17th INTERNATIONAL CONFERENCE & EXHIBITION ON LIQUEFIED NATURAL GAS (LNG 17)




Singapore:
Emergence of a new LNG market

By: Dr. Anthony Barker, BG Group

16 April 2013

International Organizers

Host Association

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Singapore's challenges

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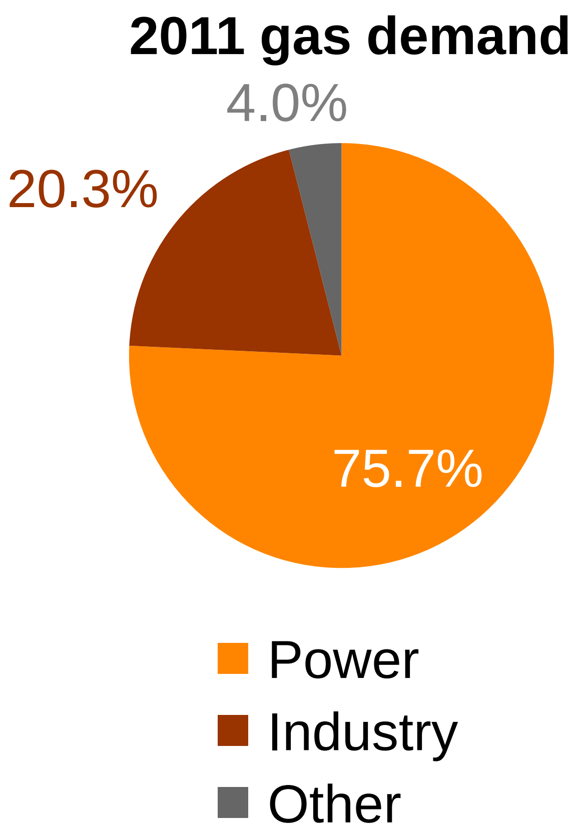
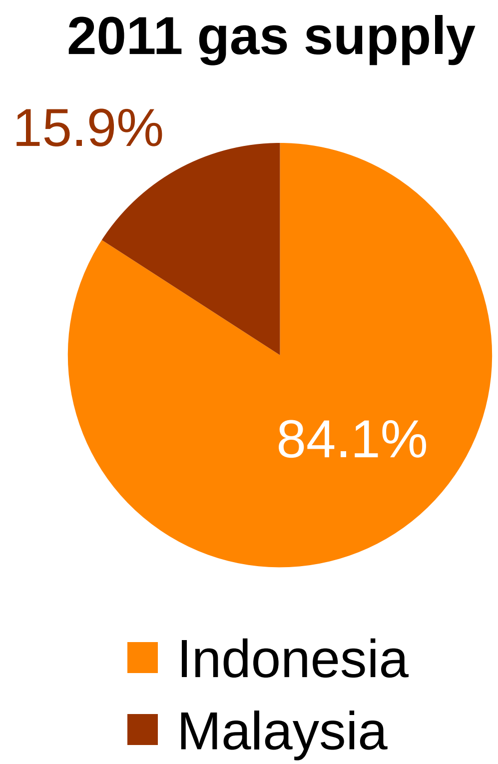
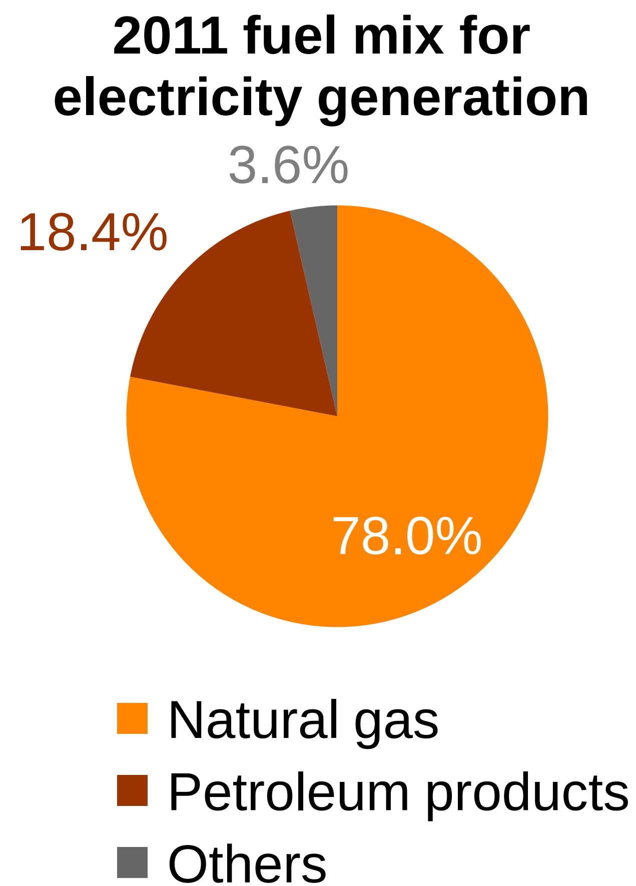




