



Smart Energy, Sustainable Future

INFORMATION PAPER

TERMINATION OF THE POLICY ON GAS IMPORT CONTROL

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Existing Policy on Gas Import Control

In August 2006, the Government policy on Gas Import Control (“Policy”) was introduced to support the build-up of demand for liquefied natural gas (“LNG”) by controlling the import of piped natural gas (“PNG”). The Policy is set out in the Energy Market Authority’s (“EMA”) information paper dated 26 Dec 2006.¹

2 Under the Policy, the EMA will not allow the import of new PNG supply for commercial power generation. Prior to the first import of LNG, EMA will assess on a case-by-case basis, whether to allow new PNG import for non-commercial power generation and other uses (such as industrial feedstock). When the LNG terminal starts to receive LNG, the PNG import control will apply to all new gas demand arising thereafter.

3 The EMA subsequently issued two addendums to the information paper in Mar 2011² and Feb 2013³, mainly to provide more flexibility under the Policy for the import of PNG for commercial power generation in the interim period before LNG is available.

4 The Policy is to be reviewed when LNG import reaches 3 million tonnes per annum (“Mtpa”) or in 2018, whichever is earlier.

Completion of the 3 Mtpa Franchise of Shell Gas Marketing Pte Ltd (“SGM”)

5 In 2008, SGM (formerly known as BG Singapore Gas Marketing Pte Ltd) was appointed as Singapore’s first LNG importer by the EMA via a competitive Request-for-Proposal (“RFP”) process. SGM was granted an exclusive franchise for up to 3 Mtpa of LNG import into Singapore or 2023, whichever is earlier.

6 In view of SGM being close to completing its franchise, the EMA conducted another RFP in 2014 and subsequently appointed Pavilion Gas Pte Ltd (“PGPL”) and Shell Eastern Trading (Pte) Ltd (“SETL”) in 2016 as the importers for the next tranche of LNG into Singapore. PGPL and SETL are each given exclusivity for up to 1 Mtpa of LNG import into Singapore or 3 years, whichever is earlier.

¹ EMA’s information paper “Policy on Gas Import Control” dated 26 Dec 2006:
https://www.ema.gov.sg/cmsmedia/Licensees/Gas-Policy-Papers/Policy_on_Gas_Import_Control.pdf

² First addendum to information paper on Policy on Gas Import Control dated 2 Mar 2011:
https://www.ema.gov.sg/cmsmedia/Licensees/Gas-Policy-Papers/Addendum_to_Gas_Import_Control%20Policy_02032011.pdf

³ Second addendum to information paper on Policy on Gas Import Control” dated 13 Feb 2013:
https://www.ema.gov.sg/cmsmedia/Licensees/Gas-Policy-Papers/Final_Det_2nd_Addendum_to_Information_Paper_on_Policy_on_Gas_Import_Control.pdf

7 SGM has hitherto sold 2.63 Mtpa of LNG out of its 3 Mtpa franchise. As part of the RFP commitments by PGPL and SETL, they have successfully negotiated the end of SGM's franchise.

8 Following the completion of SGM's franchise and the issuance of Gas Importer Licences by the EMA to PGPL and SETL on 23 Oct 2017, the second tranche LNG import by the two LNG importers may commence with immediate effect.

Termination of the Policy

9 In view of the above, the Policy will be terminated with immediate effect. Accordingly, PNG import under all existing upstream gas sales agreement ("GSAs") that PNG importers have entered into with the EMA's prior approval, can now be used for commercial power generation as well as other uses.

10 For the avoidance of doubt, any person who wishes to import PNG into Singapore must first be authorised by the EMA under a Gas Importer Licence. All Gas Importer Licensees shall continue to seek the prior approval of the EMA for any new GSAs as well as extension or renewal of existing GSAs.

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