



Government of the Republic of Trinidad and Tobago

Ministry of Energy and Energy Industries

Keynote Address

by

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and

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at the

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Accelerating Action

Salutations

Good Day

It is my pleasure to deliver the keynote address to this distinguished audience at the Energy Chamber's Annual Conference. I also wish to thank the Energy Chamber for this opportunity to provide an update on the Government's policies and initiatives in the domestic energy sector. On behalf of the Government of Trinidad and Tobago, I extend a warm welcome to all attendees of the Conference and trust that your participation is informative and rewarding.

The Conference keeps pushing boundaries by addressing major developments in the global energy sector, by providing networking opportunities, and solutions to the challenges in an evolving global energy industry. The theme for this year, "Accelerating Action," is pertinent and timely given the choices and challenges the world's energy sector is currently confronting and particularly energy exporting countries such as Trinidad and Tobago. In my address, my focus will be on the current momentum of the domestic energy industry towards resilience, sustainability and growth.

In 2023, despite the growth in renewables fossil fuels continued to be driver of economic growth particularly among developing countries. Accordingly, fossil fuels maintained an 82% share of total primary energy consumption globally. The energy crisis which was occasioned by the Russian invasion of the Ukraine in February 2022 has abated. While the global energy crisis have eased, energy markets, geopolitics, and the global economy remain unsettled. Fossil fuel prices are down from their 2022 peaks and markets are tense and volatile. Despite the energy market volatility , by the Fourth Quarter of 2023 oil and gas investments were projected to

increase by 11 percent to \$528 billion, the highest level since 2015. Fitch Ratings have projected that global oil and gas sector performance in 2024 will remain broadly in line with that in 2023 and stronger than mid-cycle levels.

What has become increasingly clear is that fossil fuels will continue to play a major role in meeting the energy requirements of a growing global economy. The global population is set to increase from 7.9 billion in 2022 to approximately 9.6 billion in 2050 adding to rising energy demand. To meet this demand the US Energy Information Administration projects that global energy consumption will increase nearly 50% over the next 30 years. In this scenario, the GECF has also projected that fossil fuels will maintain its leading role in the global energy mix accounting for 71% in 2050. Natural Gas is expected to become the largest energy source by 2047, overtaking coal in the year 2025. As economies continue to develop and industrialize, they will be faced with energy security concerns which will result in countries diversifying their energy mix with low carbon solutions and improvement in energy efficiency strategies.

The English-speaking Caribbean, Trinidad and Tobago, Suriname being the exceptions and more recently Guyana, has been contending with the perennial challenge of energy security. The Caribbean with abundant renewable and non-renewable energy resources is well poised to meet the needs of its population. Oil and gas have been the dominant primary energy resources and with the recent major discoveries by Guyana and Suriname will continue to be so for the foreseeable future. With this recognition we must hasten the use of these resources for the benefit of our populations.

Energy co-operation must be more than diplomatic exchanges of our intent. An example of such co-operation has been Petro Caribe, the regional oil procurement

agreement between Venezuela and Caribbean member states. To this end the Heads of Government of CARICOM at their 45th Regular Meeting in Trinidad between 3rd to 5th July 2023 urged the removal of the sanctions on Venezuela to allow countries in the Region to benefit from the PetroCaribe initiative and for further progress on the exploration of the cross-border natural gas fields between Trinidad and Tobago and Venezuela. It is as a consequence of such overtures that the Dragon Project with Venezuela is progressing.

Trinidad and Tobago's hydrocarbon resources have been instrumental in facilitating our economic development. We possess significant oil and gas resources and have adopted a phased approach in the diversification of our energy mix. Trinidad and Tobago is prepared to and has been championing the regional call for energy security and resilience, due to our strong advocacy for sustainable energy practices and regional cooperation. We have continued to adopt the long-term view of the gas sector, recognizing its potential as a transitional fuel and a bridge to a carbon-neutral future. Moreover, we continue to take steps to develop our own hydrocarbon resources and to explore opportunities for energy co-operation with our regional partners.

In this regard, the Government of Trinidad and Tobago successfully signed a 30-year Exploration and Production License with the Bolivarian Government of Venezuela for the Dragon Gas field located in Venezuelan territorial waters. This project will enhance the Caribbean region's energy security, by allowing the Government of the Republic of Trinidad and Tobago (GORTT) to have access to a significant natural gas resource with approximately 3 Tcf of proven gas reserves. This significant milestone has also created future opportunities for the development of more cross-border gas reserves between the two nations. This endeavor is another example of sound governance and strategic planning which will enable the continued

transformation of our energy resources into a catalyst for economic growth and regional influence. The next step in accessing the Dragon gas supply is underway as NGC and Shell as Operator in collaboration with PDVSA are in the process of preparing the development plans to facilitate the flow of gas to Trinidad. The development plans cover such activities as the drilling of wells and construction of the 21 km pipeline to bring this gas to Trinidad.

