



LNG SUPPLIES FOR ASIAN MARKETS (LNGA) '17

The Great LNG Rebalance: Opportunities & Painful Consequences

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UPDATE 1-Shell, Pavilion Gas to start shipping LNG to Singapore in 2017

by Mark Tay

- * Singapore to increase LNG imports as piped gas contracts expire
- * Singapore to open up imports for spot LNG in second half of 2017
- * SLNG to add nitrogen blending facility to broaden supply options
- * City-state to offer spare terminal capacity to other parties (Adds details, background)

SINGAPORE, Feb 14 (Reuters) - Shell Eastern Petroleum and Pavilion Gas will start supplying Singapore with liquefied natural gas (LNG) later in 2017 under contracts awarded last year, the city-state's trade minister said on Tuesday.

The two firms were awarded the right to supply LNG to Singapore last October, and will have exclusive franchises that last for three years, or until their shipments reach 1 million tonnes a year, whichever comes first.

Singapore is planning to import more of the super-cooled fuel as contracts for natural gas supplied via pipelines from Malaysia and Indonesia are due to expire in the early 2020s.

"We will also allow interested parties to import spot LNG in the second half of 2017, up to 10 percent of the total gas imports in Singapore," trade minister S Iswaran said.

Pavilion Gas, a unit of privately held Singapore-based Pavilion Energy Pte Ltd, and Shell Eastern Petroleum, a unit of Royal Dutch Shell, join BG Singapore Gas Marketing as the country's approved LNG importers. BG Singapore - now part of Shell after the Anglo-Dutch major bought its parent, the BG Group - was the first company to import LNG into Singapore in April 2008.

Singapore's LNG terminal, which is run by Singapore LNG Corporation (SLNG), is also to commission a nitrogen blending facility this year, Iswaran said, adding that the unit will "enable Singapore to accept a wider range of cargoes with varying LNG specifications."

Some natural gas types cannot be held in storage without adding nitrogen, and such a facility would allow Singapore to import from a broader base of suppliers.

Singapore is also planning to allow other parties to use spare storage capacity at its LNG terminal for storage and reload services.

"This is a business area that will grow with the completion of a fourth tank at SLNG by 2018, which will increase our storage capacity by 260,000 cubic meters, to a total of 800,000 cubic meters," Iswaran said.

SLNG will call for proposals from companies interested to use its spare capacity later this year, the minister said.