

# LNG INTELLIGENCE®

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## Oz Firm to Operate Proposed FSRU on Tolling Basis

Australian privately owned firm Venice Energy has changed the business model of its proposed floating storage and regasification unit (FSRU) in South Australia which is now envisaged to operate on a take-or-pay tolling basis for domestic end-users. The project in Adelaide is one of four import projects under consideration in Australia which are competing to build the country's first import terminal despite being the world's largest LNG producer.

Venice Energy is owned by IG Partners which previously conducted a feasibility study on an FSRU project in Adelaide in South Australia to support a new 500 megawatt gas-fired power plant and for selling gas into the local network.

Kym Winter-Dewhirst, managing director for IG Partners, tells Energy Intelligence that the firm has decided to pursue the FSRU and power projects in two phases and to operate the FSRU as an infrastructure play following wide-ranging discussions with its offtake customers. "This makes it simpler and lowers our risk," he says. "It also allows companies that trade gas to utilize their in-house skills and better match their individual business needs."

These major changes to the business model have caused delays to its original schedule by 12 months. Winter-Dewhirst says a final investment decision (FID) for the FSRU is targeted by February or March next year, subject to approvals from the South Australian government. Venice is planning a nine-month project execution with commissioning and first gas by December 2021 through to February 2022 ([LNGI Jul.25'18](#)).

Talks are now under way with potential FSRU providers. Winter-Dewhirst says the firm has identified three suitable vessels which can fit its schedule with a capacity of up to 170,000 cubic meters. "We aim to secure up to 80 petajoules of throughput [180 million standard cubic feet per day] in year one of the operation, and to date we have already signed an agreement with an offtake customer," he said, declining to name the customer. "This would grow in the following years with a target of up to 150 PJ per [year] over time."

Winter-Dewhirst adds that discussions are taking place with a number of potential partners for delivering the project.

Declining gas production due to aging reserves and domestic gas diverted to coalbed methane-based LNG export facilities on the eastern coast have prompted concerns over potential gas supply shortages emerging in eastern and southeastern Australia from 2024, unless new supply sources are developed ([LNGI Mar.30'20](#)).

Venice is vying with three other contenders to build Australia's first LNG import terminal including Australia Industrial Energy's (AIE) Port Kembla project, AGL's Port Crib project and Epik's Newcastle project ([LNGI Jul.1'19](#); [LNGI Aug.15'19](#)).

AIE recently secured approval for increasing the number of cargoes that its FSRU can receive from 26 cargoes to up to 46 cargoes on an annual basis ([LNGI Apr.21'20](#)). It has selected *Hoegh Galleon* as its FSRU unit and said an FID is still possible in 2020 if customers commit to supply agreements that would allow gas to flow into New South Wales as early as 2022. AIE is a consortium formed by local firm Squadron Energy, Jera and Marubeni.

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