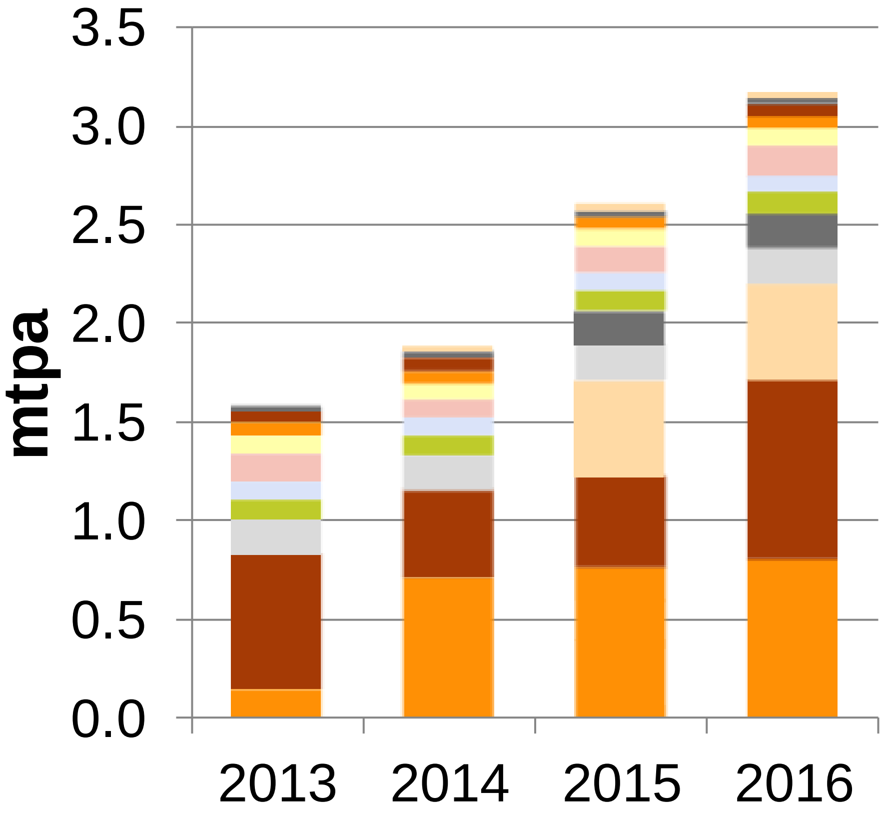


Source: Wood Mackenzie, November 2012 & EMA Singapore Energy Statistics Report 2012

Consolidating demand

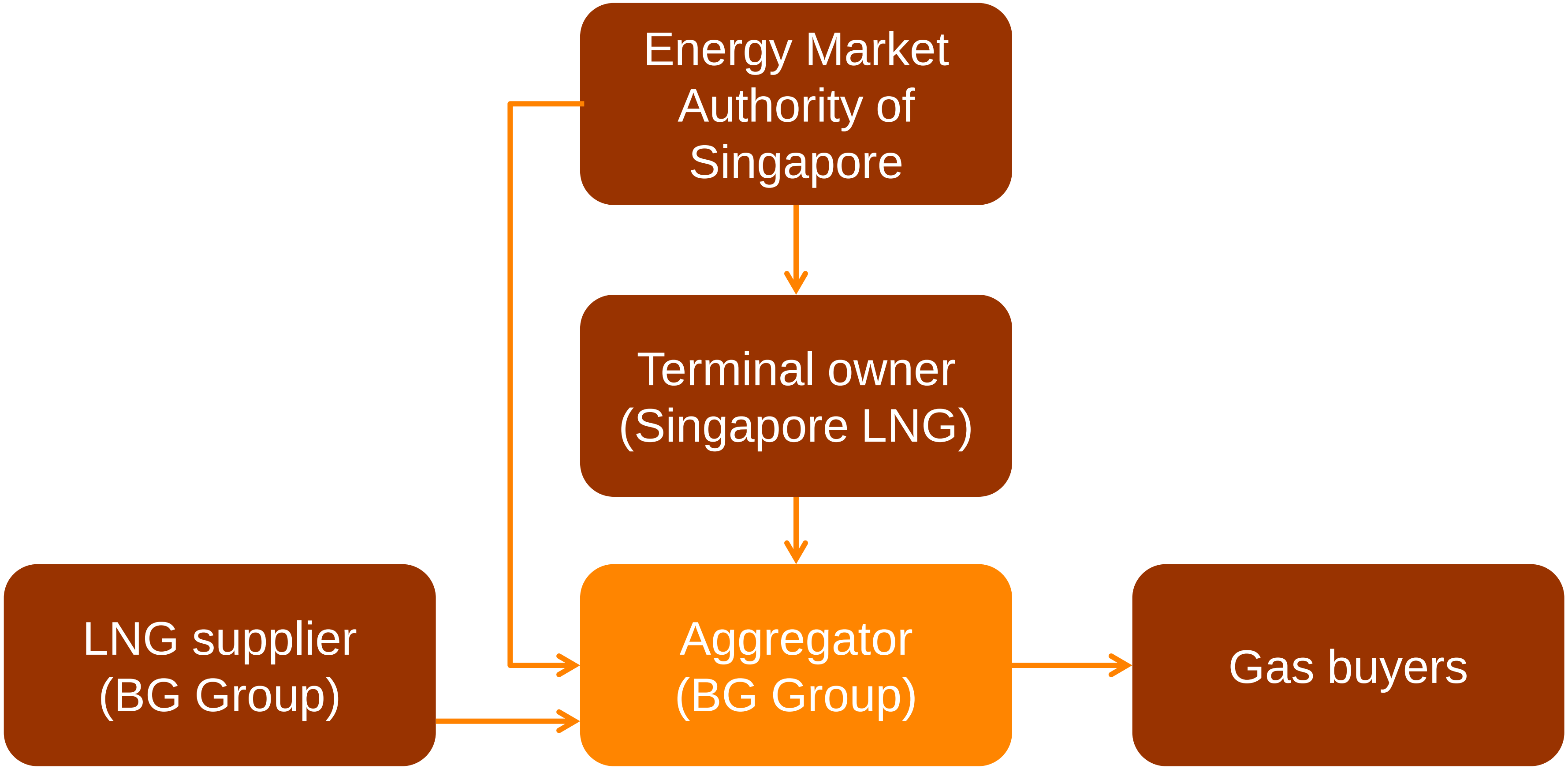
- Marketing multiple gas sales contracts
- Inventory management and 24/7 commercial operations
- Market development

