



**FOR IMMEDIATE RELEASE**

4 September 2007

**NEWS RELEASE**

**ENERGY MARKET AUTHORITY KICKS OFF REQUEST FOR PROPOSAL  
TO SELECT LNG AGGREGATOR FOLLOWING DESIGNATION OF  
POWERGAS AS LNG TERMINAL OPERATOR**

*Synergies to be reaped from current role of PowerGas as the gas pipeline network operator*

The Energy Market Authority (EMA) has designated PowerGas Ltd, a wholly owned subsidiary of Singapore Power Ltd, to build and operate Singapore's first Liquefied Natural Gas (LNG) terminal.

2 The LNG terminal will have a send-out capacity of 3 million tonnes per annum (mtpa) with potential for expansion to 6 mtpa. It will be built on a site of about 30 hectares on the south western part of Jurong Island. Siteworks at Jurong Island are expected to be ready by end 2008, and construction is planned to commence in 2009. The terminal is scheduled to take its first delivery of gas by around 2012.

3 This was announced today by Minister of State for Trade and Industry, Mr S Iswaran, at the LNG Supplies for Asian Markets 2007 Conference at the Hilton Hotel. Said Mr Iswaran, "There are clear synergistic benefits for PowerGas to operate the LNG terminal, given its current role as the gas transporter and system operator in Singapore. PowerGas will be able to ensure that the operation of the terminal, which is strategic and critical, is efficiently integrated with the gas pipeline network. PowerGas will also be able to manage periodic demand and supply imbalances in the gas network by adjusting gas supply from the LNG terminal."

4 Mr Iswaran added, "To ensure the success of the LNG terminal, we also welcome industry players with the relevant commercial and technical expertise to partner PowerGas to jointly develop and operate the terminal. Such complementary strengths will enhance the commercial model and value proposition underpinning the LNG terminal business."

5 EMA has already commenced negotiations with PowerGas to procure its services to build and operate the LNG terminal.



## **Request for Proposals (RFP) for LNG Aggregator**

6 Mr S Iswaran also announced that Singapore would procure LNG through a single buyer or the Aggregator, due to the small size of the Singapore market. EMA is launching Stage One of the two-staged Request for Proposal (RFP) today for the selection of a LNG Aggregator for Singapore. EMA is open to different models for the Aggregator, and for individual companies as well as joint ventures between local and foreign players to submit proposals.

7 The successful Aggregator would have an exclusive licence from EMA to import and sell LNG into Singapore up to an initial gas demand of 3mtpa. The Aggregator's role is to:

- a) aggregate gas demand from all potential users;
- b) procure LNG from suppliers on behalf of the end-users; and
- c) enable and facilitate appropriate trading mechanisms for LNG to be arbitrated against piped natural gas and vice versa.

8 The RFP document can be downloaded from EMA's website at [www.ema.gov.sg/doc/RFPforAggregator\(Stage1\).pdf](http://www.ema.gov.sg/doc/RFPforAggregator(Stage1).pdf). Interested parties are to submit their concepts for the business model of the Aggregator by 4pm (Singapore time) on 4 December 2007 through EMA's website or through hardcopy.

9 Shortlisted parties from Stage One will then be invited to submit detailed commercial proposals for the role of the Aggregator in Stage Two. Details for Stage Two of the RFP are expected to be announced in early January 2008. EMA targets to select the Aggregator in the second quarter of 2008.

## **Background**

10 On 7 August 2006, Mr Lim Hng Kiang, Minister for Trade and Industry announced that Singapore would build an LNG terminal to import LNG to diversify our sources of energy and to meet our future rising demand for energy.

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## UPDATE ON SINGAPORE'S LIQUEFIED NATURAL GAS (LNG) PROJECT - DATASHEET

### Natural Gas in Singapore

- About 80% of Singapore's electricity is generated by natural gas imported via pipelines.
- Import controls on PNG for commercial generation<sup>1</sup>.
- Prior to the introduction of LNG, import of PNG for non-commercial generation use will be assessed on a case-by-case basis. Import control will apply to all new gas demand after LNG is introduced.
- Special concessionary tax rate of 5% on income from LNG trading for 10 years under Global Traders Programme.

### The LNG Terminal

- PowerGas Ltd, a wholly owned subsidiary of Singapore Power Ltd, has been designated by the EMA to build and operate the Terminal.
- Located on site of about 30 hectares on the south western part of Jurong Island.
- Siteworks expected to be completed by end 2008. Construction planned to begin in 2009.
- First phase send-out capacity of 3 mtpa, with potential for expansion to 6 mtpa.

### The Aggregator

- Aggregate gas demand from potential users and procure LNG.
- Exclusive licence to import and sell LNG up to an aggregate demand of 3 mtpa.
- Opportunities for trading activities utilising extra storage capacity at terminal and/or leveraging on LNG/PNG price arbitrage.
- Regulated margin on supply of LNG to the domestic market. Profits and returns from other activities such as trading of LNG will not be regulated.
- Selection through a two-stage RFP process. Details of the RFP process and criteria are at [www.ema.gov.sg/doc/RFPforAggregator\(Stage1\).pdf](http://www.ema.gov.sg/doc/RFPforAggregator(Stage1).pdf)

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<sup>1</sup> Commercial generation means generation of electricity to be exported into the grid, and includes cogeneration/combined cycle gas turbine plants.