

Singapore takes over LNG project-minister

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SINGAPORE, June 30 (Reuters) - The Singapore government will take over development of its first \$1 billion liquefied natural gas (LNG) terminal from a consortium to avoid more delays due to the credit crunch and deferred its completion by a year to 2013.

The PowerGas-led consortium, which included GDF (GSZ.PA: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) with a 30 percent stake, had been due to make its final investment decision this month for the project slated to have a 3 million-tonne annual capacity when completed in 2012.

"Financial markets are also less hospitable and financing is more difficult and costly. It has, therefore, become significantly more challenging for PowerGas to proceed with this project on a commercial basis as originally intended," senior minister of state for trade S. Iswaran told an LNG conference.

"Having reviewed the situation and taking cognisance of the commercial challenges posed by current market conditions, the government has decided to take over the ownership and development of the LNG terminal in Singapore."

The Energy Market Authority (EMA) will form the Singapore LNG Corporation for this purpose, and "the aim is to ensure that the terminal is completed and operational by 2013, notwithstanding the present uncertainties in the market", Iswaran added.

The LNG terminal is the latest Singapore project to be delayed due to the financial crisis.

Last month, Jurong Aromatics Corp (JAC) said it had pushed back the start-up of a \$2.4 billion aromatics project until early 2013 from 2011, as it struggles to obtain funding, but dismissed speculation it would suspend or scrap the project. [ID:nSP477329]

Just before that, the city-state cancelled the operational tender for the rock cavern oil storage project and would only re-issue it three years later, adding to the list of project delays worldwide due to poor economic conditions. [ID:nSP124882] [ID:nSIN466009]

PowerGas, a wholly owned unit of Singapore Power, was appointed in 2007 to jointly build and operate the terminal with French-utility Gaz de France -- now known as GDF Suez S.A. (GSZ.PA: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) (GSZEUR.PZ: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#))

The EMA awarded BG Group (BG.L: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) in April 2008 an exclusive right to import LNG and sell regasified LNG in Singapore.

Iswaran said EMA has concluded discussions with BG on an aggregator agreement, which sets out the pricing details and other terms and conditions for the supply of LNG to Singapore.

The terminal, which will be built on Jurong island, has the potential to be expanded to 6 million tonnes per year. (Writing by Ramthan Hussain; Editing by William Hardy)