

## **Report on the South Asia LNG Forum 2019, 6<sup>th</sup> - 7<sup>th</sup> August 2019, Dhaka, Bangladesh**

The event was held at Pan Pacific Sonargaon Hotel in Dhaka, Bangladesh. It was jointly organized by All Events Group (AEG), Singapore and Global Events Management Services Ltd (GEMS) of Bangladesh. The event comprised of one and half day forum and half day Masterclass. The forum was attended by local and overseas delegates and speakers. It was officiated by State Minister Mr. Nasrul Hamid from Ministry of Power, Energy & Mineral Resources. ANGVA Executive Director spoke on “LNG as Fuel for Transportation” at this forum.



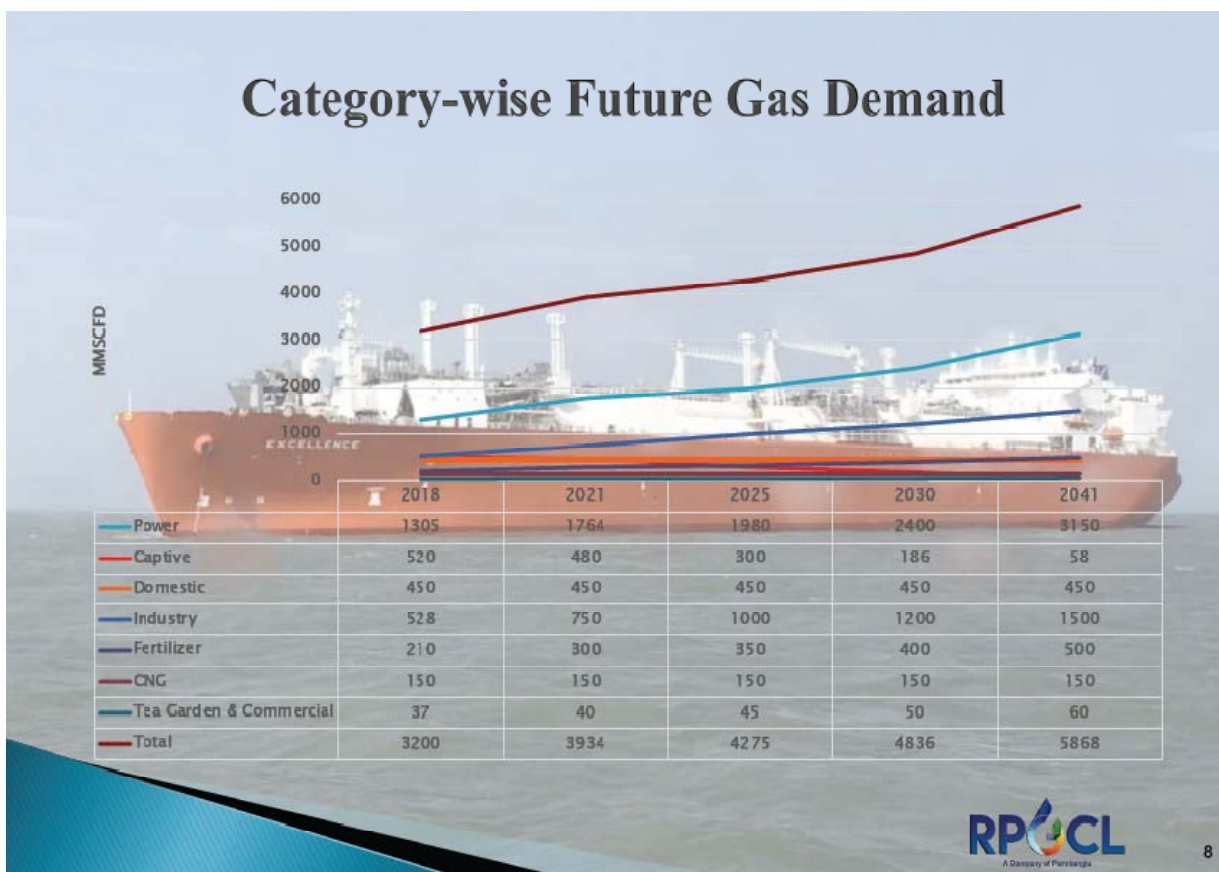
**Top:** At the Forum

### **Highlights of presentations:**

#### **Bangladesh**

- i. The energy sector in Bangladesh depends heavily on natural gas, however domestic production of gas had declined and there were limited E&P activity upstream. Present gas production capacity is 2,750 mmcf/d compared to daily gas demand of existing customers at 3,500 mmcf/d. To make up for the shortfall, LNG was imported.
- ii. Two FSRU LNG terminals had started commercial operations – Moheshkhali LNG (MLNG) in August 2018 and Summit LNG (SLNG) in April 2019. Both terminals have capacity of 3.7MTPA (500mmcsd gasification) each, making total of 7.5 MTPA. LNG is imported from Qatar Gas & Oman Trading International (OTI).