Singapore LNG demand



Sources: BG Group estimates 2012,Schlumberger Business Consulting, 2009

Meeting Singapore's challenges



Source: BG Group, 2012

BG Group's LNG marketing

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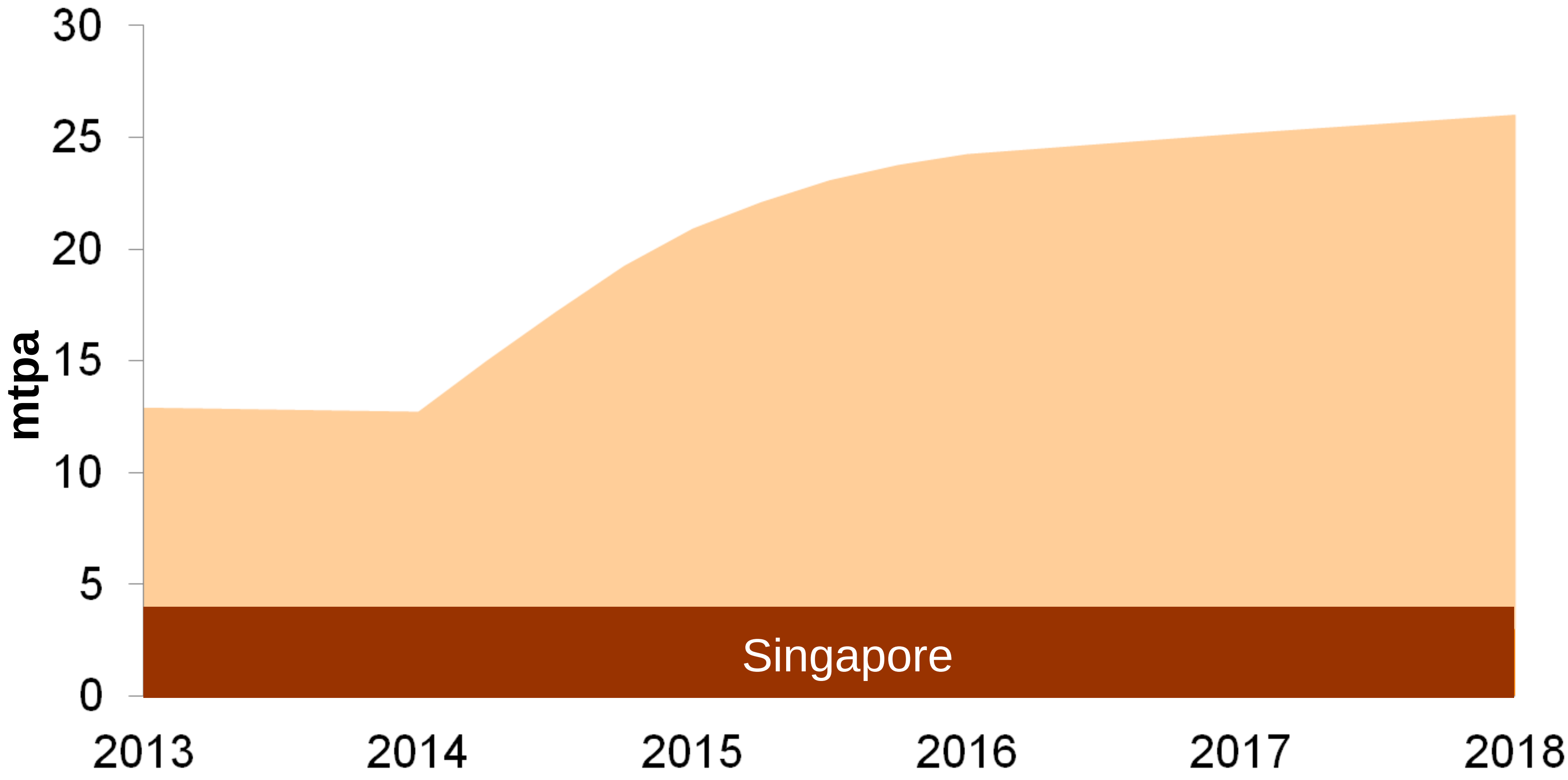

Source: BG Group Strategy Presentation, February 2012

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Global assets, supply and markets

Equity position

Existing long term supply source

Existing import capacity

Liquefaction under construction

Potential liquefaction

Long term customer

* *Exclusive right to supply*

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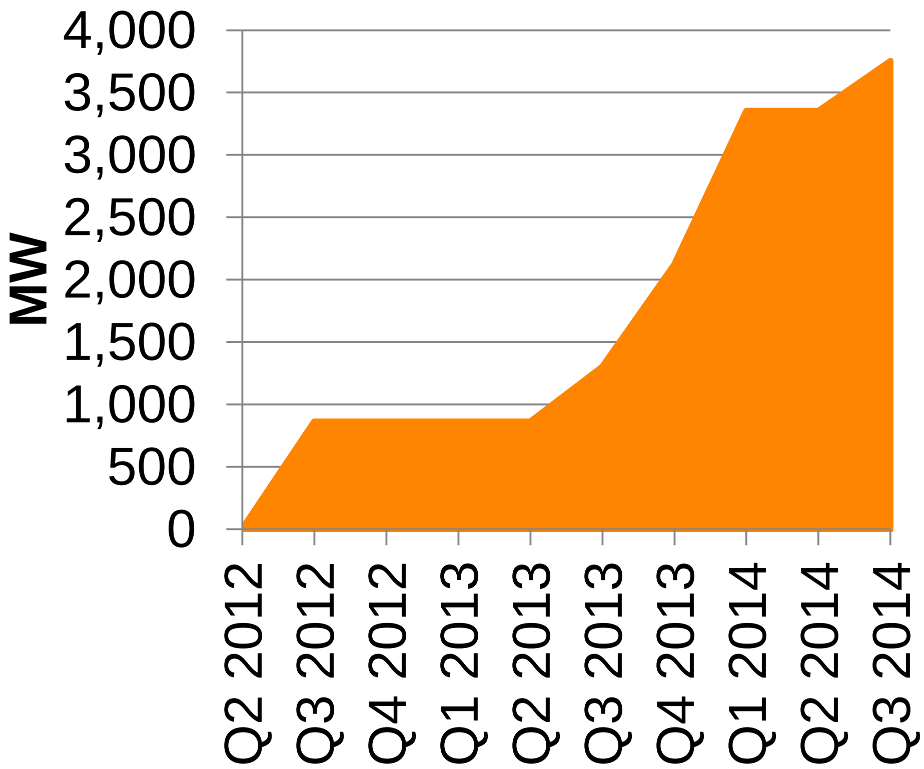
Policy and regulatory support

