

## International LNG Developments – Singapore

Feb 18, 2016

Reading Time : **1 min**

For anybody drafting pricing clauses, the official information sheet specifies that the index is quoted weekly, on the first business day of the week, by 8 p.m. Singapore time, relating to deliveries during the next calendar month or the month after (the index quoted up to the 16th of the month will relate to deliveries during the next month, and quotes after that will relate to the month after e.g., the January 11 index would relate to February deliveries, and the January 18 index to March deliveries). The Singapore Exchange (SGX) notes that the frequency of publication might be increased, so a long-term contract would need to take that into account. The index is quoted in USD/mmBtu, and, for non-Singapore delivery points, appropriate USD/mmBtu adjustments for freight may be needed.

Following on from the spot index, SGX has also announced SLInG-based derivatives, such as futures and financial swaps for hedging purposes, that are tradable on the exchange.

### Gas Hub Ambition

The plan to become an LNG hub in the region is supported by a growing trend in Southeast Asia to adopt small-scale LNG solutions. The region has numerous small and remote islands that are inhabited and require power. Small-scale, LNG-to-power solutions offer cleaner, gas-fired power to locations that are not connected to the gas pipelines network. One of the main hurdles to the successful deployment of these small-scale LNG solutions will be the development of policies and regulations across the broader region that support the rollout of the projects on a financeable scale.

As a further step toward its announced aim of becoming a regional LNG hub, Singapore is engaged in other measures aimed at stimulating local LNG-related activity, including storage-and-reload services (on a spot-shot term basis), as well as the recent awarding of licences for

supplying LNG as marine fuel (bunkering) and potential incentives to vessels using LNG as fuel – a move also promoted as environmentally friendly, as compared to traditional fuels.

## References:

[www.emcsg.com/f1415,106648/FAQ\\_for\\_LNG\\_Nov\\_2015\\_Final.pdf](http://www.emcsg.com/f1415,106648/FAQ_for_LNG_Nov_2015_Final.pdf)

<http://www.iesingapore.gov.sg/Media-Centre/News/2016/1/Pavilion-and-Keppel-BG-venture-bags-Singapore-s-first-LNG-bunkering-licences>

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