

Market Report

Sell tenders from PNG LNG and Sakhalin-2 added to spot supply in east Asia. A raft of Indian buy tenders resulted in few deals due to a gap in price ideas. The market watches for new European demand **2**

News

New Bahrain import terminal set for first cargo in February **8**
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Plan for first LNG terminal in the Philippines moves forward

A joint venture between Chinese major CNOOC and local oil company Phoenix Petroleum is in the lead to build the first LNG import terminal in the Philippines. However, some regulatory hurdles remain.

The venture, named Tanglawan Philippine LNG, plans to break ground by the end of this year through its commercial operations of a 2.2mtpa receiving terminal, to start by 2023.

The project also includes the construction of a gas-fired power plant of up to 2GW of installed capacity.

The Philippines Department of Energy (DOE) has issued a Notice to Proceed but has yet to grant a permit to construct.

The venture now has six months to secure permits or clearances from other government agencies, and submit proof of finances, before moving ahead with construction.

This period could be extended by an additional six months if necessary, a source at DOE told ICIS.

The source also confirmed a separate proposal by the power producer First Gen and Japanese utility Tokyo Gas.

The evaluation of whether to issue a Notice to Proceed should be taken within 20 working days but could take a bit longer, depending on the application, the source said.

There could be a case for building two import terminals side by side in the Batangas region, south of Manila, to ensure there is no interruption in supply, the source added.

The Philippine National Oil Company (PNOC) is also working on a proposal but is yet to submit a formal application to the DOE.

Meanwhile, Australia-listed Energy World Corp (EWC) has been granted a [Page 7](#)

Sun setting on UAE imports as gas loses ground to solar

LNG imports into the United Arab Emirates (UAE) fell 68% year on year in 2018, according to LNG Edge data, as an ambitious government drive to diversify the country's energy mix squeezed natural gas's long-standing dominance.

Imports of the supercooled fuel totalled 782,000 tonnes in 2018, down from 2.4m tonnes in 2017. Of that, the biggest share (30%) was supplied by Algeria at 236,000 tonnes.

The UAE imported 14-18 Qatari cargoes every year between 2012-16, but those shipments dwindled from June 2017 when the emirates joined a Saudi-led trade embargo against their Gulf neighbour, and had stopped completely by 2018.

Initially, West African and US cargoes

plugged the gap, but in 2018 those disappeared too as overall demand shrank.

The only countries to increase shipments year on year were Algeria, Australia, the Netherlands and Spain, each providing one more cargo in 2018 than in 2017.

Diversification

The government's long-term energy strategy aims to increase renewables' share of the overall energy mix from 25% to 44% by 2050 and decrease that of gas from 65% to 38%.

Analysts say that imported LNG is the first casualty in the race to meet those goals and diversify supply with renewables and increased domestic production.

In Dubai, historically the biggest [Page 7](#)

SPOT DES PRICES				\$/MMBtu	
Location	Mar '19	Week-on-week diff	Apr '19	Week-on-week diff	
EAX	7.950	-0.300	7.650	n/a	
Japan	7.950	-0.300	7.650	n/a	
India	7.850	-0.050	7.400	n/a	
Spain	7.320	0.040	7.080	n/a	
Britain	7.209	0.005	6.820	n/a	
Argentina	7.600	-0.350	7.500	n/a	

FORWARD GAS MARKETS: UK NBP (ICIS)					\$/MMBtu	
	16 Jan '19	9 Jan '19	Change on week	16 Jan '18	Change on year	
Feb '19	7.790	7.709	0.080	7.271	0.519	
Mar '19	7.567	7.517	0.050	7.099	0.468	
Apr '19	7.159	7.101	0.058	6.602	0.557	
May '19	6.938	6.813	0.125	6.182	0.756	
Jun '19	6.668	6.596	0.072	5.803	0.865	
Jul '19	6.632	6.572	0.060	5.894	0.738	

FORWARD GAS MARKETS: US HENRY HUB (NYMEX)					\$/MMBtu	
	16 Jan '19	9 Jan '19	Change on week	16 Jan '18	Change on year	
Feb '19	3.384	2.984	0.400	3.129	0.255	
Mar '19	3.147	2.840	0.307	2.962	0.185	
Apr '19	2.833	2.706	0.127	2.781	0.052	
May '19	2.797	2.696	0.101	2.768	0.029	
Jun '19	2.835	2.745	0.090	2.805	0.030	
Jul '19	2.872	2.796	0.076	2.844	0.028	

CONTRACT GAS MARKETS: (ICIS)			\$/MMBtu	
	NW Europe Oil - Indexed	Japan Import		
February '19	7.808	11.971		
March '19	7.755	12.456		
April '19	7.351	12.228		
May '19	7.254	12.096		
June '19	7.180	12.002		
July '19	7.068	11.923		

China's Jiangsu province to build more LNG terminals

The Chinese Jiangsu government plans to put the construction of LNG terminals as its top priority to support the development of the natural gas market in the region, according to a recent announcement.