- iii. The power sector in Bangladesh is the largest consumer of gas and this is expected to continue in future. The transport sector (CNG) consumed around 5% (150 mmcf/d) of total gas demand and the government is capping the supply to the transport sector at 150 mmcf/d till 2041 (see chart below):



- iv. Natural gas prices in Bangladesh are subsidized. Government provides subsidies to state-owned importers like Petrobangla. Prices of gas to various categories of customers as revised in Jun '19 are shown in the Table.

Recent Price Increase (in Tk/ft3)		
Sector	Previous price	New Price
Fertiliser	2.71	4.45
Tea	7.42	10.7
Power	3.16	4.45
Industry	7.76	10.7
CNG	40	43
Captive Power	9.62	13.85
Commercial	17.04	23
Household	9.1	12.6

- v. In future, two Onshore LNG Receiving Terminal will be built i.e. a land based LNG Terminal at Moheshkhali with capacity of 1000 mmcf/d (7.5 MPTA), commissioning target of 2024, and a land based Terminal at Payra, Patuakhali with capacity of 100 mmcf/d, target commissioning by 2041.

## Pakistan

- vi. The energy sector in Pakistan also depends mainly on natural gas. Domestic production of natural gas had been declining and investment in E&P had also dwindled due to regulatory challenges, low gas prices, and security risks, mainly in the Baluchistan area. Demand is more than production, thus LNG was imported to make up for the shortfall.
- vii. Pakistan started imports of LNG in 2015 under long-term contract with Qatar Gas for 3.75MPTA. Two (2) FSRUs are currently operating (with total capacity of 9.5MPTA) by Elengy and PGPC Port Qasim. Three additional terminals are proposed at Port Qasim.
- viii. The Power sector is the largest consumer of gas (around 47%) and Transport Sector (CNG) consumed around 5 % of the total consumption.
- ix. Gas prices in Pakistan were decided by the Oil and Gas Regulatory Authority (OGRA) and end-user prices are well below international LNG prices.

## India

- x. Domestic gas production in India is set to increase but production will remain considerably below demand. Thus LNG has to be imported to make up for the shortfall. Recent investment in E&P mostly by local companies should support further production growth in the coming years. Increase in production from new E&P known as HELP to be visible only after FY2025.
- xi. Currently there are five regasification terminals (34.2 MPTA capacities) in India and Government plans to add another 11 terminals to increase the total capacity to 70 MPTA by 2025.
- xii. Demand for natural gas is influenced by LNG prices, as it competes with alternative fuels. Owing to the regulated nature of major end-user sectors, their ability to absorb a hike in gas prices is critical.
- xiii. Fertilizers and City Gas Distribution (CGD) which includes the CNG sector have higher priority in India gas allocation policy and are expected to drive demand in the next five years. CGD market share to increase from 14% to 19% in next 5 years. These had also led to the continuing growth of the CNG (NGVs) market in India.

## Others

- xiv. While Japan remains over-contracted for the next few years, China and Korea still remain at a deficit. At the current rate, these three buyers will be short more than 50 BCM by 2024 (approximately 37 MPTA)
- xv. **Recent Market Trends: Supply Side – Portfolio Players:** acting as ‘buyers’ to contribute to launching new liquefaction projects and pursuing new marketing strategies such as optimization and/or profit maximization. **Traders:** introducing and expanding LNG trading businesses. **US LNG:** selling LNG without destination clauses and introducing new pricing to develop sales. **New Exporters of Gas-producing Countries:** forming alliances with strategic partners.
- xvi. **Recent Market trends: Demand Side – Introducing New Energy and Environment Policy in Importing Countries:** promoting “Coal to gas switching (China). Introducing anti-nuclear, anti-coal policy (South Korea, Taiwan, etc). Securing stable energy supply (Southeast & South Asian countries, etc). Promoting market liberalization (East Asian countries, etc). **Introducing New Technologies:** Re-gas terminals such as FSRU, berthless, and so on. Small scale transportation by ship, by truck and by rail. **Developing New Demand:** Transportation sector, Bunkering, LNG trucks.