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Argus Consulting Small-scale LNG feasibility study



Challenge faced

A global EPC contractor, working on behalf of an African gas distributor, needed to assess the feasibility of a small-scale LNG import terminal. They needed to understand the local markets and opportunities in the wider energy mix, as well as gain insight into potential customers and suppliers to support their strategic decisions.

Solution provided by Argus Consulting

Argus Consulting carried out a detailed market study, reviewing the use of gas in the existing energy mix and identifying future opportunities for small-scale LNG. The study outlined an assessment of potential offtakers, costs and a review of suitable LNG suppliers.

Our analysis covered:

- Overview of the current gas market and wider energy mix in light of national policies, infrastructure roadmaps and investment plans
- Outlook for gas across a range of demand-and-supply scenarios, considering the potential impact of proposed mega-gas projects, fuel switching opportunities, changes to domestic production and production developments in neighbouring markets
- Review of global LNG exporters, evaluation of suitable LNG suppliers to the terminal and associated price forecasts

- Forecast of end-user prices for LNG, gas and competing fuels to assess the relative attractiveness of LNG against other energy sources
- Identification of potential anchor customers for the proposed terminal, based on their energy requirements, ability to fuel switch and threat from alternative and more competitive suppliers

Outcome

The study supported the distributor's investment decision. It provided critical insight into the scenarios whereby small-scale LNG would be a competitive option in its market. Potential customers for the terminal were identified, helping the client secure offtake agreements (if desired) ahead of project commissioning.

For more information:



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Natural gas/LNG
illuminating the markets

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