**South Africa Poised To Join LNG Import Club**

South Africa could soon join Argentina, Brazil and Chile in the southern hemisphere’s import club. The Petroleum, Oil and Gas Corp of South Africa, better known as PetroSA, closed a five-month tender for two shipboard regasification vessels and two disconnectable buoy systems on July 1. This arrangement is meant to provide end-users with an uninterrupted gas supply: one of the two vessels will discharge into its buoy while the other ship is either departing from the other buoy on its ballast voyage, or returning laden to South Africa ready for discharge. PetroSA is looking to charter the vessels for five to 10 years. Bidders include Excelerate Energy, Hoegh LNG, Golar LNG with Bluewater Energy Services, Bluesky, Suez as well as another firm who remains unidentified. The winner could be announced as early as September. PetroSA wants to start receiving imports in 2010 to supply its gas to liquids plant at Mossel Bay and Eskom’s gas-fired power generation capacity on the Western Cape. The firm has not yet narrowed down its import plans beyond its initial range of 0.5 MMt/y to 2 MMt/y over 10 years.

Among the bidders, Golar LNG and Bluewater Energy have been the most vocal about their participation in the South African tender. As part of their joint bid, the two partners have agreed to acquire the 126,000 m$^3$ Moss type Hoegh Gandria and offer its services to PetroSA after equipping it with onboard regasification equipment. But PetroSA’s tender specifies two regasification vessels, and neither Golar nor Bluewater has mentioned a second ship. There is speculation that Golar plans to retrofit the 125,000 m$^3$ Hilli for this service as well. The Hilli just came off charter to BG in April, and the Norwegian firm has made no secret of the fact that it might speculatively refit the ship with regasification capacity.

PetroSA’s 36,000 barrel per day GTL plant supplies about 7% of South Africa’s liquid fuel needs. The plant, which started production in 1993, currently receives natural gas and condensate feedstock from the FA, EM, and EBP fields in Mossel Bay through a pair of 56-mile pipelines (see attached map). PetroSA converts the natural gas into gasoline, distillates, kerosene, alcohols and LPG. But these fields are depleting and can only meet plateau demand for the next four years, tailing off around 2013. PetroSA’s Jabulani project, a two-year drilling program underway 59 miles south/south-west of Mossel Bay, could eventually supply the GTL plant. But until this and other domestic gas initiatives are up and running, PetroSA needs LNG to ensure the GTL plant is able to run at full capacity. While considered an interim solution, the firm has indicated it may keep the offshore buoy systems at Mossel Bay for more than 10 years, or possibly redeploy them elsewhere in South Africa.

Eskom, the other anchor buyer, generates about 95% of South Africa’s electricity. In early 2000, the utility commissioned some 445 MW of gas-fired power generation capacity in the Mossel Bay area. Eskom wants to bring another 293 MW on-line by the middle of 2009 in time for the next southern hemisphere winter. Due to high operating costs, the generator’s gas-fired plants are only used to meet peaking requirements or during power emergencies. Its newer gas-fired plants – which include those at Mossel Bay – run on diesel, but Eskom expects regasified LNG to be much
cheaper. Eskom plans to utilize its gas-fired capacity more often once it starts receiving this new supply, thus allowing it to avoid some of the power cuts that currently plague the region.

The two state-owned firms are also involved in a proposal to build an integrated LNG terminal and power plant at the Coega Industrial Development Zone east of Port Elizabeth (see LNGWM, May '08). South Africa experiences frequent power shortages and this has undermined industrial development at Coega. To remedy this problem, the country’s Central Energy Fund, which owns PetroSa and its gas counterpart iGas, has teamed up with UK-based Independent Power South Africa to develop a 1.4 MMt/y LNG terminal and 2.4 GW power plant at Coega. Escom will buy the power and supply it to industrial users, including the Alcan smelter located in the zone. IPSA joined the project in January.