

IGU World LNG Report 2015 edition

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LNG as a Key Factor

This third LNG Report of the IGU 2021-2015 Triennium includes special features on the work performed by the four Study groups in the LNG section during this Triennium: “*Small Scale, LNG as Fuel, Remote LNG and LNG Life Cycle Analysis*”.

In his foreword to the report, Jérôme Ferrier, President of IGU, observes that “*A number of events have impacted the energy industry. The economic crises slowing down demand, coal replacing gas in the energy mix in Europe, the geopolitical crises triggering worries over security of gas supplies, tumbling oil prices affecting also the gas industry*”.

LNG trade in 2014 was 241.1 MT, being the second highest ever and slightly above the result of 2013. Higher supply was underpinned with the start of the LNG from Papua New Guinea (PNG) as well as improved output from both Pacific and Atlantic basin. Japan remained the largest source of demand whilst Qatar continued its position as the largest LNG supplier.

The strong LNG import prices in Northeast Asia and Japan remained throughout 2014, averaging \$ 15.6/mmBtu. Late 2014 prices came under pressure leading to a leveling of European and Northeast Asian spot LNG prices. At the end of 2014 German border prices were at \$ 8/mmBtu, whilst Henri Hub prices were traded against a discount at \$ 3.4/mmBtu.

The volume of non long-term traded LNG was 64.7 MT, almost 1/3 of global trade in 2014. 75% of all ‘spot’ LNG was delivered to Asian markets. The medium term contracts remain a small component of the market with 5% of the market.

The Liquefaction capacity increased by over 10 MTPA (PNG LNG, Arzew GL3Z in Algeria and Queensland Curtis Island (QCLNG) in Australia) to 301 MTPA capacity worldwide. Nearly 130 MTPA is still under construction to become on stream this decade.

The Secretary General of IGU, Pål Rasmussen, welcomed the increase of LNG import terminal capacity:

“In 2014 Lithuania became the 30th country in LNG imports, while existing importers like Japan, South Korea and China completed large-scale import facilities, and new terminals were also brought online in Brazil and Indonesia. Chile, Kuwait, Singapore and Brazil finalized new expansions”.

The floating LNG regasification capacity has nearly doubled since 2010 reaching 54 MTPA in 2014 with 16 active terminals in 11 countries. Five additional floating projects with a combined capacity of 16.2 MTPA are under construction, four of which are in new LNG import markets.

The shipping fleet at the end of 2014 comprised 373 carriers with a combined capacity of 55 mmcm. 28 Vessels were delivered in 2014 as speculative new builds in the market. A trend which continues in 2015 whilst ample tonnage is open for charter.

Global LNG demand is expected to continue to grow with both traditional consumers and new markets and supply routes emerging. LNG is growing since the year 2000 with an average growth of 7% per annum. LNG supply has grown faster than any other source of gas and is poised to expand its share in the market to 2020.

Small scale LNG and LNG as Fuel will be the next frontier for LNG penetrating new markets. The small scale LNG capacity is already 20 MTPA in 2014. Many projects are developed to create a new market for smaller parcels of LNG, either as energy to remote communities or as fuel replacement for heavy trucking and shipping in SECA zones.

This report will be followed by another edition in 2016, where you will find a comprehensive update and overviews of LNG market developments. The current report reviews the situation of the global LNG market throughout 2014 up to the beginning of 2015

The report can be read and/or downloaded here:

http://igu.org/sites/default/files/node-page-field_file/IGU-World LNG Report-2015 Edition.pdf

IGU

The International Gas Union (IGU) was founded in 1931 and is a worldwide non-profit organisation aimed at promoting the technical and economic progress of the gas industry. The Union has more than 140 members worldwide on all continents, representing approximately 95 % of the world gas market. The members of the IGU are national associations and corporations of the gas industry worldwide. IGU organises the World Gas Conference (WGC) every third year, with the forthcoming WGC taking place in Paris, France, in June 2015. The IGU's working organisation covers all aspects of the gas industry from exploration and production, storage, LNG, distribution and natural gas utilisation in all market segments.

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