Incremental gas generation capacity



EMA initiatives and policies

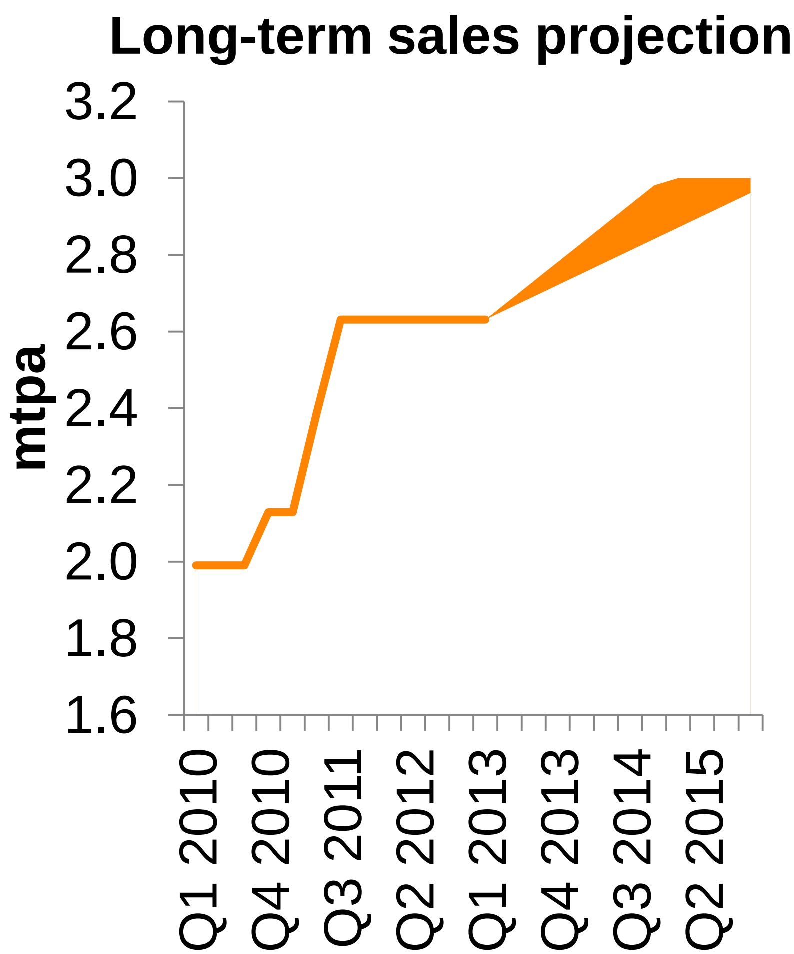
ENERGY MARKET AUTHORITY

- Pipeline gas moratorium
- Vesting contracts
- SLNG step-in and underwriting

Source: Tri-Zen Consulting, BG Group estimates, May 2012

Long-term sales

- 3 mtpa exclusive franchise to supply Singapore
- Approx 2.6 mtpa contracted with 10 – 20 year supply periods
- 10 gas buyers and ~15 GSAs



Source: BG Group, November 2012

Singapore franchise state of play

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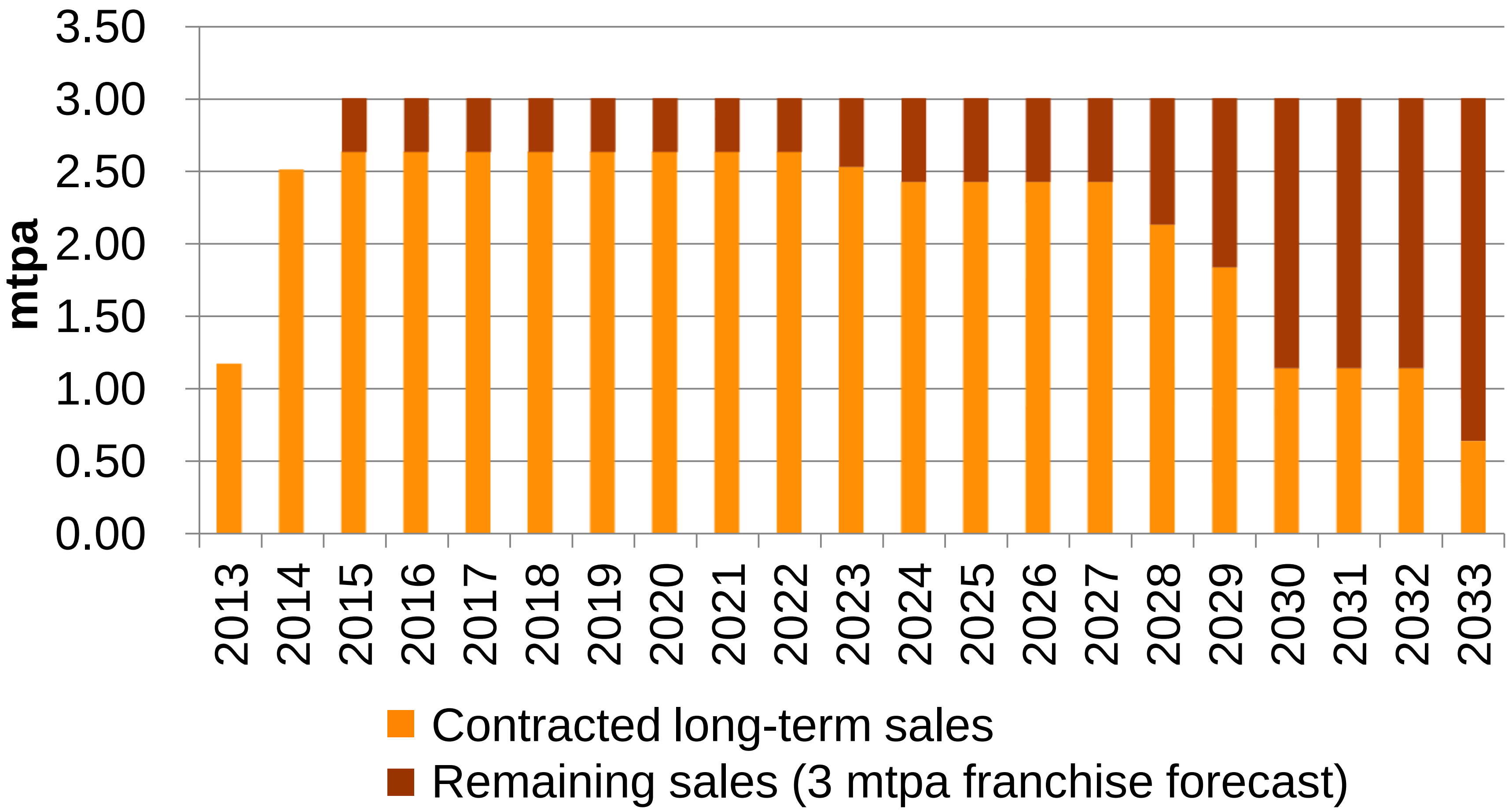

