

**[STRICTLY EMBARGOED TILL DELIVERY OF SPEECH BY MR S ISWARAN,
SENIOR MINISTER OF STATE FOR TRADE & INDUSTRY AND EDUCATION
AT THE POWER-GEN ASIA CONFERENCE AT 9AM ON 2 NOVEMBER 2010]**



2 November 2010

PRESS RELEASE

THIRD TANK FOR SINGAPORE'S LNG TERMINAL ON THE BACK OF STRONG LNG UPTAKE

Singapore's Liquefied Natural Gas (LNG) terminal on Jurong Island will now have a third 180,000 m³ LNG tank, in addition to the two that are already being built. With this third tank, the terminal will have the capacity to handle 6 million tonnes per annum (Mtpa) of throughput, up from the initial 3.5 Mtpa. This additional investment in the third tank gives Singapore greater flexibility not just to meet its future gas needs, but also to pursue new business opportunities in the LNG market.

2 Announcing this today at the POWER-GEN Asia Conference during the Singapore International Energy Week, Mr S Iswaran, Senior Minister of State for Trade & Industry and Education, said, "Expanding the terminal now will allow Singapore to seize opportunities in the global LNG market and establish ourselves as a centre for LNG trading in Asia while meeting the growing needs of our domestic market."

Strong LNG Uptake by Singapore Companies

3 With growing electricity demand, there has been a stronger uptake of LNG by companies in Singapore. In the first quarter of 2010, the six power companies – Senoko Energy Pte Ltd, PowerSeraya Ltd, Tuas Power Generation Pte Ltd, SembCorp Cogen Pte Ltd, Keppel Merlimau Cogen Pte Ltd and Island Power Company Pte Ltd – contracted for an initial tranche of 1.5 Mtpa of regasified LNG. These companies have now increased their gas volumes to 2 Mtpa of regasified LNG. The increase reflects the demand for more gas to fuel new generation capacity. Altogether the six power companies have either started or are planning to build around 3,600 megawatts of new gas-fired generation capacity.

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4 There is also keen interest by industrial companies outside the power generation sector to purchase LNG to fuel new businesses and project expansions. This will add to the increase in LNG demand over time.

5 “We have seen higher-than-expected demand for LNG this year, and expect the strong demand for gas to continue into the future. Given the 2-3 year lead time required for the construction of LNG tanks, it is timely to expand the LNG terminal now with the addition of a third tank. The additional storage capacity will provide both power companies and industrial users with more options to import LNG and manage their fuel requirements, thereby enhancing Singapore’s energy security,” said Mr Lawrence Wong, Chief Executive of the Energy Market Authority (EMA).

A Catalyst for LNG Trading

6 Beyond providing increased storage capacity to cope with new demand, the third tank is also expected to catalyse new business opportunities that would allow LNG traders to store and re-export LNG cargoes. Mr Neil McGregor, Chief Executive Officer of the Singapore LNG Corporation (SLNG) added, “Many international LNG traders have approached SLNG to express their keen interest to use the Terminal for trans-shipment of LNG cargoes throughout the region. The third tank will provide SLNG with additional LNG storage capacity to meet the needs of such traders. SLNG is currently weighing the Engineering, Procurement and Construction options for the third tank, and we aim to deliver the third tank in a cost-effective, timely and safe fashion.”

An Asset to grow SLNG’s Future

7 “The third tank is an infrastructure that cements the future for multiple parties. It is in line with the Government’s aspirations to develop Singapore as a regional trading hub. We have identified several new businesses that can be developed by leveraging on our LNG handling infrastructure, which in turn can generate incremental income for SLNG in the future. It is our intent to carve out these new businesses separately from our Throughput, Storage & Send-out and Peaking services. The development of the third tank is in line with our strategy and masterplan. It positions SLNG with sufficient capability and standing in the evolving LNG market, to grow our business and to eventually become the natural gas hub for the region,” said Mr McGregor.

8 Background information on the LNG project is in Annex 1.

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About the Energy Market Authority

The Energy Market Authority (EMA) is a statutory board under the Ministry of Trade and Industry. The EMA's main goals are to promote effective competition in the energy market, ensure a reliable and secure energy supply, and develop a dynamic energy sector in Singapore. Through its work, the EMA seeks to forge a progressive energy landscape for sustained growth. Visit our website at www.ema.gov.sg for more information on EMA.

