

## Vietnam Considering LNG Imports From Australia

Australia could soon be exporting gas to Vietnam, following government-owned Petro Vietnam Gas' (PV Gas) discussions with Australian companies to meet its gas shortfall.

Vietnam has been short of gas for some time now. In April 2011, Vietnam's 2016–2025 Gas Development Plan which includes a national plan for LNG, was approved by the Vietnamese Government. PV Gas signed a deal in March this year with Tokyo Gas Company to build Vietnam's first LNG terminal in the central province of Binh Thuan near Ho Chi Minh City with a capacity of 3 MM tpa, to go online in 2015 with an LNG tank of 100,000 kilolitres.

PV Gas is also in talks with Qatargas for potential LNG imports.

Vietnam is also planning another, smaller plant, called Thi Vai LNG terminal, in the southern province of Ba Ria Vung-Tau, with a capacity of 1 MM tpa, expected to go online in 2014.

The Gas Development Plan places a priority on LNG imports whilst cutting LPG imports, with the aim of higher domestic output of LPG in place of imports. Upon the release of the Plan, the Vietnamese Government noted the need to speed up negotiations with foreign suppliers and move forward on infrastructure construction to import LNG for domestic demand.

Natural gas accounts for around 80% of Vietnam's power generation as a source.

Vietnam's natural gas consumption per capita has been well below the average of its regional

peers over the past five years. As gas becomes more critical to power plants and other end users, Vietnam's total gas consumption in the long run will most likely converge to reach regional mean consumption levels. Vietnam's power plants alone will need 16.3 Bcm of gas by 2015, which represents a 75% jump relative to the current annual total output of 9 Bcm of gas per annum.

Natural gas production is on the rise in Vietnam to meet increasing demand, although at this stage there is limited infrastructure to meet increased capacity. PV Gas estimates that domestic gas market demand is expected to grow to between 17–21 Bcm/year by 2015 and between 22–29 Bcm/year by 2025. Vietnam faced a gas shortfall of nearly 1 Bcm last year, a shortfall which will rise to 3 Bcm by 2020 and 7 Bcm by 2025.

In early 2011, PV Gas proposed five potential locations to the central government for Vietnam's first LNG import terminal, expected to cost more than \$2 B. All proposed locations are in the south of Vietnam, with three along the Thi Vai River in the southern province of Ba Ria-Vung Tau and two other proposed locations in the southern province of Binh Thuan. The sites were selected by PV Gas due to the waterport depth of the proposed sites (over 14 m) allowing 80,000 t vessels to enter, as well as their proximity to potential power generators and industry.

Binh Thuan has subsequently been selected as the site for the larger terminal and Baria Vung Tau as a smaller terminal.

The terminal at Thi Vai will be equipped to receive and process up to 1 MM tpa of LNG,



*A Vietnamese Gas Rig in South China Sea.*

(possibly could be expanded to 2 MM tpa). However, due to surrounding land it is restricted in size to go beyond this capacity. The Thi Vai terminal in the Baria-Vung Tau province will be built on the same land as the current PV Gas LPG terminal.

A second receiving and regasification terminal will be built near Phan Thiet, Binh Thuan Province, which PV Gas aims to have operational by 2015–16 with an initial capacity of 3 MM tpa rising to 6 MM tpa by 2020 and 10 MM tpa by 2025. The timeline is line with the expected generation needs of the Independent Power Projects (IPP) planned for Binh Thuan Province.

The central-southern province of Binh Thuan has also been chosen by the Vietnamese Government as a target area to develop more independent power projects by 2025.

It is understood that PV Gas is also looking at building a far bigger LNG terminal near Ho Chi Minh city for operation around 2020. ■



*Vietnam's Nam Con Son gas pipeline*