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Govt to run LNG terminal

By Jessica Cheam

SINGAPORE's first and only LNG terminal costing \$1 billion will now be taken over by the Government, which will fully own and develop the facility to avoid further delays.

Senior Minister of State for Trade and Industry S Iswaran said on Tuesday that it is 'in our national interest that we proceed with this project... because it is an essential part of our energy strategy to diversify our sources'.

He announced this decision on Tuesday morning at the Next Generation LNG - Asia Pacific 2009 conference.

The Government had originally appointed PowerGas, a Singapore Power unit, and its partner France's GDF Suez to develop and operate the liquefied natural gas (LNG) import terminal on Jurong Island, but the challenging economic environment has made it difficult for the project to continue on a commercial basis.

'If we were to pursue this option of continuing on commercial basis with powergas, there will inevitably be further delays as PowerGas tries to put together a proposition that works for all parties,' Mr Iswaran told reporters.

Secondly, costs are likely to be higher because of the financing elements, he said.

EMA will now facilitate the takeover by setting up a new company, the Singapore LNG Corporation, to own the terminal and oversee its development. It will be seconding staff from PowerGas familiar with the project to carry on the work.

The terminal, to be built on a 30 hectare site on Jurong Island, will initially comprise two 150,000 cu m tanks with capacity of three million tonnes per annum. The site on Jurong Island has also been fully reclaimed.

There will be provisions to expand it to six million tpa under a second phase - a volume comparable to the amount of gas now piped from Indonesia and Malaysia. London-listed BG Group has been appointed sole buyer of the LNG for Singapore.

EMA said that PowerGas has made good progress in completing the front-end engineering design for the terminal, and will be compensating the firm for the initial costs sunk into the terminal.