

## **Energy Intelligence International Oil Daily**

The Singapore government is taking charge of the country's first proposed LNG receiving terminal in a bid to prevent further delays.

The original plan was for the terminal to be built and run on a commercial basis by domestic utility Powergas and France's GDF Suez. But the plan was undermined by the global economic crisis, which prompted uncertainty about future gas demand and made it harder to raise funding, Singapore's senior minister of state for trade and industry, S Iswaran, said on the sidelines of an LNG conference in Singapore Tuesday.

Iswaran said start-up has already been pushed back to 2013 because of the financing problems (IOD Dec.8,p7). "If we pursue this option of continuing on a commercial basis with PowerGas, there will inevitably be further delays ... and costs are likely to be higher because of the financing elements," he said. "It is in our national interest to proceed in a timely way to diversify our sources, therefore the government is taking on the project."

Singapore's Energy Market Authority (EMA) will set up Singapore LNG Corp. to own and run the terminal, although it may sell its 100% stake once market conditions improve, Iswaran said. The government will also provide funding for the project, which Iswaran said will cost an estimated S\$1 billion- S\$1.5 billion (US\$692 million-US\$1.04 billion). Precise figures will not be known until the EMA awards engineering, procurement and construction (EPC) contracts by the end of this year.

PowerGas and GDF Suez have completed front-end engineering design and land reclamation at the Jurong Island site. PowerGas will be compensated for costs incurred to date, and some of its staff will be seconded to Singapore LNG, Iswaran said.

The changes will not affect Singapore's LNG offtake agreement with BG. The UK gas giant's LNG general manager in Singapore, Daniel Werner, said the company will start supplying the terminal once it starts up, and that the proposed Queensland LNG project in Australia will be a "critical" source of supply. Iswaran said EMA and BG have agreed all supply terms (IOD Apr.30,p7).

He insisted Singapore is in a "good position" to become a major LNG trading hub now that several big energy players have established LNG trading desks. ConocoPhillips International Vice President Juan Pareja said the US major set up an Asia-Pacific desk last year.

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