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Global LNG projects maintain momentum towards FID

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# Global LNG projects maintain momentum towards FID

Gas Strategies' LNG Outlook 2018 [1] identified a number of projects likely to take Final Investment Decisions (FID) this year. As we enter Q2, it is time to look at how these projects – and others – are progressing towards FID over 2018/19.

Corpus Christi Train 3 was identified as the most likely US project to take FID in 2018 after CEO Jack Fusco declared it the company's number one priority in November. No definitive word has emerged yet, though Fusco confirmed in an investor call on 21 February that Bechtel had been given the go ahead on engineering and procurement works, and further indicated at CERAWeek in Houston in March that FID should be expected 'shortly'. Origination director Douglas Wharton reiterated this timeline at an LNG conference in Singapore in March. The financing process is expected to complete in the next four to six weeks; this should then be the catalyst for the first US LNG project to take FID since 2016.

Jordan Cove LNG was described in the LNG Outlook 2018 as a 'dark horse' to take FID in late-2018 and new owners Pembina Pipeline Corporate have committed USD 135 million from its 2018 capex spend to achieving this. It appears that this horse in fact won't be bolting just yet, however, as Federal Regulatory Commission approval is not expected until November this year (approvals for the plant and pipeline were previously rejected in 2016), and targeted FID has now dropped into 2019.

Equatorial Guinea's Fortuna floating LNG project looked like an early contender following Gunvor LNG's 2.2 mtpa off-take agreement in August 2017, and Ophir stating in November last year that they expected to make a call on FID in Q1 '18. Despite Ophir CEO Nick Cooper indicating in a recent release that 'significant progress' had been made, it now seems that the project has been delayed as financing has yet to be finalised. We believe this process may be linked to Cameroon's Golar FLNG getting its first cargo away, proving the technology underpinning this project.

Remaining in Africa, according to Gas Strategies' market intelligence, Anadarko and Engie are in advanced discussions around an offtake agreement from the ca. 12 mtpa Mozambique LNG plant. Anadarko is targeting 8.1 mtpa of sales prior to taking FID on the project and it is believed Engie is looking to secure 1.1 to 1.3 mtpa, taking total sales from the plant over 6 mtpa. This deal is particularly interesting in the context of Total's recent acquisition of Engie's LNG business.

Elsewhere, the potential tidal wave of supply from the Qatargas three-train expansion, which has announced it is progressing to FEED and is currently expected to take FID in late 2019/early 2020, could significantly impact markets. Nigeria LNG (NLNG) is understood to be tendering for financial advisors to assist with its Train 7 expansion, which it has previously indicated is seeking FID in Q4 '18. This could be an aggressive target given NLNG is simultaneously re-marketing long-term volumes from Trains 1-3. And of course Papua New Guinea LNG announced in February that it is targeting a 2019 FID to double its capacity to circa 16 mtpa. The ability to market volumes for these expansions will be key to ensuring their development.

All the identified projects seem to be tracking well. We can see that marketing and financing activities continue to be key drivers to attaining successful FID, and the recent uptick in buyer activity should help these projects make good progress over the coming months. What will be interesting is how these new volumes impact the LNG market as a whole by the time the projects begin to come online from



[2]

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