Source: BG Group, November 2012

Long-term sales

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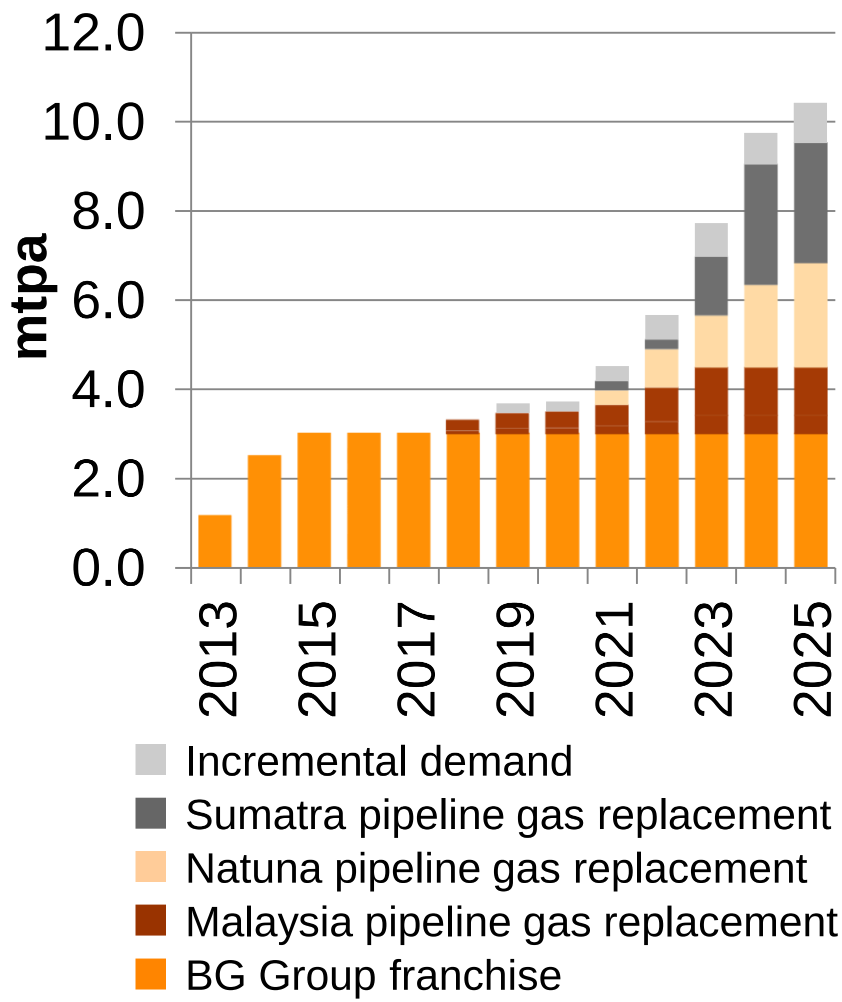
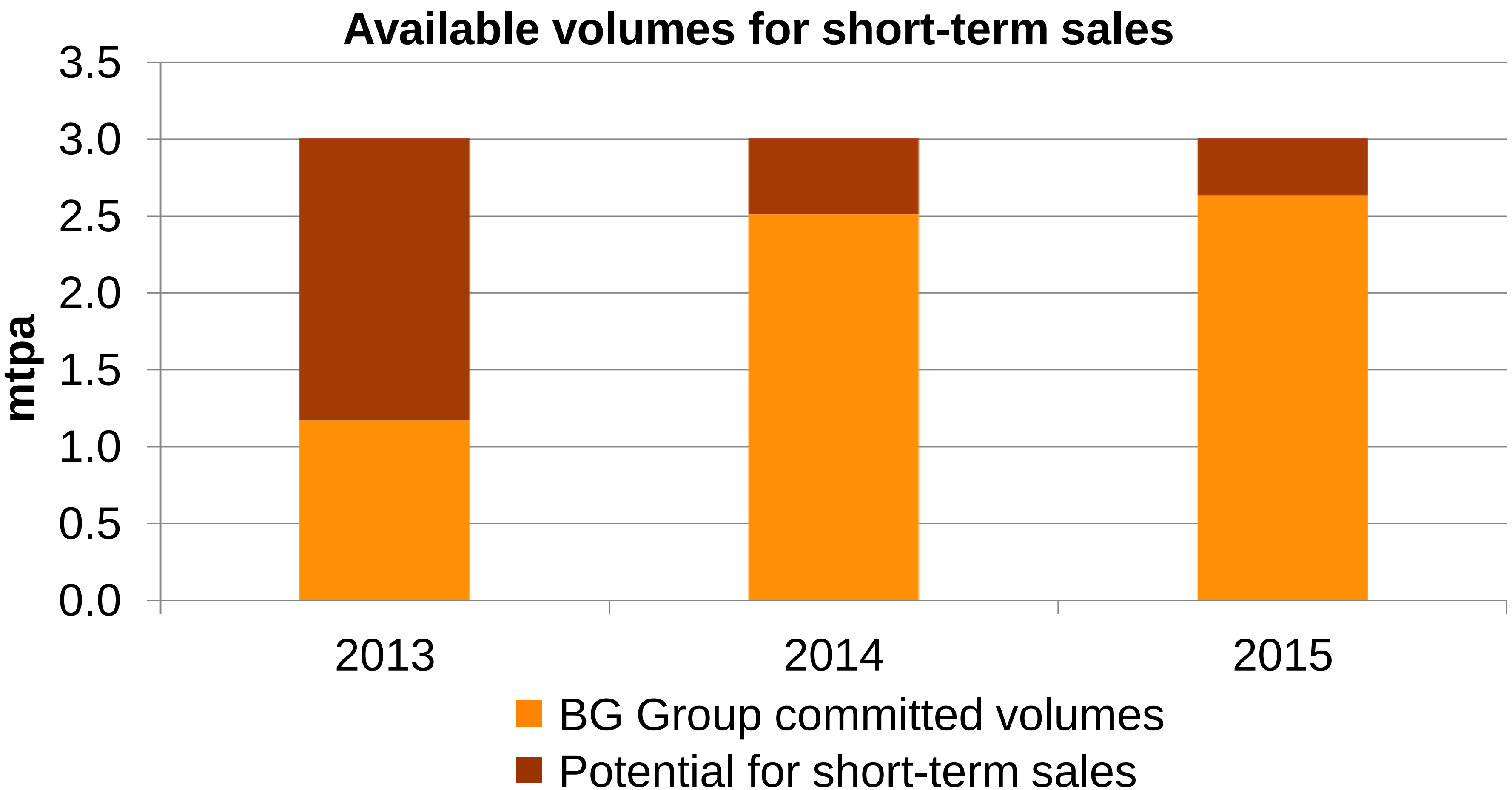
- BG Group has contracted at three long-term price tranches
- Singapore's power market is now well supplied with long-term volumes
- Buying interest seen from 2018 onwards
  - Replacement of expiring pipeline gas import contracts
  - Demand growth driven by industry



