

Storage / Europe / Hungarian storage will become more valuable – Fritsch **3**

LNG / Europe / US to strengthen global lead in gas production – Birol **4**

LNG / Asia Pacific / Thailand's LNG imports up by 74% in September **5**

Gas to Power / China / Challenges force Huadian to cut gas-fired DG goals **6**

Interfax Natural Gas Daily

Vol. 7 / No. 225 / 20 November 2017

Features and insight on emerging gas markets
Interfax Information Services Group
ifaxenergy.com
©2017 Interfax Europe

East Timor open to Greater Sunrise options



The Darwin LNG plant in northern Australia. (ConocoPhillips)

Damon Evans /
Denpasar



EAST TIMOR IS open to alternative development options for the Woodside-operated Greater Sunrise gas fields, including piping the gas to Australia, despite mixed political messages on the topic.

In return, East Timor could benefit from a 'virtual pipeline' that would supply molecules to its shores to kick-start its gas-based industries.

East Timor's prime minister, Mari Alkatiri, told *The Australian* "that everything is on the table", including the possibility of piping Sunrise gas to Darwin, before a three-way meeting between officials from his country, Australia and the Sunrise joint venture earlier this month in Brisbane.

The meeting marked a significant milestone. It was the first time in years that the three parties have sat down together to discuss project economics.

However, Alkatiri, whose Fretilin party took office in September, faced a backlash at home after his comments to the Australian media were widely circulated by opposition parties. East Timor's previous government had long advocated the development of Sunrise on its shores, which the scheme's promoters claimed provided greater economic benefits than piping the gas to Australia.

Alkatiri's comments were quickly retracted by his chief of staff, Nelson Santos, who "strongly refuted" any suggestion that East Timor was open to any other development option for Sunrise. "Any

development in the Greater Sunrise field must include the option of a pipeline to [East] Timor," said Santos, seemingly dashing hopes of a compromise over the long-stalled project.

"If you assume the disagreement between the prime minister and his chief of staff is not accidental, but was well orchestrated, then Alkatiri is preparing for the soon-to-be-held elections," Jeffrey Feynman, an independent oil and gas consultant, told *Interfax Natural Gas Daily*.

"Alkatiri is distancing himself from the pipeline to Timor, while at the same time leaving his senior aides to defend it. He probably does not know yet how to announce the pipeline will not happen without threatening his position of command," he added.

But political uncertainty could paralyse negotiations over Sunrise. Alkatiri's minority government could lose power if the opposition votes down its legislative programme this month. Elections would not be held until late March 2018, with a new government not expected until April.

A new dawn

Domestic politics aside, East Timor's revenues, largely generated from the Bayu-Undan project, are shrinking rapidly. Bayu-Undan, the country's sole producing field, is expected to cease production by 2022.

With Bayu-Undan drying up, the ConocoPhillips-led Darwin LNG plant needs a new supply source. Greater Sunrise is the prime candidate, but East Timor needs to come to the table soon, otherwise alternative sources, such as the Caldita-Barossa project, will be prioritised.

But a middle way is being explored that would allow East Timor's leaders to save face. If gas from Sunrise is exported as LNG from Darwin, small-scale LNG, CNG, LPG or condensates could still be shipped to East Timor. This plan has potential as it could be tailored to development objectives if a greenfield LNG plant were to be built in East Timor, sources close to the project



Keep up to date with the latest stories by following us on [Twitter](#) or signing up to our [RSS feed](#).

CONTINUED ON PAGE 2



A mural of the Timorese flag on a wall in East Timor.
(Interfax)

CONTINUED FROM PAGE 1

told *Interfax Natural Gas Daily*. Another option under consideration is building a supply base in East Timor to support the offshore development of Sunrise, which would also provide economic multiplier effects, the source added.

Despite this, the plan to export LNG from East Timor will never happen on Woodside's watch, Peter Strachan, an independent Perth-based analyst, told *Interfax Natural Gas Daily*. "The project will be sold if that restriction remains. Better options include FLNG or backfill to Darwin. The only people who would look to do this are the Chinese or Indian NOCs, both of whom lack LNG project expertise. The Chinese would want a pound of flesh to get involved and this might see East Timor eventually lose its sovereignty."

Further reading

🔗 AUSTRALIA COMPANIES

[Oil companies talk Greater Sunrise options](#)

The settlement of East Timor and Australia's border dispute means the parties can discuss development options for Greater Sunrise.

🔗 AUSTRALIA SECTOR

[Australia and East Timor make Sunrise breakthrough](#)

An agreement on the maritime boundary between East Timor and Australia could unlock development of Greater Sunrise.

Talks on Sunrise previously broke down after East Timor insisted the gas must be piped to its shores. That plan was seen as too costly and uneconomic in the eyes of the JV partners – which include Conoco, Shell and Osaka Gas – who have instead leaned towards either piping the gas to the existing Darwin LNG plant or developing the field through FLNG technology.

The project's development has also been complicated by a long-running dispute between East Timor and Australia over the maritime border between the two nations. But that impasse appeared to have been resolved by the a decision on 30 August of the Permanent Court of Arbitration in Copenhagen. ■

We welcome your comments. Email us at comments@interfax.co.uk.

Subscriptions & subscriber services
Get full pdf and online access to Natural Gas Daily and our sister publication, Global Gas Analytics:
Visit interfaxenergy.com/register;
[email customer.service@interfax.co.uk;](mailto:customer.service@interfax.co.uk)
[call one of our sales representatives at +44 \(0\)20 3004 6206](#)

[@interfaxenergy](https://twitter.com/interfaxenergy)

facebook.com/interfaxenergy

interfaxenergy.com/rss/gasdaily

Energy front-month futures, 17 November

	Close	% change
Brent Crude, \$/bbl	62.72	2.22
WTI Crude, \$/bbl	56.55	2.56
Henry Hub, \$/MMBtu	3.10	1.44
NBP, p/th	52.27	-1.88
TTF, €/MWh	18.85	-1.75
Gaspool, €/MWh	18.59	-1.77
NCG, €/MWh	19.03	-1.73
CSX Coal, \$/t	64.15	0.00
Newcastle Coal, \$/t	96.55	-0.21
South China Coal, \$/t	86.90	-0.23

Prices provided by GlobalView.
GlobalView provides benchmark pricing, news and analytics for the commodities and energy sector. For more information, please contact sales.london@marketview.com.

On interfaxenergy.com



[Tesla's electric truck poses a threat to LNG](#)

The launch of Tesla's electric truck, which has a range of 800 km, is a major cause for concern for LNG vehicles.