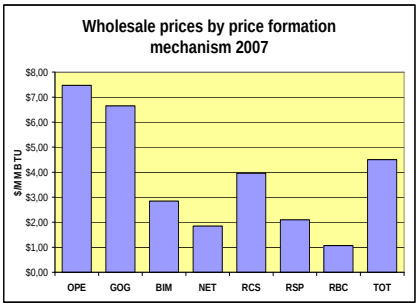
Wholesale Price Levels in 2007





World and Regional Summary 2007

Region	Total Consumption									
	OPE	GOG	BIM	NET	RCS	RSP	RBC	NP	NK	TOT
North America	0.0	790.3	0.0	0.0	0.0	0.0	0.0	10.7	0.0	801.0
Latin America	26.0	11.0	6.3	15.2	10.7	64.4	0.0	0.0	0.0	133.6
Europe	389.9	118.6	9.7	0.7	2.0	16.0	0.0	3.3	0.0	540.2
Former Soviet Union	0.0	7.2	163.0	0.0	0.0	10.6	491.1	4.0	0.0	675.9
Middle East	0.0	0.0	10.2	0.0	0.0	42.2	238.6	3.8	2.5	297.3
Africa	4.3	0.0	0.0	0.9	25.7	7.8	46.8	0.8	0.0	86.3
Asia	19.7	5.5	18.5	0.0	30.8	83.3	4.8	0.0	0.0	162.6
Asia Pacific	148.6	46.7	21.7	0.0	8.6	55.3	0.0	0.0	5.5	286.5
Total World	**588.5**	**979.4**	**229.4**	**16.8**	**77.8**	**279.6**	**781.4**	**22.6**	**8.0**	**2,983.4**
	20%	*33%*	*8%*	*1%*	*3%*	*9%*	*26%*	*1%*	*0%*	*100%*