Natural Gas is the country's dominant hydrocarbon gas and serves as feedstock for the petrochemical and metal industries at Point Lisas and Atlantic LNG at Point Fortin which is one of the world's largest LNG exporter. However the financial returns from the monetization of natural gas and particularly LNG has been sub-optimal, as reported by Poten and Partners in the 2015 Gas Master Plan Report. As a Government we have been taking steps in to improve natural gas supply through the offer of new acreage for exploration and with cross-border initiatives with the Bolivarian Government of Venezuela.

As regards financial returns, we initiated discussions in 2018 with Atlantic LNG Shareholders on increasing the returns from LNG, as resource owner. In December 2023, we successfully achieved agreement on the Restructuring of the Atlantic Facility through the signing of the binding Definitive Restructuring Agreements. The signing brought finality to the future configuration of the facility, the phasing of the consolidation, the term of the licence, the tariff structure and access to third party gas. We anticipate that Trinidad and Tobago will reap the benefits of a new market related pricing structure after the completion of the restructuring process and full commercialization is achieved.

The restructuring is a landmark initiative which includes third-party access which will auger well for new entrants to the LNG business. This access will encourage

upstream players to intensify their efforts to maximize their natural gas output. At present we also have several upstream projects which are awaiting Final Investment Decision. These companies now have a unique opportunity to bring these upstream projects on stream and make their gas supply accessible to the Restructured ALNG Facility.

The successful restructuring of Atlantic LNG is a matter of high importance not only for the country but to all our upstream players as well. The restructured ownership and commercial framework will provide these upstream companies, with the clarity necessary for sanctioning the next wave of upstream gas projects.

Notably, Shell's Manatee Project's marketing arrangements include gas provided for domestic use via NGC and exports via Atlantic LNG facilities. The Manatee field has approximately 2.7 Trillion cubic feet (Tcf) of gas, and it is part of the larger 10 Tcf, cross-border Loran Manatee field. The field development plan for the Manatee Project is currently under review by the Ministry of Energy and Energy Industries. Under recently agreed marketing arrangements the Minister of Energy and Energy Industries will be responsible for the marketing, as LNG, an agreed volume of the natural gas that will be produced from the Manatee field. Government will receive increased revenues on all LNG sales due to a new price structure that was negotiated as part of Atlantic LNG's restructuring

In addition to bid-rounds and cross-border initiatives, the Government has been in discussion with the major upstream producers to accelerate the final investment decision on upstream projects. Currently, BPTT as Trinidad and Tobago's major gas producer has a number of unsanctioned projects which are awaiting FID. BPTT has completed a rigorous drilling programme for the Angelin Field, whose estimated recoverable reserves amount to approximately 90 to 380 Billion Cubic Feet (BCF).

Three wells with an average 12-month production of 200 Million Standard Cubic Feet per day (MMSCFD) began production in 2023. Notably, the Government has approved the Cypre Plan of Development which will result in an investment of approximately 854 Million through 2025. This project is expected to start in Q1 2024 with seven development wells planned to target a resource estimate of 479 BCF. Additionally BpTT's joint-venture with EOG on the Mento field is expected to bring on first gas from this field by 2025. Other sanctioned gas projects, namely EOG's Osprey East Development Project and Touchstone's Cascadura field came on stream in 2023 with a natural gas production of 290 mmscf per day

In terms of deep water, the Ministry of Energy and Energy Industries is engaged in working with Woodside on the development of its Calypso Project which is currently in the Gas Market Development Phase. This project has the potential to produce upwards of 700 mmscf per day. The current gas projects are based on existing gas reserves. A consistent theme of the natural gas audits is that we must continue to encourage exploration of our hydrocarbon resources. We have been taking this recommendation on board.

In October the 2023 Shallow Water Competitive Bid Round was launched. The blocks are to be offered via production sharing contracts and comprise of 13 blocks located in the shallow water marine area off the coasts of Trinidad and Tobago. The total unrisks resource estimate of these blocks is approximately 13.4 Tcf. There has been a significant level of interest in these shallow water blocks and, to date, several data packages have been issued to new and existing upstream players. I am optimistic that this will translate to a successful bid round which will be closing on April 2nd, 2024. The Ministry of Energy and Energy Industries is also currently in the process of finalizing negotiations with the preferred bidders of the successful 2022 Onshore Nearshore Bid Round.

