

Japanese duo expect fall in LNG imports

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Two of Japan's major liquefied natural gas buyers, Tokyo Gas and Chubu Electric Power expect their LNG imports to reduce this year ahead of a recovery in 2010.

Chubu Electric Power imported over 10 million tonnes of LNG last year, with spot purchases accounting for about 1.5 million tonnes, general manager of fuels department, Hero Sato said at the sidelines of the Next Generation LNG Asia Pacific 2009 conference.

The Japanese utility is projecting about 8.5 million tonnes of LNG imports this year and possibly exercising the downward quantity tolerance (DQT) option on its LNG purchase contracts for the first time.

However, Sato feels a recovery is insight, given a pick-up in industrial activity such as the restarting of Toyota's production plant in Japan.

Tokyo Gas appears to share Chubu Electric's sentiments.

Senior vice president for LNG Asia-Pacific Atsunori Takeuchi said Tokyo Gas is expecting a similar dip in this year's imports as compared to last year.

In 2008, Tokyo Gas imported less than 11 million tonnes of LNG, according to Takeuchi.

However, the situation is set for a U-turn in the second half, with the bottoming out of the domestic steel industry in July, he said.

Both Tokyo Gas and Chubu Electric are eyeing to diversify into non-conventional sources of LNG.

Takeuchi has flagged up the possibility of drawing gas resources from the methane hydrate deposits found off Japan.

The deposits hold an estimated gas volume sufficient to cover 100 years of Japan's annual gas consumption, he said.

Both Tokyo Gas and Chubu Electric are looking into securing supplies from Australia's coalbed methane resources. However, the Japanese utilities declined to comment on the specifics of ongoing commercial discussions.