

Khan: Govt looking to renegotiate upstream gas price

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ENERGY Minister Franklin Khan said Government will be looking at renegotiating the upstream gas price.

Opposition Senator Wade Mark asked in Senate Tuesday if the upstream cost of natural gas being sold to the National Gas Company (NGC) was being looked at by the Government for some degree of renegotiation with upstream producers.

Khan replied: "The answer to that is an affirmative yes. Mark had posed a question on what steps were being taken to resolve the issue of increased gas prices between the NGC and Methanex Trinidad Ltd.

Khan said both NGC and Methanex have made public pronouncements relative to the ongoing negotiations of the companies which are party to the contract.

"Both parties have issued a clear statement confirming their commitment to reach an agreement."

He explained there was an extension of the interim arrangements until March 31 to facilitate an agreement and prior to the expiration of the last interim agreement Methanex took the decision on March 16 to idle its Titan plant at Point Lisas.

"This decision was taken as a result of the significantly reduced industrial demand globally for methanol which also prompted a similar decision by Methanex in respect of its Chile IV plant in Chile."

He pointed out the plants are part of Methanex's global portfolio and are likely to remain idle until the methanol market rebounds. He said despite the idling of the Titan plant discussions between Methanex and NGC continued and remained focus on arriving at a long term contract reflective of the current and projected market dynamics.

"The Government remains available to support the efforts of both the NGC and Methanex in arriving at an agreement."

Mark asked if NGC had a timeline for concluding the gas contract with Methanex. Khan said that several factors would impact the negotiations and he asked the public and Opposition to understand that these are sensitive commercial discussions taking place between the two companies.

"And all will be revealed in due course. The Government is committed to finding a settlement."

Mark then asked if market conditions stabilise if it were likely for an agreement for gas supply over a long term period between the two companies.

Khan replied: "Most definitely."