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Contents

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The great energy investment dilemma: Take FID now or wait for costs to fall?

While the capital costs for gas supply projects have begun the long-anticipated retreat from the highs reached in 2008, they have not fallen anywhere near as much as oil and gas prices. Given that capital expenditure has historically tracked oil and gas prices, the big question for project owners is whether costs will continue to fall and, if so, how quickly? Are we seeing a structural disconnect between energy prices and project costs? Is now a good time to take a final investment decision? Or would that lock in high costs that may be significantly lower by this time next year?



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