It will accelerate the construction of PetroChina's Binhai LNG terminal, and the approval of Huadian's Ganyu and Xiexin Huidong's Rudong terminals, according to the Implementation Opinions on Promoting Coordinated and Stable Development of Natural Gas in Jiangsu Province released on 4 January.

In the province, there are two operating LNG terminals at present, PetroChina's Ru-

dong terminal and Guanghui Energy's Qidong terminal. Jiangsu also proposed to speed up the promotion of transport using LNG as a fuel, including small LNG carriers into rivers and LNG tank containers.

The proposal covers six major areas. These include establishing a natural gas production-supply-storage-distribution system; enhancing the role of gas for peak-shaving or emergency use, and optimising gas purchase contracts and pricing.

LNG demand in China will continue to rise but additional import infrastructure is needed to support this.

Elena Qi

Plan for first terminal in Philippines moves forward

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24-month extension in the construction period of an LNG terminal that originally received its permit to build back in 2011.

The site's jetty, storage tank and power plant are all in advanced stages of completion but there is no regasification facility and the project has stalled due to difficulties in securing a connection to the main power grid.

Combined gas-fired generation capacity in the Philippines is currently 3.2GW.

Gas is sourced from the domestic Malam-paya field, but supplies are expected to run dry by around 2024. Joachim Moxon



Sun setting on UAE imports as gas loses ground to solar

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LNG importer among the seven emirates, gas demand "is slowing because of improved efficiency and the expansion of solar power", according to Robin Mills, CEO of consultancy Qamar Energy.

According to the International Renewable Energy Agency, renewable solar energy became the most cost-competitive source of new power supply in the UAE in 2014.

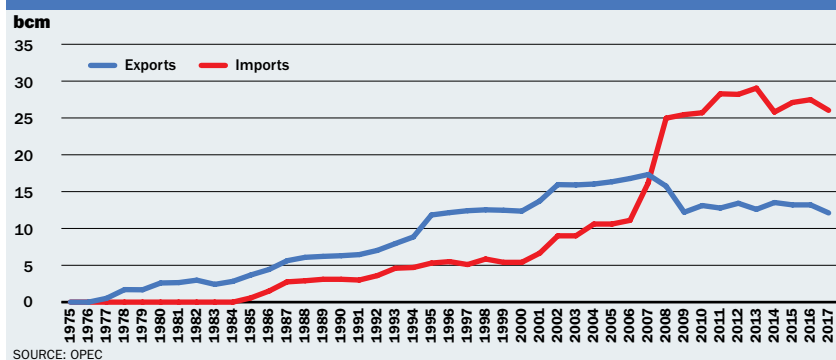
Dubai also imports gas via pipeline from Qatar and Abu Dhabi, but flows data are not publicly available. Abu Dhabi's ADNOC, the Dubai Supply Authority and pipeline operator Dolphin Energy did not respond to requests for comment.

Within gas's falling share of the energy mix, foreign imports including LNG may also come under pressure as price reforms make domestic production more profitable.

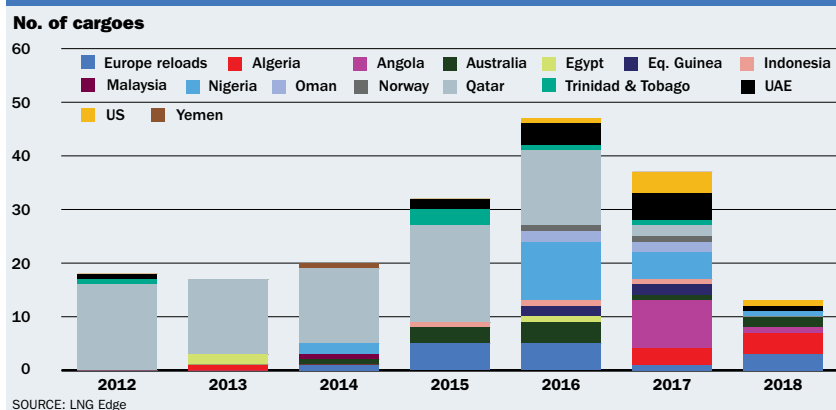
ADNOC announced in November 2018 that it would invest \$132bn into its oil and gas sectors over the next five years in a bid to reverse declining production and become a net gas exporter.

"The UAE has been engaged in diversifying its domestic energy portfolio such as through its nuclear energy, substantial renewable energy deployment and an increase in domestic gas production," said Justin Dargin, a Middle East energy expert

UAE GAS EXPORTS LAG BEHIND IMPORTS



EMIRATES ADJUST TO LIFE WITHOUT QATARI LNG



at the University of Oxford. He added that LNG imports across the region were "always supposed to be a stop-gap method of meet-

ing domestic energy demand until domestic production increased".

Patrick Sykes