



Address

by

Senator The Honourable Kevin Ramnarine

Minister of Energy and Energy Affairs

at

Liquefied Petroleum Gas (LPG) Dealers Association Limited

Annual Dinner

“The Future of the LPG Market”

on

Saturday 28th January 2012

Thank you Mr. Chairman.

President of the Liquified Petroleum Gas (LPG) Dealers Association Limited,
Mr. Razai Azard Rahaman

Members of the LPG Dealers Association,

Distinguished Guests,

Members of the Media,

Ladies and Gentlemen.

I welcome the opportunity to address you on this occasion at your Annual Dinner as we commemorate the strides made by the local Liquified Petroleum Gas (LPG) industry and highlight achievements and plans for the future of the LPG sector.

The LPG industry is an important, although an unheralded constituent of the Trinidad and Tobago energy sector. Liquified Petroleum Gas (LPG), while it does not attract attention as other energy products, such as natural gas, CNG and gasoline, is an integral element in the daily lives of the citizens of Trinidad and Tobago, being the dominant cooking fuel used in the majority of homes in Trinidad and Tobago. Where would sada roti, aloo pie and doubles be without LPG?

The LPG sector as a cooking fuel has been growing. The volume of domestic sales of LPG increased from 123 million pounds in fiscal 2009 to 132 million pounds in fiscal 2011, and this volume is higher than the average annual sales over the last 5 years by more than 14 million pounds.

The estimated sales volume of LPG for fiscal 2012 is approximately 138 million pounds. The 20-pound LPG cylinder is the most popular size used by households, followed by the 100-pound LPG cylinder and the bulk sales of LPG.

LPG is likely to continue as the main cooking fuel of choice. It is an economical fuel source which burns readily and gives off instant heat. LPG burns very efficiently, with very low combustion emissions and does not create black smoke. In addition, it is easy to store an LPG cylinder as it takes up very little space.

Importantly the sources of LPG, namely from the processing of natural gas and the cracking of crude oil ensure the reliability of supply. However, within recent times there has been the disruption in the supply of LPG obtained from Petrotrin. This disruption in supply is as a result of the upgrade works being undertaken on the Fluidised Catalytic Cracking Unit (FCCU) as part of the Gasoline Optimisation Program (GOP) at the Petroleum Company of Trinidad and Tobago Limited's (Petrotrin) Pointe-a-Pierre refinery.

However, the citizens of Trinidad and Tobago remain unaffected by these works as LPG supplies were lifted from Phoenix Park Gas Processors Limited (PPGPL) at Point Lisas. The FCCU upgrade is expected to be completed by end of March 2012 and supplies from Petrotrin will be back on stream.

Internationally, LPG is the most popular cooking fuel in the urban areas of India and Brazil. In the United States, LPG is the third commonly used transportation fuel, behind gasoline and diesel. It has been used mostly in fleets, and many other non-road fleet applications. Other countries which widely use LPG as a vehicular fuel include Australia, Canada, the Netherlands and Italy. In Europe and rural parts of the United States, LPG provides an alternative to electricity and heating oil (kerosene). It is most often used for heating and cooking in areas where there is no access to piped natural gas. In addition, LPG is used as an efficient source of energy in various industrial and commercial applications.

Notwithstanding the technology strides, LPG in Trinidad and Tobago is used primarily as a cooking fuel and its position is unlikely to be challenged given its portability and cost, which is subsidized. Therefore as the population and number of households grow so too will be the demand for LPG as a cooking fuel.

In this regard it is imperative that we build on the gains achieved over the years and ensure that the LPG sector continues its development in meeting the needs of the population of Trinidad and Tobago, which at this time relates primarily to use of LPG as a cooking fuel.

The population and the country as a whole is indebted to the LPG Dealers Association Limited, which comprises LPG Suppliers, LPG Filling Plant Owners and LPG Distributors, as well as other major stakeholders, in the positive strides which have been made in the LPG industry.

