



THE GOVERNMENT OF THE REPUBLIC  
OF TRINIDAD AND TOBAGO

## MEDIA RELEASE

FOR IMMEDIATE RELEASE

Head Office: Tower C – Energy Trinidad and Tobago, International Waterfront Centre

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### MEDIA RELEASE

#### **81% OF TRINIDAD AND TOBAGO'S LNG EXPORTS GOING TO MARKETS OTHER THAN THE UNITED STATES OF AMERICA**

The Ministry of Energy and Energy Affairs has taken note of comments being made in the public domain as it relates to the fall in natural gas prices at Henry Hub. Given its strong commitment to openness and transparency as it relates to the national energy sector, the Ministry wishes to state the facts as they relate to natural gas pricing.

The advent of shale gas production in the United States of America (USA) coupled with the economic slowdown in that country has seen the Henry Hub price collapse to below \$3.00 per million British thermal unit (MMBtu) in January 2012. Henry Hub has traditionally been the main marker for pricing Trinidad and Tobago's LNG as the USA has been the destination of choice since the start of LNG production in this country in 1999. In 2005, approximately 89% of our LNG exports went to the USA and the Henry Hub price at that time averaged US\$8.64 per MMBtu.

This situation has however been dramatically reversed and in 2011, only 19% of our LNG exports went to the USA. The Henry Hub price averaged US\$3.99 per MMBtu in 2011. As of last week, Henry Hub prices have reached a low of US\$2.70 per MMBtu as a result of a milder winter and high shale gas production. This, however, has minimal impact on Trinidad and Tobago's revenue from natural gas as eighty-one percent (81%) Trinidad and Tobago's LNG exports now go to markets in South America, Europe and Asia.

#### **European Gas Prices**

In the UK and Europe, the main marker is the National Balancing Point (NBP) which is not oil-linked but, because of the high gas demand in UK and Europe, is much higher than Henry Hub prices. There are other LNG price markers in Europe, for example, Zeebrugge in Belgium, in which gas prices are linked to both fuel oil and gas oil. Currently, European prices (NBP and Zeebrugge) are in the region of US\$8.00 per MMBtu to US\$10.00 per MMBtu. In mid-January, the spot NBP price was US\$8.45 per MMBtu while at Zeebrugge it was US\$9.51 per MMBtu.





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### Asian Gas Prices

In the Asian market, the gas prices are linked to crude oil prices and the Japanese Crude Cocktail (JCC) is a price marker for both contract and spot prices. In addition, as a result of the earthquake and tsunami in Japan in March of 2011, we have seen a steady increase in cargoes from Trinidad and Tobago going to the Asian market, so much so, that for 2011, approximately 21% of LNG exports went to the Asian market, where prices averaged approximately US\$13.50 per MMBtu. Currently prices in Japan are around US\$16.50 per MMBtu, while in South Korea the spot prices are around US\$13.50 per MMBtu and in China around US\$10.45 per MMBtu.

### South American Gas Prices

South America is another market where the prices are mainly linked to crude oil prices per MMBtu, thereby fetching a higher price. In South America, the spot LNG prices were between US\$11.00 and US\$14.00 per MMBtu in Argentina and Chile.

In 2011, approximately 60% of our LNG exports were diverted to premium priced markets in Asia, Europe and South America. The remainder went to base markets mainly in the USA and Spain.

In Trinidad and Tobago, the average wellhead gas price the country has received for the sale of LNG was approximately US\$3.00 per MMBtu in the last quarter of 2011. This is the price at the wellhead after application of the different netback formulae. Approximately 60% of natural gas produced in Trinidad and Tobago is exported while 40% is consumed locally at Point Lisas or by power generation companies. The weighted average wellhead price of gas in the last quarter of 2011 (October-December) was approximately US\$3.10 per MMBtu. This is well above the price assumption used by the Minister of Finance in the 2011/12 national budget of \$2.75 per mmbtu.

The Ministry of Energy and Energy Affairs continues to manage the natural gas resources of Trinidad and Tobago in a manner that brings maximum benefits to the people of Trinidad and Tobago. The Ministry of Energy and Energy Affairs continues to actively monitor trends in the international energy business so as to always position the Trinidad and Tobago energy sector for the maximum benefit of the country.

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MINISTRY OF  
**ENERGY**  
AND ENERGY AFFAIRS  
*POWER. PROSPERITY. PROGRESS.*