

LNG INTELLIGENCE



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Petronas Aims to be Flexible LNG Supplier

Petronas' latest term LNG supply contract with India's H-Energy has a tenure of three years with deliveries to start in October, Ahmad Adly Alias, vice president for LNG marketing at Petronas, said Thursday. The contract, which would be Petronas' first term deal to India, was signed recently in January ([LNGI Feb.23'18](#)).

Alias, however, declined to reveal the volume of the contract which is understood to be priced off a crude index. Speaking at an LNG conference in Singapore, Alias highlighted how Petronas is shifting to become as flexible as possible instead of sticking to the traditional point-to-point long-term sales model ([WGI May17'17](#)). "We differentiate ourselves by being more market-oriented," he said. "We were previously comfortable with the point-to-point business model based on long-term contracts but the US Gulf of Mexico projects have changed the way we operate." We are now comfortable with signing up three-year contracts and selling our uncontracted volumes in the spot market to capture the seasonality spreads, he said.

Petronas has also listened to buyers' requests for non-oil indexation as they seek pricing diversification. The major exporter is understood to have offered indexation to US Henry Hub in hybrid contracts although it does not have a position in US LNG projects. "We have a derivatives department which can hedge our contracts and allows us to offer hybrid contracts," he explained, adding Petronas has not signed a long-term contract priced off UK's NBP yet but it has brought NBP cargoes to its Dragon terminal in the UK.

Petronas operates the 30 million ton/yr Bintulu LNG export plant in Malaysia's Sarawak state and the 1.2 million ton/yr PFLNG1 floating liquefaction facility offshore Sarawak ([LNGI Jan.23'18](#)). It also has around 3.6 million tons/yr of supplies from Australia's 7.8 million ton/yr Gladstone LNG via a term contract.

As a first-time LNG importer, H-Energy, a unit of privately held real estate developer Hiranandani Group, is building a 4 million ton/yr LNG regasification terminal near Jaigarh port in India's Maharashtra state, and aims to bring it on line this May. It is developing another receiving terminal, this time at Digha in West Bengal state along India's east coast ([LNGI Oct.5'17](#)).

Alias was speaking at the LNG Supplies for Asian Markets conference organized by Conference Connection.