

Strategy

A TLG Case Study

Real world projects with real world impact.

We work on some of Asia's most demanding energy questions, helping the region solve the energy challenges that really matter.

How can you encourage investment when public benefits are large but projects are risky?

Sarah Fairhurst
Partner



“The flip side of the value of flexibility is the risk to the investor of inflexibility — having or not having gas at exactly the wrong time. Without the right regulatory and commercial framework, it challenging for investors and governments to fully realise the potential of gas in Asia.”

Monetising the value of flexibility

TLG undertook a study for the World Bank to assist the Philippine Department of Energy understand the role of LNG in the fuel mix.

LNG terminals can bring many public benefits that accrue to the country-at-large without necessarily providing enough return to individual commercial investors to secure private capital. The benefits hinge on the value of flexibility: the ability of an LNG terminal to bring in gas when prices are lower, demand higher, or other fuels scarce. This flexibility can create value through daily power-dispatch optimisation and through longer-term strategic optionality.

However, flexibility can be hard to operationalise and monetise withOUT a clear framework. Understanding, explaining and unlocking the value of flexibility so that regulators and investors can successfully operationalise and monetise it has become an important feature of our work throughout Asia Pacific. Since doing that work, we have undertaken numerous studies including in the Philippines, China, Indonesia, Vietnam, Singapore, and Bangladesh, on the integration of LNG using a wide variety of technologies and operational models.

Our advice remains timely.

Read more at <http://www.lantaugroup.com/pages/publications/published.php>

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