

Shell, Reliance and KSPL make rapid progress in setting up LNG Terminal on India's East Coast

2012-05-31

The LNG import and regasification terminal at the Kakinada Deepwater port in Andhra Pradesh (India) is moving to its next phase in implementation. Royal Dutch Shell, Reliance Power and Kakinada Seaports have made steady progress towards implementing the project following intense developmental activities since early 2011.

Major development activities completed for planned start-up in 2014; project to start with capacity of 5 mtpa and provision for easy expansion to 10 mtpa.

Mr. De la Rey Venter, Global Head of LNG, Royal Dutch Shell, said, "India is an important market for LNG and the states of Gujarat and Andhra Pradesh (AP) have the highest demand for gas in India. After the success of Shell's Hazira terminal in Gujarat, Shell is keen to set up an LNG receiving terminal in AP. We are pleased to have reached an agreement with Reliance and KSPL to implement the LNG terminal in AP and look forward to successfully progressing this project with our partners".

An agreement was signed in December 2011 to undertake a number of joint technical studies and commercial agreements. With the completion of such studies and agreements, the consortium has finalized the specific location of a Floating Storage and Regasification Unit ("FSRU") based receiving terminal adjacent to the existing island breakwater thus minimizing terrestrial impact as little or no onshore facilities will be required. Besides the location, the orientation and specifications of the FSRU have also been agreed.

The consortium is currently engaged with FSRU suppliers for selection of a preferred provider. The project is progressing as per plan for completion in 2014 and statutory clearances are being progressed accordingly. The project is expected to start with a capacity up to 5 million tons per annum (mtpa) and is designed for easy expandability to 10+ mtpa to meet the surging demand for gas in the region.

The project will be designed to the highest international standards associated with the LNG industry. FSRUs, in addition to enabling faster start up, are also lower in cost than onshore terminals and allow for modular expansion.

Mr. J P Chalasani, CEO, Reliance Power Limited, said, "The LNG receiving terminal in AP is of strategic importance to Andhra Pradesh and India. We believe Shell, with its large LNG portfolio and experience in operating LNG terminals will add immense value to the project. Kakinada, with its proximity to our Samalkot power plant and several other gas consumers, is a natural choice for setting up an LNG terminal. We are delighted to have Shell and KSPL as our partners in setting this landmark project on the east coast of India".

Shell and RPL will hold the majority of the equity in the terminal company and this would represent the next significant Foreign Direct Investment in the country and Andhra Pradesh. Kakinada Seaports operates the Kakinada Deepwater Port which has very suitable marine conditions for the project. Shell holds the largest equity share of LNG capacity among International Oil Companies. In 2011, joint ventures in which Shell has an interest supplied more than 30% of global LNG volumes.

Shell majority owns and operates one of India's two operating LNG import terminals, the Hazira terminal in Gujarat, and have recently supported the development of a similar FSRU based terminal in Dubai. This project uniquely benefits from Shell's presence in several existing and planned LNG supply projects around the world which will help ensure diversity and security of supply.

An official spokesperson for KSPL, said, “The Kakinada deepwater port is ideally suited for setting up an LNG terminal in the state of AP and has the vision of developing as a world class marine facility. Shell being a leading LNG supplier globally and Reliance, with its large gas demand are natural partners for setting up an LNG terminal at our port. We look forward to successful implementation of the project for the benefit of all stakeholders, especially the gas customers in AP”.

Notes to Editors:

About Shell

Shell is a global leader in LNG and helped pioneer the liquefied natural gas (LNG) sector, providing the technology for the world's first commercial liquefaction plant in 1964. Shell is a participant in eight operating LNG projects in operation with some 21 million tonnes per annum (mtpa) operational LNG capacity, in seven countries, with another ready for start up and three new projects under construction and 15 mtpa of LNG options.

Shell was a partner in the first-ever purpose built LNG carrier and has been delivering LNG safely for nearly half a century. Today Shell is the world's largest LNG shipping operator, with interests in around a quarter of the LNG vessels in operation.

About Reliance Power Limited

Reliance Power Limited, a part of Reliance Group, is India's leading private sector power generation company. The company has the largest portfolio of power projects in the private sector based on coal, gas, hydro and renewable energy, with an operating portfolio of 1,240 MW. Reliance Power is setting up India's largest gas based power plant with 2,400 MW at Samalkot in Andhra Pradesh.

The company also has the largest captive coal reserves in the private sector, estimated at more than two billion tonnes. Besides, the company has purchased three coal mines in Indonesia and also has plans to develop coal bed methane based generation capacity.

About Kakinada Sea Ports Limited

Kakinada Sea Ports Limited (KSPL) operates the Kakinada Deep Water Port in Andhra Pradesh East Coast India. It was the first operational privatized port on the East Coast. The vantage position of the Port allows it to handle a unique mix of bulk, liquid, break bulk, containers, project cargoes & service offshore Oil & Gas exploration activities of Krishna – Godavari Basin.

KSPL is truly committed to Customer needs, safe working practices, supply chain management and environment protection.