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The Office of the Energy Regulatory Commission (ERC) prepares to present the new round of the Fuel Adjustment Tariff (Ft) guidelines to the ERC committee meeting on March 25, before making an official announcement.

The ERC revealed that the unrest in the Middle East has caused spot market Liquefied Natural Gas (LNG) prices to rise to around \$25 per million BTU, causing Thailand's electricity production costs to trend higher and affecting the calculation of the Ft for the period May–August 2026.

The ERC has calculated three scenarios for electricity tariffs as follows:

Scenario 1: If no measures are implemented and the electricity rate reflects the total fuel cost, including the accumulated financial obligation (AF) of the Electricity Generating Authority of Thailand (EGAT) of THB 36 billion borne on behalf of the public, the tariff will increase to THB 4.59 per unit.

Scenario 2: If the outstanding AF debt of THB 36 billion by EGAT remains unpaid, the tariff will be THB 4.08 per unit.

Scenario 3: If the excess investment funds of the three electricity utilities, totaling about THB 9.4 billion, are used to support the electricity rate and the AF debt of EGAT remains unpaid, the tariff will be about THB 3.95 per unit.

Bualuang Securities (BLS) stated that the third electricity tariff formula is the most probable, which involves not repaying the AF debt to the Electricity Generating Authority of Thailand (EGAT), as well as using funds reclaimed from the three power utilities due to actual investments being lower than planned (Claw Back), totaling around THB 9.4 billion. This can be used to reduce the Ft by about 13 satang per unit, bringing the new electricity rate to THB 3.95 per unit.

However, if the government wants to cap the electricity rate at THB 3.88 per unit, EGAT would have to take on an additional debt of approximately THB 5-6 billion, which would further reduce the rate by 7

satang per unit. This is a viable scenario because EGAT currently has only THB 36 billion in fuel debt, compared to over THB 100 billion in the past.

Additionally, the government may consider subsidizing electricity costs exclusively for households using less than 200 units, while others will be charged at the rate of THB 3.95 per unit.

This will impact the profits of B.GRIMM Power Public Company Limited (SET: **BGRIM**) and Global Power Synergy Public Company Limited (SET: **GPSC**), reducing their profit by around 15-20%, while Gulf Development Public Company Limited (SET: **GULF**) will see only a 2% impact, and Gunkul Engineering Public Company Limited (SET: **GUNKUL**) may experience a slight increase or stabilization in profit projections.

The new government's energy policy is expected to have a significant impact on the investment direction of energy stocks. GULF is expected to benefit from a strong fuel pass-through mechanism, while GUNKUL is likely to grow from increasing its share of investment in renewable energy.

However, investors are advised to exercise caution regarding investment in BGRIM and GPSC due to their sensitivity to natural gas price volatility as well as uncertainties in electricity tariff setting that may be affected by government policy.

Thailand's utilities sector faces short-term negative risks to profits, but these risks are mostly concentrated in SPP power plant stocks due to their sensitivity to natural gas price fluctuations, said the brokerage firm.

Hence, the utility sector recommendation is downgraded from OVERWEIGHT to NEUTRAL. Preferred stocks are those with flexible Power Purchase Agreements (PPAs) featuring fuel pass-through mechanisms and/or higher proportions of renewable energy.

Recommended stocks are "GULF," target price THB 76.5, and "GUNKUL," target price THB 3.84, as they are considered more re-

silient amid volatile liquefied natural gas (LNG) prices. Meanwhile, BGRIM and GPSC carry the highest risks of profit decline during periods of high gas prices.

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