

Upsides on margin and ERCOT for BGRIM, GULF, and BPP

- Margin to rise on stable tariff and declining gas cost
- ERCOT is another power zone in U.S. that will drive up net profit for Thai firm BPP
- Top picks are BGRIM on margin upside, GULF on IPP upside and BPP on ERCOT

Tariff is likely to be maintained at THB3.94/kWh

On 11 Nov-25, The Energy regulatory Commission (ERC) proposed two alternatives for the Fuel Tariff (Ft) to be applied in the coming Jan-Apr 2026. First, the Ft will hit THB0.7975/kWh to bring the electricity tariff to THB4.58/kWh under the entire repayment for the carrying debt of THB47.1b to EGAT. Second, the Ft will be at THB0.1572/kWh and the tariff will be retained at the same level of THB3.94/kWh for the staggering repayment of THB6.14b installment. We believe the second alternative will be chosen and hence the tariff will be maintained at THB3.94/kWh.

SPPs will be winners

Under the assumption of the THB3.94/kWh tariff, we believe the margins for SPPs will improve given the gas cost is projected to decline q-q on the back of lower price of global imported LNG, both spot and contract basis. This should benefit BGRIM the most, followed by GPSC, GULF, EGCO, and RATCH, based on their revenue exposures to the tariff.

From PJM to ERCOT for U.S. AI investment theme

Since 2021, electricity demand within the Texas electricity grid operated by the Electric Reliability Council of Texas (ERCOT) has steadily increased, reaching a record high y-y in 9M25 and growing 5% y-y to become the U.S. fastest electricity demand growth in 2024-25. ERCOT's electricity demand is projected to grow at a faster rate than that of any other grid operator in the U.S. until at least 2026, according to the Energy Information Agency (EIA)'s forecast in Oct-25. Electricity demand in ERCOT will rise by 14% y-y in 9M26 to reach 425TWh. While since 2023, wind and solar generation, especially utility-scale solar, have been the fastest-growing sources of electricity in ERCOT and are increasingly meeting rising demand, the gas-fired power plants remain the key source of electricity to serve the AI-hungry power in ERCOT.

BPP is the sole winner in ERCOT

Since 2021 the gas-fired power plants in ERCOT rose to 161TWh in 2023, up 24% y-y over 2021 level but recently flattened, at 158TWh in 9M25, still the largest source of electricity for ERCOT with an averaged 43% of total power generation. Batteries store electricity during daytime when generation from wind and solar is the highest, and they supply electricity when generation from wind and solar is declining. BPP is the only Thai power company that has exposure in ERCOT with 1.4GW capacity from its gas-fired power plants Temple I & II.

Top picks: SPPs for BGRIM; IPP for GULF; ERCOT for BPP

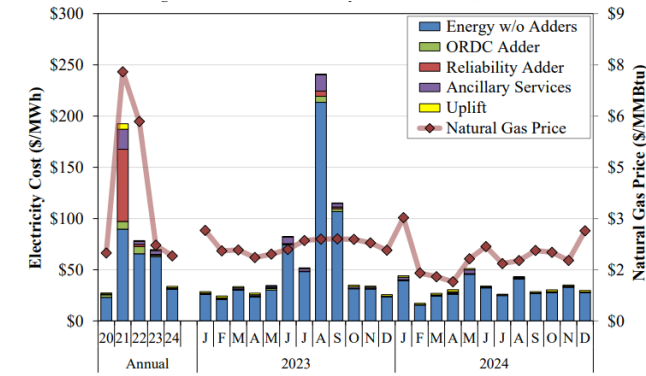
Our top picks for Thai power companies will be BGRIM and GULF on the margin upside on tariff stabilization and BPP on the high demand growth in ERCOT. We think Thai power sector remains one of the most attractive investment choices in Thai stock market considering that 1) the regulatory environment improves after the change in the Minister of Energy; 2) the growths from U.S. AI industry in PJM and ERCOT; and 3) the upsides on margins and demands.

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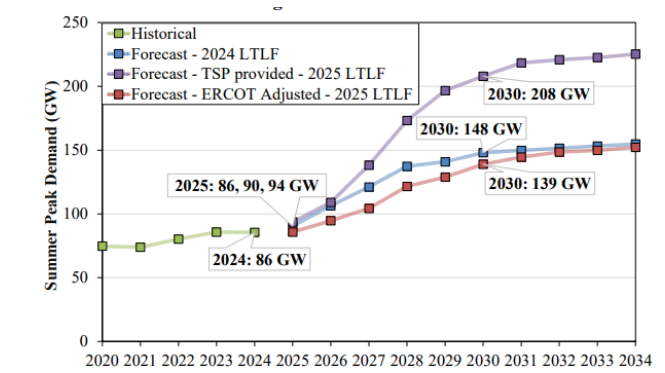
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Exhibit 1: Average All-In Cost for Electricity in ERCOT RTM, 2020-2024



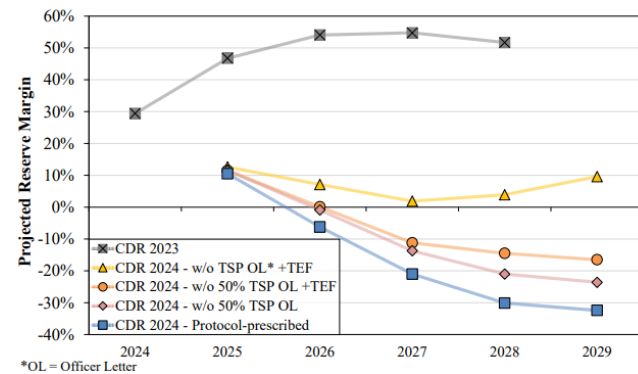
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Exhibit 2: ERCOT Long-Term Peak Demand Forecast



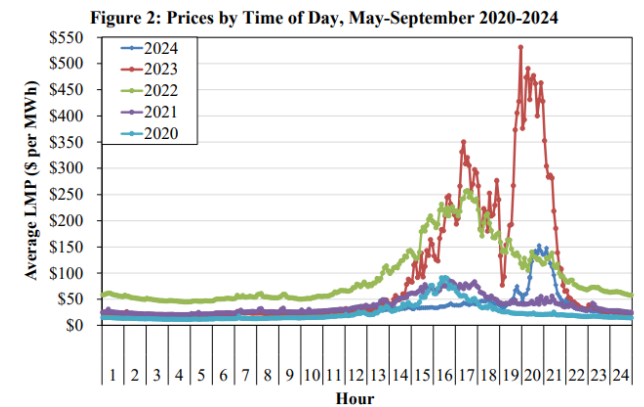
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Exhibit 3: Planning Reserve Margin, CDR 2023 vs CDR 2024



Sources: Name of source

Exhibit 4: Prices by Time of Day, May-September 2020-2024



Sources: Name of source

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Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.