Short-term supply security



Source: BG Group, December 2012

Short-term sales

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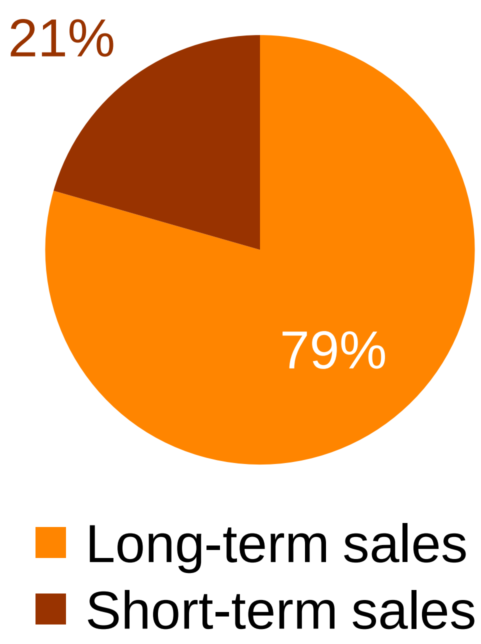
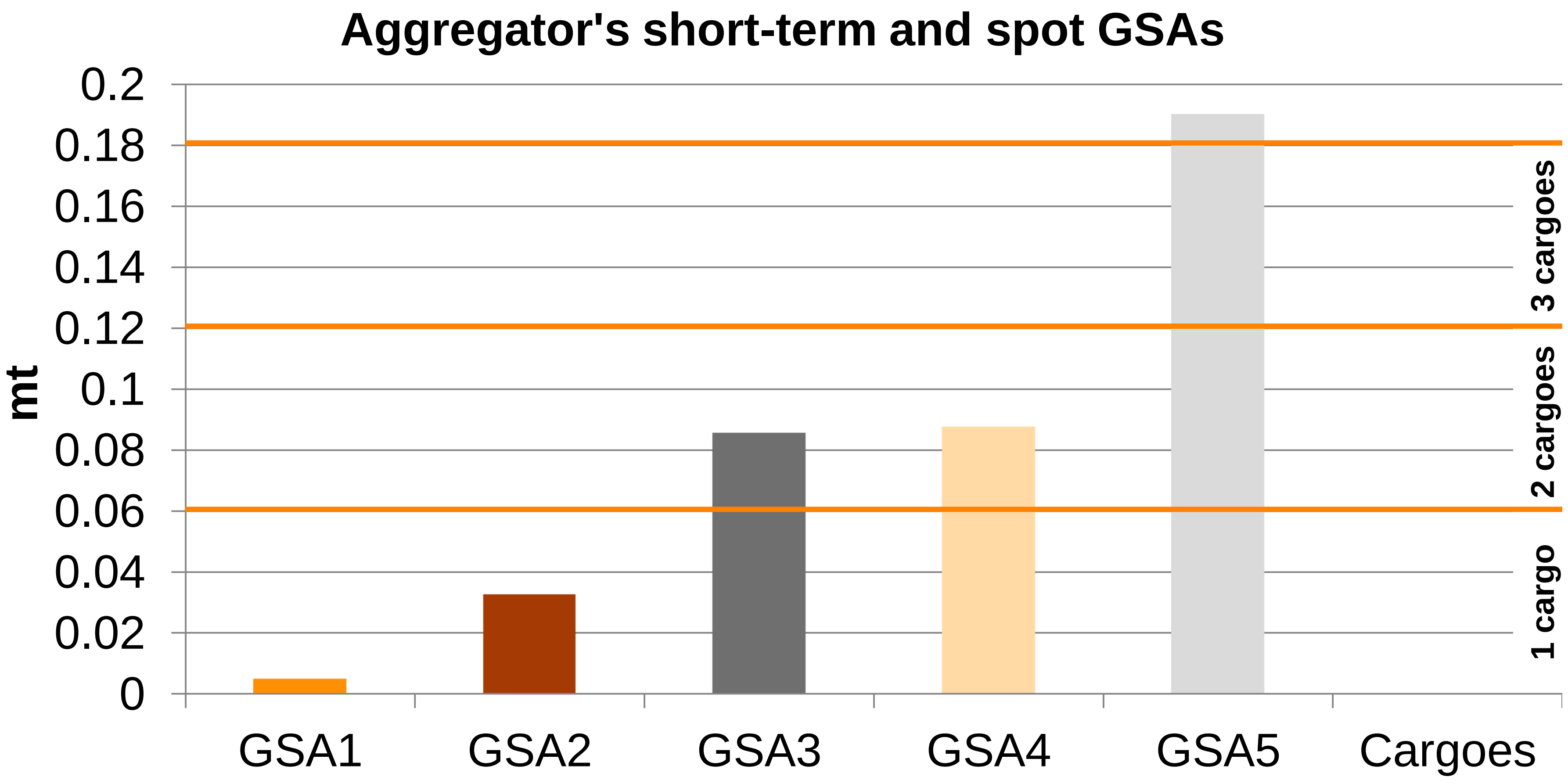
- Through 2012, BG Group worked closely with the regulator (EMA) to develop:
  - Standardised master short-term GSAs
  - ‘Stand alone’ short-term GSAs
- Short-term interest driven by:
  - Ramp up and commissioning requirements
  - Operational concerns
  - Commercial opportunities to access spot LNG
    - Pipeline gas displacement
    - Power market opportunities