In September 2023, we negotiated and signed Deep-Water Production Sharing Contracts for Blocks 25(a), 25(b) and 27 with a consortium comprising of BP and Shell shareholders. The negotiations achieved equitable terms that will accrue to the mutual benefit of Government as resource holder and the consortium as key stakeholders and investors in Trinidad and Tobago's Deepwater province. A robust seismic operation is expected to commence within these blocks in 2024. I am also pleased to announce that the MEEI will be launching another Deep Water Bid Round before the end of 2024.

We are committed to sustaining production through investment into our hydrocarbon resources. It is with this recognition, we continue to actively engage with all our upstream entities to provide fiscal incentives for new and existing oil and gas projects. In the 2024 Budget statement, a threshold of US\$75 per barrel for SPT for small shallow water producers was introduced to the regime, which was similar to the previous incentive for small onshore producers.

The Sustainability Incentive was also increased from 20 percent to 25 percent with respect to the rate of supplemental petroleum tax for any mature marine or small marine oil fields. This incentive targets smaller oil producers and lease operators in small and mature marine oil fields. Overall crude oil and condensate production is projected to increase from an average of 54,600 barrels per day in fiscal 2023 to 69,487 barrels per day by fiscal 2028. We anticipate that this increase in production would be driven by Heritage through the pursuit of an aggressive drilling and workover campaign both onshore and offshore and the Mento development which is forecasted to produce upwards of 8000 barrels of oil per day by 2028.

As a Government we will continue to facilitate upstream investment with the appropriate policies to ensure that we maximize the recovery, utilization and

monetization of the country's hydrocarbon resources. In the restructuring of Atlantic LNG there will be a more efficient utilization of the country's natural gas resources. This will facilitate a balanced gas allocation across the domestic value chain. NGC as the aggregator on natural gas for downstream industries has been successfully meeting its mandate. In 2023, NGC entered the year with most of its major upstream gas supply contracts in place with the exception of the Shell Domestic GSC which was put in place in September 2023. In Q4 of 2023, NGC was able to successfully execute two Methanol and five Ammonia Gas Sales Contracts with its downstream customers to meet the requirements of fifteen petrochemical plants. NGC also executed thirty Gas Sales Contracts with its Non-Petrochemical, Light industrial and commercial customers. I am also pleased to announce that NGC was able to successfully negotiate full and final settlement on claims filed against the company by the downstream for failure to supply gas between the period 2010 to 2015. The settlement of these claims plus removal of the specific onerous clauses in renewal GSCs will effectively mitigate the risk of future litigation and losses to NGC.

While NGC role as natural gas aggregator will continue for the foreseeable future, the company has committed to a Green Agenda in which its goal is to be a leader in the energy transition in the Caribbean and beyond. Among the initiatives advanced are the development of the Energy SmarTT mobile app, an operational focus on methane tracking, a carbon sequestration study at NGC's reforestation sites, research partnerships with academia and an intensified focus on public education around clean energy. Last week we also saw the successful launch of the NGC Green Company Limited as well. As economies look to established energy providers for assistance in making the switch to cleaner hydrocarbon fuels and renewable energy sources, NGC is increasingly spearheading international cooperation and alliances to assist in the transition.

Sustainability in the context of the energy transition has been the focus of many countries globally. Nonetheless, nations are forging their own routes, tailoring their plans to match their own needs and available resources. The recent COP28 echoed sentiments of ambitious mitigation targets and countries willingness to supply proper means of support to deliver the transition. As countries continue to take collective stock of their actions, the resolution is clear: there must be acceleration of global efforts towards climate mitigation agendas.

The Caribbean region is no exception. The region relies on petroleum products as the source of approximately 87% of primary energy consumption. As a result, oil importer countries in the Caribbean have reported spending up to 15% of annual GDP on fuel imports. This heavy dependence on imported fossil fuels contributes to the region's high cost of doing business, increases its vulnerability to external sector shocks, and constrains economic growth and competitiveness across most Caribbean economies. Trinidad and Tobago is supporting the adoption of renewable energy targets, spearheading climate resilience projects, and playing a pivotal role in shaping regional energy policies.