Over the years the LPG industry has been faced with supply and market related challenges as well as health and safety concerns. The Ministry of Energy and Energy Affairs in collaboration with the LPG Dealers Association Ltd has taken action to address these challenges, which include but are not limited to the following:

- The inconsistent filling of LPG cylinders at filling plants.
- The poor appearance and general unroadworthiness of the smaller LPG retail vehicles.
- Illegal and unacceptable use of LPG cylinders under the Gas Cylinders Act.
- Limited Safety awareness in the use and handling of Liquefied Petroleum Gas (LPG).
- The lack of health, safety and environmental standards for filling plant operations and LPG distribution and utilization
- The poor condition of LPG cylinders

At the operational level your association has partnered with the Ministry and with the LPG wholesaler, Trinidad and Tobago National Petroleum Marketing Company Limited (NPMC), in the introduction of safety features on LPG operations and in raising the levels of safety awareness and service to LPG consumers. These features include:

- The introduction of tamper evident seals on filled LPG Cylinders, which ensures proper quality control in the LPG filling process.
- The initial upgrade of distributor retail vehicles.

- The introduction of LPG Cylinder Testing at LPG Filling Plants.
- The introduction of LPG Cylinder Maintenance Facilities at LPG Filling Plants.
- The adoption of an aggressive LPG cylinder replacement program.
- The introduction of new Non-Cash Payment Systems for LPG purchases.
- The mandatory requirement for all distributors' vehicles to have on board fire extinguishers.
- The provision of protective equipment to all drivers and assistants in the distribution of LPG.
- Training of all personnel in the handling of LPG.

With the recognition that LPG is a petroleum product and that its widespread usage is proliferating in homes and on the roads around the country a special effort is being taken by the Ministry of Energy and Energy Affairs to prepare LPG regulations to provide an acceptable degree of protection from the hazards caused by accidents, leaks etc.

At present, the official regulations for LPG usage are found subsumed under the Factory Ordinance legislation which dealt with regulations for industrial gases. The Ministry is currently engaged in developing applicable regulations for the use, conveyance and storage of LPG, under the Petroleum Act. Draft regulations have been developed and input from relevant stakeholders has been ongoing.

The new regulations will apply to the general requirements for filling, handling, transportation and storage of LPG with respect to the cylinders and installations of the tank systems. This legislation would correct any inaccuracies in the guidelines

of the Factory Ordinance legislation which made no distinction between permanent industrial gases under pressure and liquefiable gases under pressure.

The Ministry already provides for price administration of LPG under the Petroleum Act and will be recommending that the LPG regulations be added to the Regulations of the Petroleum Act. This approach will give the Minister of Energy and Energy Affairs the regulatory authority to drive the industry towards world class best practice standards.

However, regulations are meaningless without proper and consistent enforcement. Accordingly, your Association's support would be essential in ensuring that your members' operations are compliant with all applicable laws, regulations and standards.

The Ministry of Energy and Energy Affairs is also concerned with the risks posed by inappropriate Liquefied Petroleum Gas (LPG) System Components that are available for sale on the local market.

In the interest of public safety, the Ministry chaired the Trinidad and Tobago Bureau of Standards (TTBS) Specifications Committee for Liquefied Petroleum Gas (LPG) System Components. This Committee comprised representatives of the Trinidad and Tobago National Petroleum Marketing Company Limited (NPMC), North Plant Co-Operative Society Limited, Ramco Industries Limited, and Occupational Safety and Health Agency (OSHA).

One cannot overemphasize the importance of safety in ensuring consumer confidence and in the establishment of a sound footing for future developments in the industry.

In the immediate future the industry is likely to be characterized by the consolidation and growth of its existing business that is the use of LPG cooking purposes. In the longer time horizon there would be opportunities to exploit the current technologies that provide for alternative use of LPG as I described earlier.

Your Members have over thirty years industry experience, which place them in good stead in adapting to technological change within the LPG industry. Accordingly the Ministry would be receptive to any proposal which seeks to grow the LPG Industry in a new direction in a safe and cost effective manner. I put this challenge to members of your association and I await your positive feedback.

In closing, I want to assure you that the Ministry of Energy and Energy Affairs (MEEA) is your committed partner. I also must thank you for your continued co-operation in addressing all relevant challenges as we work together towards improving all stages of the LPG supply chain in the continued drive towards world class best practice safety standards. The success achieved so far has been due in no small measure to the close collaboration between the Ministry of Energy and Energy Affairs and the LPG Dealers Association.

Please accept my congratulations on another successful year and best wishes for the continued growth and success of the LPG sector in Trinidad and Tobago.

Ladies and Gentlemen, I thank you.