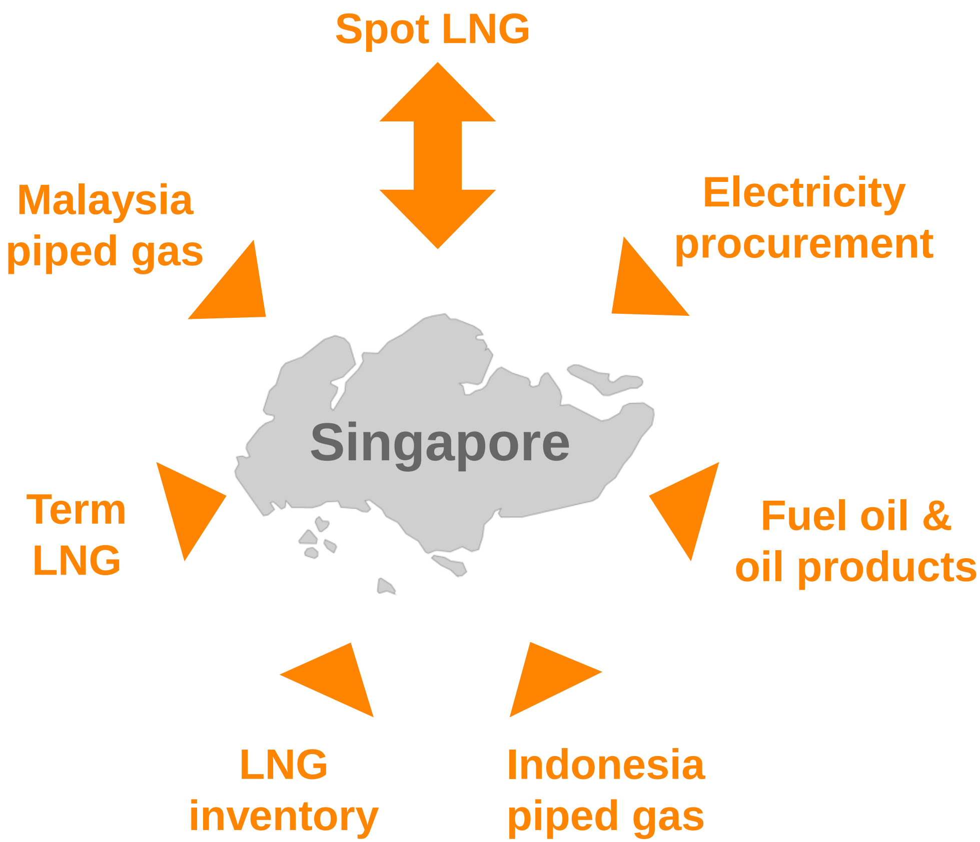
2013 volumes



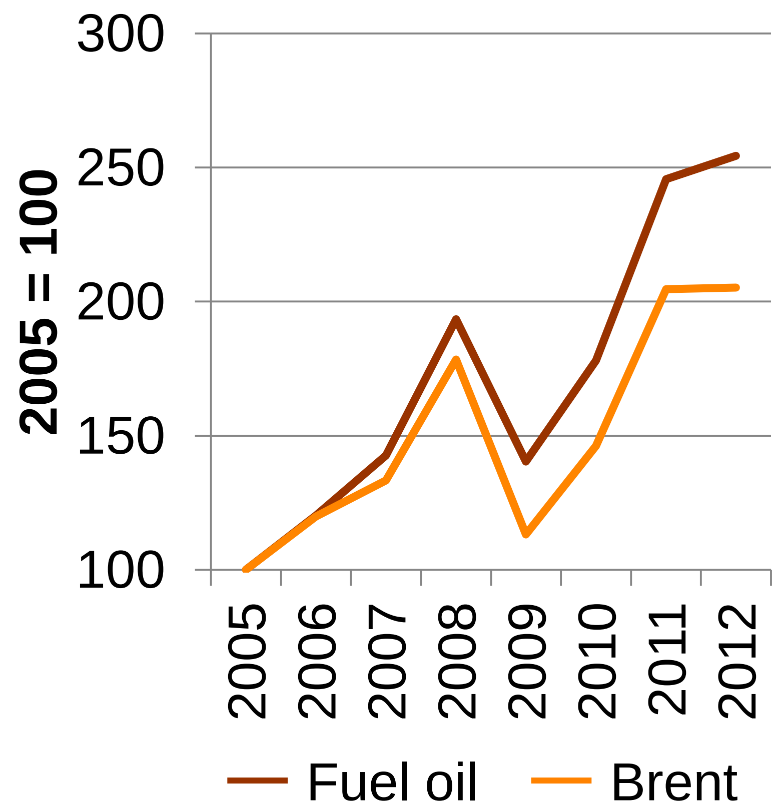
Consolidating demand



Market development



Relative pricing of fuel oil & Brent



Source: BG Group, November 2012

Singapore market overview

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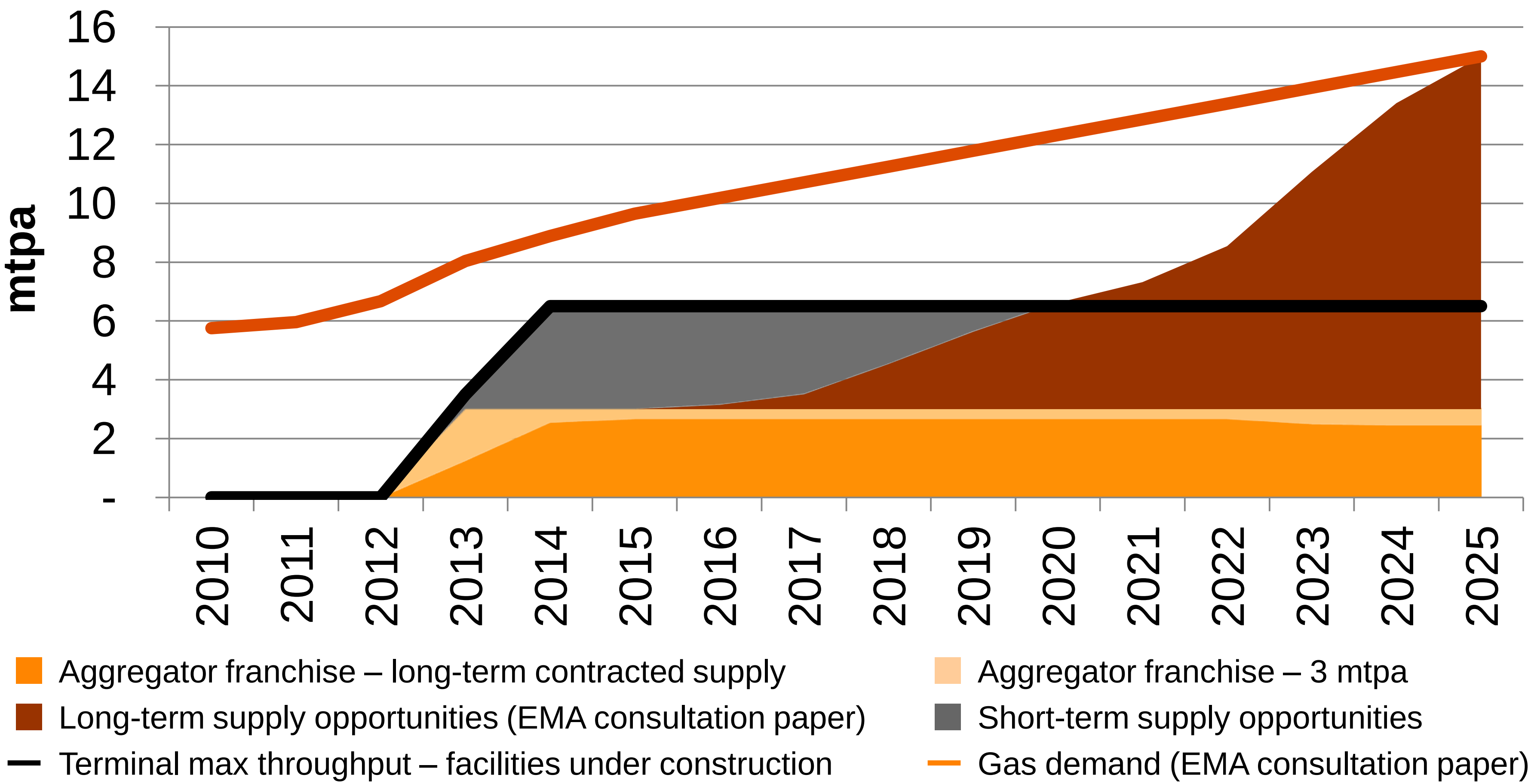

