

LNG WORLD MARKET UPDATE

March 16, 2017

LNG prices in Japan are normalizing six years after Fukushima; Poland doubles import volume from Qatar; Iran still expected to import gas despite increased gas production; and Shell pulls the plug on Prince Rupert LNG. This weekly news blast is intended to provide relevant industry information to Alaskan stakeholders and inform audiences of the competitive landscape in the global LNG market. Subscription options for this report are available at the bottom of this email. Please contact AGDC External Affairs at externalaffairs@agdc.us with questions.

Natural Gas

HH Spot Price

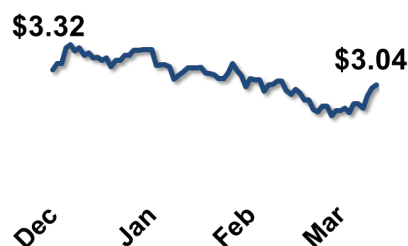
\$3.04 (\$/MMBtu)

March 13 close

Weekly Change

↑\$0.36 (13.43%)

Trend



Source: EIA

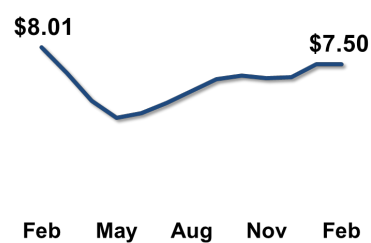
LNG Import Price

Japan

\$7.50 (\$/MMBtu)

February 2017

Trend



Source: World Bank

Energy Conservation and Nuclear Restarts Help Relieve Pressure on Japan's Power Supply

(Nikkei Asian Review; Mar 15) - LNG import prices in Japan are returning to normal since the Fukushima nuclear disaster, which led to the nation's first across-the-board shutdown. LNG became the source of 40% of Japan's power output and utilities looked to spot contracts, driving up international LNG prices. After six years, the decline of prices has also been dramatic and is attributed to a fall of crude oil prices, new LNG supply, two nuclear reactor restarts, and decreased electricity demand. [Read more](#)

Seeking to Reduce Gas Reliance on Russia, Poland Signs Agreement Doubling Supplies from Qatargas

(Reuters; Mar 14) - Qatargas has doubled volumes of LNG supplies to Poland's gas firm PGNiG to 2 million tonnes per year. In 2009, the companies agreed that Qatargas would deliver around 1 million tonnes annually for 20 years starting in 2014. The expanded deal will go into effect in 2018 and run until June 2034, and likely came with a price discount. The LNG will be supplied from Qatar Liquefied Gas Co., a joint venture between Qatar Petroleum, ConocoPhillips and Mitsui & Co., and will be delivered by Q-Flex LNG vessels. [Read more](#)

Iran On Track to Out-Produce Qatar, But Exports Unlikely

(Bloomberg; Mar 15) - By March 2018, Iran's output at the South Pars gas field will have surpassed Qatar's production at the connected North Field. And although Iran has 18.2 percent of proven gas reserves, ahead of Russia and Qatar, it has been a net importer of gas because its domestic distribution network does not supply the entire country. To boost crude output in the South Pars field, Iran will not only re-inject the gas but also need to import additional gas. [Read more](#)

Shell Ends Development of Prince Rupert LNG Terminal in Canada

(The Globe and Mail; Mar 10) - Shell has shelved the Prince Rupert LNG project, planned for Ridley Island in British Columbia, which it obtained through its 2016 acquisition of BG Group PLC. However, Shell still intends to advance the LNG Canada venture, a planned export terminal at Kitimat, with its joint venture partners PetroChina Co. Ltd., Korea Gas Corp. and Mitsubishi Corp. [Read more](#)