

Singapore looks at Woodside's Browse LNG

Nigel Wilson, Energy writer | *March 07, 2008*

SINGAPORE may become the third foundation multi-billion-dollar customer for Woodside's planned Browse Basin liquefied natural gas development.

Chief executive Don Voelte announced in Singapore yesterday that the company was on a short list to supply the island republic's first LNG receiving terminal.

Singapore's Energy Market Authority said in January five companies had been shortlisted to aggregate gas supplies for the terminal but it declined to disclose the participants.

The aggregator, expected to be selected in the next four months, will be given an exclusive licence to import LNG and to sell regassified LNG. It is expected that the contract volume will begin at about 1.2 million tonnes of LNG a year, increasing to 3million tonnes.

The \$US720 million (\$770.6 million) receiving terminal, being constructed by Singapore Power subsidiary PowerGas, is expected to be completed in 2012.

The authority says about 80 per cent of power generation needs in Singapore are met by the 6 million tonnes of natural gas imported by pipeline each year from Malaysia and Indonesia.

In 2006, Singapore announced it would import LNG to diversify its sources of energy and to meet rising demand.

If Woodside succeeds with its Singapore tender, the republic will be become the third foundation customer of the Browse development, after PetroChina and Taiwan's China Petroleum Company.

Each of these deals, announced last year, is estimated to be worth up to \$45 million over 20 years, and involves exporting 2-3 million tonnes of LNG a year.

Mr Voelte has said previously that Woodside was seeking five foundation customers as it worked towards planning the Browse development.

Even though Singapore supplies would be required before Browse was commissioned, probably about 2014, there is sufficient spare capacity in Woodside's \$12billion Pluto LNG development now under construction on the Burrup Peninsula to cover the start-up period.

Also yesterday, the competition watchdog agreed to a request from the North West Shelf domestic gas joint venturers to revoke authorisation for joint gas marketing operations, an authority granted in 1977, or nearly a decade before domestic gas supplies began flowing from the shelf.

The original authorisation was granted to allow the joint venture partners to discuss and agree on common terms and conditions (including price) on which domestic gas would be produced and offered to customers.

Without the authorisation, the joint venturers could have been in breach of the Trade Practices Act.

Woodside, which operates the domestic gas venture, said yesterday that revocation had been sought because the venturers were confident its joint marketing activities complied with the act.