Sources: BG Group estimates, November 2012 & EMA procurement framework consultation paper, March 2012

Pipeline gas displacement

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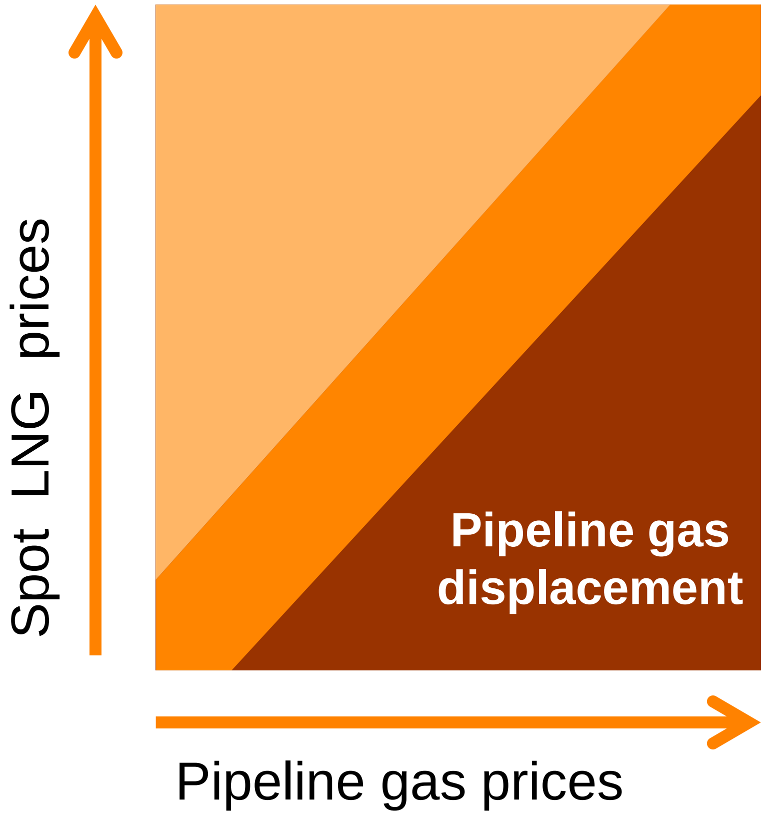
- LNG is competitive against pipeline gas in Singapore
- Spot LNG prices regularly support short-term displacement of pipeline gas with LNG



Market development LNG reloads

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- Physical reload capability enables break bulk trans-shipment
- Demand side interest in LNG reloads for various regional markets
- Early stage assessment of LNG bunkering under way

SLNG
Singapore LNG Corporation

SLNG full development
Source: EMA.gov.sg

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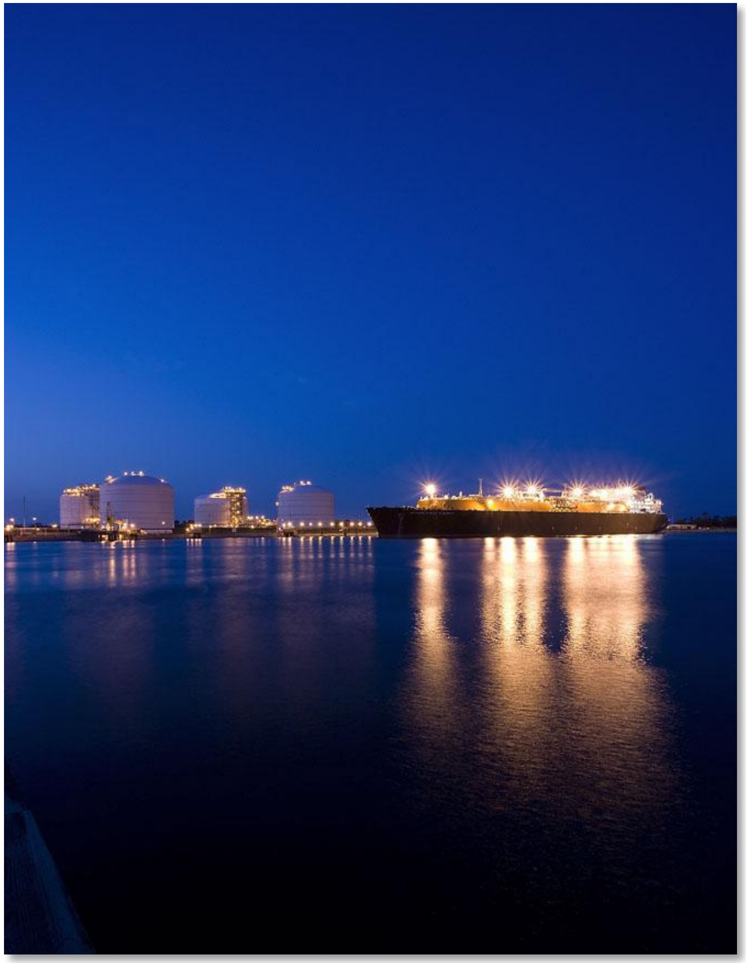
Conclusions

- Close cooperation among BG Group, SLNG and EMA
- Aggregator model tailor made to meet Singapore’s gas market challenges. It could be adapted to introduce LNG to new markets
- BG Group is committed to ongoing development of Singapore gas market



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