In this regard, we have adopted a comprehensive approach to activities aimed at emission mitigation within the entire energy value chain. Accordingly, in 2022, we signed an agreement with a Consortium of BP and Shell to construct a Solar Utility Project known as Project Lara. The completion and commissioning of Project Lara is projected for the final quarter calendar 2024. The project serves as a testament to the country's commitment to the environment and provides a template to de-risk future renewable projects.

As we look to the future Trinidad and Tobago is poised to become a leader in the transformative technology known as Green Hydrogen as part of its energy transition.

At present hydrogen is produced from natural gas and current usage in the production of ammonia and methanol plants is estimated at 2.42 to 3.64 million metric tons per annum. We are in the process of leveraging our gas infrastructure to establish a pilot project demonstrating visible end-use applications of green hydrogen. In this regard, the Government is also aiming to have a firm policy and legislative framework for Green Hydrogen by 2025.

Offshore Wind has been identified as the potential driver for the development of this Green Hydrogen Industry. Notably, in 2023, we successfully partnered with the European Union (EU) to determine the feasibility of wind deployment in Trinidad and Tobago through initial assessments of onshore and offshore sites. The study identified prospective sites with a capability of producing 2GW of installed wind power by 2035. Based on the EU/GORTT study we are actively pursuing an expedited Wind Resource Assessment Programme to define the Onshore and Offshore Wind Zones for Trinidad and Tobago. The outcome of this programme and the country's power requirement will form the basis of future Requests for Proposals (RFP) for new generating capacity, to attain our goal of 30% of RE power generation by 2030.

The genesis of the aforementioned activities is inextricably linked our Nationally Determined Contributions which target emission reductions in the Transportation, Industrial and Power Generation Sectors. We are a deeply entrenched hydrocarbon province and it is imperative that our mitigation activities target this sector as well. We have identified Carbon Capture as a method to reduce the carbon footprint of fossil fuels which will continue to dominate the energy market in the future. In this regard, a Cabinet appointed Carbon Capture and CO₂ Enhanced Oil Recovery (CO₂ EOR) Steering Committee is actively working to characterize potential reservoirs, both onshore and offshore for CO₂ storage and to select a pilot reservoir for CO₂

injection and increased oil recovery. Further, the committee has successfully drafted a legal policy paper on Carbon Capture Utilization and Storage which is actively being reviewed by key stakeholders.

The global energy industry is at a turning point. The transition is sweeping across sectors but at varying speed. The change is well underway and it is no longer business as usual. The transition will be unique from country to country as no single approach fits all. As many countries are now realizing energy transition does not lie solely with Renewable Energy and Energy Efficiency. In this regard, the role of fossil fuels and in particular natural gas in the energy mix cannot be understated. As a pioneer in the LNG industry, and in the current atmosphere of vibrant upstream, midstream and downstream energy sector activity, Trinidad and Tobago will continue to promote natural gas a major energy source in its energy mix well into the future. As we continue to utilize natural gas as the key to our energy transition it is important that we optimize the exploration and development of our hydrocarbon resources. The Government of Trinidad and Tobago, continues to recognize that our upstream players, can play a part in achieving this objective. As we forge our way towards an uncertain energy future, we look forward to fostering our strong relationships with energy giants who are dedicated to upstream development, a vibrant downstream industry, and an energy services industry that is on par with those of developed petroleum economies.

As articulated by the Government in the Spotlight on Energy which was held in 2018 the Government is committed to transparency and accountable management of the country's oil and gas resources. Our participation in the Extractive Industries Transparency Initiative (EITI) reinforces our pledge to good governance. Trinidad and Tobago has implemented the EITI for over a decade and excels in EITI implementation. Last year, when the EITI International Secretariat assessed how

well the country implemented the EITI, Trinidad and Tobago scored the highest in Latin America and fourth highest globally. The latest EITI report discloses that for 2023, the Government collected TT\$3.04 billion in royalties. BPTT and Heritage were the two largest contributors, paying TT\$2 billion and TT\$521 million respectively. The Government also received TT\$8.3 billion in profit share from our production sharing contracts with Shell being largest contributors, paying TT\$4.6 billion to Government. The full report will be made available shortly.

The Energy Conference is a major forum for the dissemination of information by Government to the wider public on the state of the domestic energy sector. Accordingly I wish to thank the Energy Chamber for this opportunity to present to the Conference on the domestic energy sector and to congratulate the Energy Chamber in staging another successful Conference. You continue to excel and have established the Conference as a must attend event on the energy calendar. It was a pleasure to address the Conference. To the participants, I wish you a rewarding experience and look forward to a renewal of the association in 2025.

I thank you.