# Press Clipping

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**TaiPower Pushes Ahead With LNG Import Plans**

State-owned power utility Taiwan Power (TaiPower) is forging ahead with plans to import LNG directly for the first time despite uncertainties over the island's transition energy policy.

The energy policy won't become clearer until after Taiwan's presidential elections next January, said a senior official with TaiPower, whose direct imports would break up the monopoly currently held by state incumbent CPC.

Last November, a public referendum was held on three ballot measures critical of the energy transition policy put in place by the ruling Democratic Progressive Party (DPP). One measure revoked a ban on the use of nuclear power after 2025.

TaiPower's deputy director for fuels procurement, Albert Jen, told delegates at the LNG Supplies for Asian Markets conference in Singapore that the current administration is still officially sticking to its existing targets to phase out nuclear by 2025 for now. "Things will become clearer after the elections," he said.

LNG nonetheless looks set to play a bigger role in Taiwan, Asia's fifth-largest importer, to support new gas-fired projects at the expense of nuclear and coal. TaiPower has recently selected portfolio suppliers Royal Dutch Shell and Total as its long-term LNG suppliers for its proposed Taichung import terminal, and it expects to firm up binding deals with them by the end of this year (LNGI Feb.13'19).

The current administration has targeted a bigger shift toward gas in its power generation mix, which would rely 50% on gas, 30% on coal and 20% on renewables when it shuts down its last operating nuclear reactor in 2025.

TaiPower has developed plans to build 15 new gas-fired power units totaling 16.9 gigawatts, with some already under construction (LNGI Feb.4'19).

However, the ruling party DPP, which supports gas and renewables, suffered a crushing defeat in local elections last November to the opposition Kuomintang (KMT) party, which is more supportive of nuclear.

The head of Taiwan's Ministry of Economic Affairs (MOEA) said recently that LNG and renewables will be the main drivers of Taiwan's future power system following a government review of the November referendum (LNGI Feb.4'19). The ministry is also restricting the construction of new coal-fired plants due to pollution concerns.

While it's premature to predict next January's election, observers say it would be infeasible to extend the shelf life of existing reactors beyond 40 years or start up the mothballed Lungmen nuclear facility, due to local opposition.

Gas accounted for 38.6% of Taiwan's power generation in 2018, with coal at 38.8%, nuclear at 11.4%, renewables at 2.9% and hydro at 3.3%.

TaiPower plans to import its first LNG to feed two planned combined-cycle units at Taichung, which would start operations in 2023 and 2024. TaiPower hopes to secure the environment impact assessment (EIA) approval this year for its proposed 3 million ton per yr terminal in central Taiwan, a controversial issue that has caused delays to planned expansions of existing terminals and new terminals in Taiwan.

TaiPower, which generates 80% of Taiwan's total power supply, consumed 10.47 million tons of LNG last year, 62% of the total 16.8 million tons.

Apart from shifts in energy policy, TaiPower is also eager to reduce its overall LNG costs by seeking the diversification of LNG supply instead of relying on CPC solely, Jen said, pointing out that the state utility is allowed to revise its power tariffs only twice yearly.

A TaiPower source said Shell and Total are expected to supply equal volumes of its long-term requirement, which is around 1.8 million tons/yr to 2 million tons/yr. He added TaiPower has asked both majors to include US volumes in their portfolio supply as fellow importer CPC is due to start US imports in 2021. CPC and Cheniere last year signed a 25year supply deal for 2 million tons/yr of supplies (IOD Aug.14'18).

Taiwan, which is considered by China as a renegade province, has not been drawn into the ongoing ChinaUS trade war. But pro-independent DPP's overtures to the US have led to increasing engagement between the US and Taiwan.

TaiPower is also looking to seek additional LNG supply for a proposed floating storage and regasification unit that is expected to be deployed for around seven years before a proposed onshore terminal is ready (LNGI Jul.16'18).

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