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Energy use forecast to climb

ECONOMIC GROWTH LIKELY TO UNDERPIN 2.1% RISE IN CONSUMPTION THIS YEAR, OFFICIALS SAY

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THAILAND'S energy use will rise 2.1 per cent this year on expectations of sustained economic growth, the Ministry of Energy's Energy Policy and Planning Office (EPPO) forecasts.

Against the backdrop of expected rising demand, energy giant PTT Plc will pour Bt12 billion into an expansion of its petrol station network and Cafe Amazon chain as competition heats up in the oil industry.

Twarath Satabutr, director-general at EPPO and energy spokesman, said that primary energy consumption was projected to increase 2.1 per cent in 2018, equivalent to 2.81 million barrels of oil per day.

The estimated rise is based on the Dubai crude price of between US\$50 and \$60 a barrel and GDP growth of 3.6-4.6 per cent in 2018, he said.

The average Dubai crude price was expected to be \$52.70 a barrel

and economic growth likely to come in at 3.9 per cent in 2017. Thailand's electricity consumption is estimated to grow 4.1 per cent to 192.92 billion units with its peak rising 0.3 per cent to 34,202 megawatts in 2018.

However, the electricity price will likely remain steady from the 2017 as the natural gas price may not rise sharply following the direction of the crude price, Twarath said.

Oil consumption is expected to advance 2.2 per cent. Diesel demand will likely rise 2.7 per cent, and gasoline and gasohol use will likely climb 3.6 per cent, he said.

He expected oil prices to not rise sharply. The diesel price is estimated at Bt25-Bt27 a litre, a slight increase from the 2017 average diesel price which remained at Bt23-Bt26 through the year.

Auttapol Rerkpiboon, senior executive vice president for the oil business unit at PTT, said that industry competition would likely become more fierce in 2018, with all

traders planning to expand their gas stations during the year. The year will see new marketing campaigns for traditional products and an increase in non-oil brands at gas stations as the companies seek to attract a more diverse group of customers.

PTT's board of directors gave the nod to a 2018 budget of Bt12.17 billion for its oil business, and a plan to increase PTT service stations from 1,640 to 1,800 in 2018, he said. One to two PTT truck and bus stations will also be constructed in 2018 as a means to boost diesel sales after flagging growth in diesel sales.

Network expansion

It will also add a further 300 Cafe Amazon shops to the current 2,000, including a pilot project that will create jobs for the handicapped.

On the overseas front, PTT targets an increase its service stations from 225 to 295 this year, while seeking new business opportunities such

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as the electric vehicle value chain. A business model for electric vehicles (EVs) is now under study, with decisions to be made in early 2018. The number of EV chargers is estimated to rise to 20 in the first months of the year.

"The country's oil consumption is forecast to grow 2-3 per cent in 2018 and PTT will retain its No 1 market share of 41 per cent," Auttapol said. "We will target our non-oil business to see its gross profit margin rise to 30 per cent within 2022. Now, it's 15 per cent.

Preeyanart Soontornwata, president of B Grimm Power Plc and chairperson of the Association of Private Power Producers, sees increased competition in Thailand's electricity business. She particularly pointed to the 269 megawatt VSPP (very small power producer) hybrid semi-firm project, which will be opened for bids in early 2018.

The public sector is also putting together details for a solar rooftop

project, which is expected to gain participation from a number of private enterprises once details of the project are announced, she said.

"Purchasing electricity from the public renewable energy project will be more in the bidding pattern, and that will result in fierce competition and give benefits to electricity users as costs of electricity from renewable energy will not be a burden to electricity prices in the future," said Preeyanart.

The country's power development plan (PDP) is now under review, and is expected to increase to 30 per cent the proportion of total electricity to be generated by renewable energy, she said. This could be an opportunity for the renewable energy sector to gain an even larger quota of power production.

In 2018, B Grimm Power will bid for all power projects, while planning to invest in installation of solar rooftops for customers in industrial estates to produce their own power, Preeyanart said. The company expects to make public its business model this month.