

Marubeni backs SA LNG instead of Andrew Forrest project



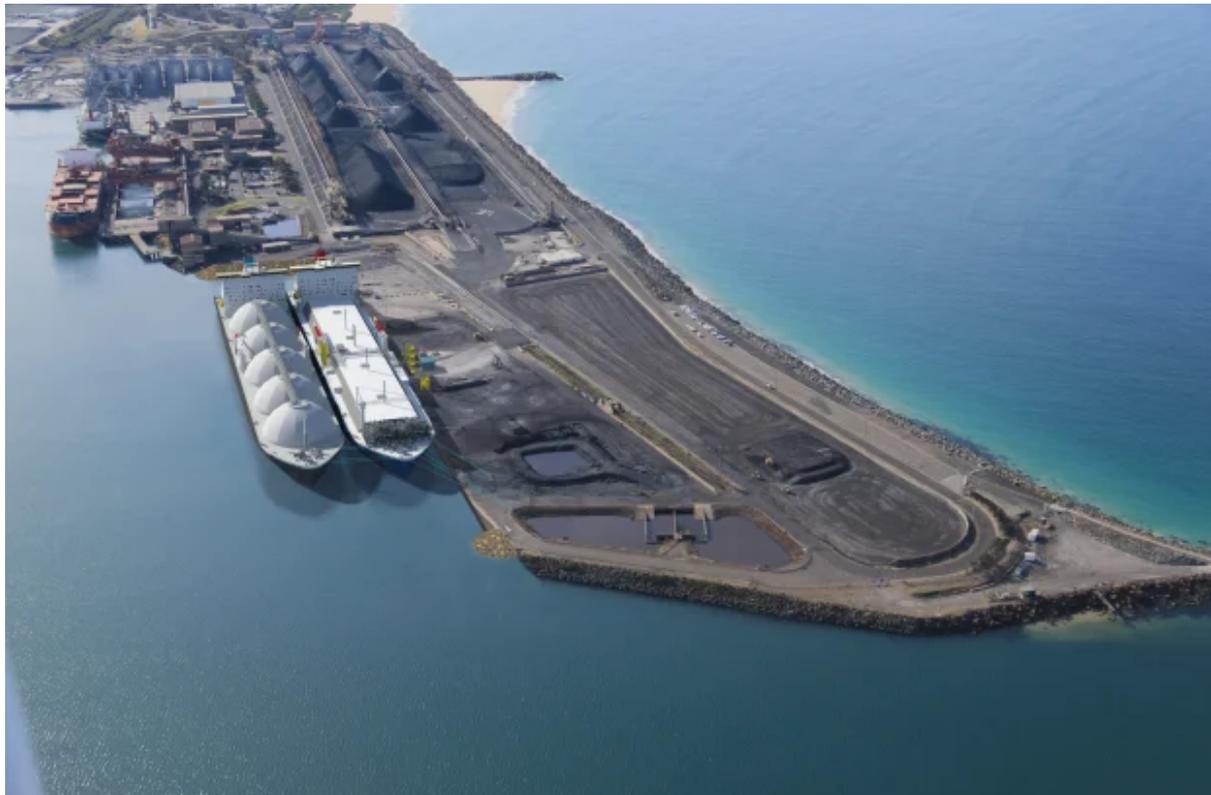
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Jul 1, 2022 - 11.32am

Japanese trading giant Marubeni has joined [the South Australian LNG import project planned by private firm Venice Energy](#)

[\[https://www.afr.com/companies/energy/aspiring-sa-lng-importer-heads-for-ipo-20220106-p59map\]](https://www.afr.com/companies/energy/aspiring-sa-lng-importer-heads-for-ipo-20220106-p59map), little more than 18 months after abandoning Andrew Forrest's similar project at Port Kembla in NSW.

The proposed joint venture partnership between Marubeni and Venice paves the way for early construction to get under way this December half, said Venice managing director Kym Winter-Dewhirst, who is targeting the start-up of imports in time for winter 2024.



Marubeni is a former partner in Squadron Energy's LNG import facility in Port Kembla. **Supplied.**

Marubeni's switch of support from the Port Kembla project to the Venice Energy project further heats up the action up between rival companies aiming to turn Australia, one of the world's biggest LNG exporters, into an importer.

It comes amid growing doubts around the pace of progress at Dr Forrest's Port Kembla project where large retailers are baulking at the prices being demanded for gas, and where the venture is set to turn to government to potentially underwrite contracts to allow it to move forward [<https://www.afr.com/companies/energy/forrest-lng-venture-to-seek-government-help-says-squadron-s-new-ceo-20220624-p5awd9>].

The projects are among at least five proposed LNG import terminals around the south-eastern coast of Australia to help meet demand for gas in the southern states, which are thousands of kilometres away from where LNG is exported in huge quantities from Karratha, Darwin and Gladstone.

Viva Energy is also proposing an LNG import terminal in Geelong, which is currently going through a seven-week public hearing by Victoria's Inquiry and Advisor Committee [<https://www.afr.com/companies/energy/viva-hits-back-on-geelong-lng-emissions-20220305-p5a21j>] to consider its environmental impact, while trader Vopak [<https://www.afr.com/companies/energy/vopak-vies-for-coveted-lng-import-terminal-licence-20210315-p57avc>] and Korea's EPIK are also proposing separate projects.

The Venice project in South Australia has been seen by some as unlikely to proceed given the greatest need for gas is in Victoria. But Mr Winter-Dewhirst said the venture would be able to supply both states, through the SEA Gas pipeline running along the coast from the Iona gas storage plant in western Victoria to Adelaide that would be converted to allow gas to run eastwards as well as westwards.

"We have great interest and we are making what I would call significant inroads towards securing the amount of customer offtake we need to underpin the project, and I think that's one of the considerations that has helped Marubeni make the decision it has," he told *The Australian Financial Review*.



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Tokyo-based Marubeni dropped its 30.1 per cent stake in the Australian Industrial Energy project at Port Kembla in October 2020

<https://www.afr.com/companies/energy/japanese-exit-sets-up-twiggy-to-fast-track-nsw-lng>

[imports-20201020-p566qu](#)], as did giant Japanese LNG buyer JERA, which held a 19.9 per cent holding. At the time, AIE owner Squadron Energy, a private company of Dr Forrest, signalled that the exit of the two heavyweight partners would allow faster progress at the venture.

Mr Winter-Dewhirst said the “simplicity” of the Venice project played in its favour, typically meaning it would be more cost-effective, as well as its commitment to run the terminal fully on renewable energy. The Venice project is also structured differently to Port Kembla, being proposed as an infrastructure project where customers would source their own LNG and pay a tolling fee to have it imported through the site.

He also noted that the Venice project, which has secured planning approval, is not calling on any taxpayer funding.

“Our view has always been it has to stand on its own two feet economically and if it does so thru all the twists and turns and the hurdles and it still makes financial sense you know it is a fundamentally solid economic proposition,” he said.

“That’s been one of our driving forces in delivering this project. We do not require taxpayer funding.

Venice, which has yet to announce customers for the terminal, is aiming for financial close by the year-end. Backed by a consortium of three banks - two Australian and one international - it is considering options for financing including other partnerships and/or an IPO.

The terminal, to be built in Outer Harbor, Port Adelaide, will have capacity of about 110 petajoules a year.

Venice and Marubeni have signed a memorandum of understanding for a joint venture, which has yet to be firmed up.

Angela Macdonald-Smith writes on the resources industry with a focus on energy, including gas, oil, electricity and renewables. *Connect with Angela on [Twitter](#). Email Angela at amacdonald-smith@afrc.com*