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## AG&P's India LNG project deal first step to 10 mtpa portfolio

Oleg Vukmanovic

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LONDON (Reuters) - AG&P will set up a liquefied natural gas (LNG) import terminal on India's east coast by mid-2019, the first of nine projects expected to result in the developer handling 10 million tonnes of the fuel annually within five years, its president said.

The Philippines-based company has agreed with India's Karaikal Port to put up the terminal and secure initial supply of 1 million tonnes of LNG per year, with deliveries expected to double during the first three years as new customers are added, AG&P president Augusto Gan told Reuters.

Built using Lego-like modules to allow easy expansion, tankers will unload into the project's floating offshore storage tanks, with the LNG converted back into gas onshore, before being fed into the grid.

The initial phase will be able to supply 125 million cubic feet of gas daily.

At a price-tag below \$200 million, the project's sea-to-land structure costs less than a typical \$250 million marine-only Floating Storage and Regasification Unit (FSRU), which also incur added mooring and onshore equipment costs, Gan said.

“The advantage of developing a scalable project using standardized modules means we keep control over capital costs and there is never any under-used capacity, so it is very efficient,” he said.

As lower LNG prices tempt new companies and countries reliant on coal and oil to turn to gas, many have opted to go down the FSRU route, which come with a fixed, often too-large capacity unlikely to be fully used given modest needs to begin with.

Few FSRU’s run full-blast throughout the year. Exceptions occur in markets with breakneck import growth, such as Egypt in recent years.

AG&P’s strategy is to aggregate customer demand and secure the LNG that fits that demand, Gan said, the project expanding in tandem with rising demand.

“We are mainly focused in southeast Asia and have nine LNG-related projects in various stages of development, most of which are terminals,” he said.

As well as developing projects, AG&P will secure supply for its end-customers. Gan declined to say how AG&P intends to secure and market the LNG.

Part of the LNG earmarked for its Karaikal Port project will supply the biggest power producer in India’s heavily-industrialized state of Tamil Nadu, PPN Power, the company said.

“(We) expect to handle 10 million tonnes of LNG per annum within five years,” he said.