About Singapore LNG Corporation Pte Ltd

Singapore LNG Corporation Pte. Ltd. is a company incorporated by the Energy Market Authority to own and develop Singapore's first LNG import terminal. For more information on SLNG, please visit www.slng.com.sg

About the Singapore International Energy Week

The Singapore International Energy Week (SIEW) is a leading energy event for top policymakers and industry players to exchange best practices that shape energy agendas. Organised by the Energy Market Authority and the Energy Studies Institute, SIEW runs from 27 October to 4 November 2010, and encompasses conferences, exhibitions, networking sessions and business matching opportunities. For more information on SIEW, please visit www.singapore.iew.com.sg.

For media queries, please contact:

Ms Chung Puay Noi
Senior Manager (Corporate Communications)
Energy Market Authority
Tel: 6376 7507
Email: chung_puay_noi@ema.gov.sg

Ms Juniper Chua
Director (Corporate Services)
Singapore LNG Corporation Pte Ltd
Tel: 6376 7718 / Mobile: 8139 0353
Email: JuniperChua@SLNGCorp.com

Background of LNG in Singapore – Chronology of Events

On **7 August 2006**, Mr Lim Hng Kiang, Minister for Trade and Industry announced that Singapore would build an LNG terminal to import LNG to diversify its sources of energy and to meet Singapore's rising future demand for energy.

On **4 September 2007**, Mr S Iswaran, then Minister of State for Trade and Industry, announced that the Energy Market Authority (EMA) would make a Request for Proposal for interested parties to participate in the selection process for the LNG Aggregator. Interested parties were invited by EMA to submit their business concepts for the Aggregator role. PowerGas Ltd (PowerGas), a wholly-owned subsidiary of Singapore Power Limited, was designated as the LNG terminal owner and operator.

On **18 April 2008**, BG Asia Pacific Pte. Limited. (BG) was appointed as the LNG Aggregator for Singapore. In this role, BG would aggregate demand for regasified LNG from all end-users in Singapore and procure LNG supply for up to three million tonnes per annum (Mtpa) starting in early 2013.

On **28 April 2008**, PowerGas was formally appointed as the developer of the LNG terminal.

On **30 June 2009**, the Government announced that it would take over the development and ownership of the Singapore LNG terminal, as it was difficult to proceed with the project on a commercial basis. EMA subsequently formed a new company, Singapore LNG Corporation Pte. Ltd. (SLNG), to own the terminal and oversee its development.

On **8 February 2010**, SLNG awarded the contract for the engineering, procurement and construction (EPC) of Singapore's LNG terminal to Samsung C&T Corporation (Samsung). Foster Wheeler Asia Pacific Pte. Ltd. (Foster Wheeler) was also appointed by SLNG to be its Project Management Consultant. SLNG is using the resources of Foster Wheeler to help manage the EPC contractor through an "Integrated Project Management Team", which allows SLNG to be fully involved in the management of the engineering and construction activities.

On **31 March 2010**, a groundbreaking ceremony was held at Jurong Island for Singapore's LNG Terminal. Mr S Iswaran, Senior Minister of State for Trade &

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Industry and Education announced that the six generation companies have committed to an initial tranche of around 1.5 Mtpa of regasified LNG. The six companies - Senoko Energy, PowerSeraya, Tuas Power Generation, SembCorp Cogen, Keppel Merlimau Cogen and Island Power Company –committed to an initial tranche of more than 1.5 Mtpa and entered into long-term gas purchase contracts with BG Singapore Gas Marketing Pte. Ltd. (a special purpose entity incorporated by BG to carry out the role of Aggregator). This is about one-quarter of the quantity of natural gas currently being imported by pipeline into Singapore.

On **15 June 2010**, EMA announced the appointment of the Chairman, Board of Directors and Chief Executive Officer of SLNG.

On **2 November 2010**, Mr S Iswaran, Senior Minister of State for Trade & Industry and Education announced the decision to proceed with the construction of a third LNG storage tank at the SLNG terminal, He also announced that the six generation companies have now made firm commitments to purchase an increased volume of 2 Mtpa of regasified LNG.