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East Africa Vs. Gulf Of Mexico: Race For

2023 LNG Supply

Scott Weeden, Contributor Friday, November 11, 2016 - 10:35am

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In the LNG market, there is considerable uncertainty over when new supplies will be needed. In a low-demand scenario, it could be as late as 2023, Andy Flower, consultant for Flower LNG, said in a July 2016 report, titled “LNG Supply Outlook 2016 to 2030” for the Center of Energy Economics in the Bureau of Economic Geology at the University of Texas at Austin.

Just more than 700 million metric tons (MMmt) of new capacity has been proposed. About 75% of the proposed projects are in North America. “The proposed capacity is well in excess of any likely requirement before 2030, which means that many of the projects face long delays and abandonment,” he said.

“The successful projects will be those that can make an offer to buyers and offtakers that meets their

changing requirements, which include lower prices, flexibility and shorter term contracts,” Flower emphasized.

Companies that have yet to make final investment decisions (FIDs) have to balance potential sales with fiscal reality. Tanzania and Mozambique in East Africa will be competing with LNG producers in the U.S., especially along the Gulf Coast. It will also be a competition between long-term contracts and tolling agreements.

In April 2016, LNG trains were already complete or under construction at Sabine Pass, Freeport LNG, Cameron LNG and Corpus Christi on the U.S. Gulf Coast and at Cove Point, Md., and Elba Island, Ga., on the U.S. East Coast, for completion by the end of 2018 to 2019. Shell delayed the FID on its Lake Charles, La., LNG plant.

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