

Project Title	:	PNOC BATANGAS LIQUEFIED NATURAL GAS (LNG) HUB PROJECT
Project Location	:	Mabini, Batangas (Tentative)
Nature of Project	:	Complete Value Chain LNG Facility
Implementing Agency	:	PNOC

### **Project Description:**

The PNOC, as the corporate arm of the Department of Energy (DOE), has steadily taken action towards the performance and attainment of the Department's mandate, that is, for PNOC to spearhead the development of energy infrastructure for liquefied natural gas (LNG). To attain this vision and direction, the project, known as the "PNOC Batangas Liquefied Natural Gas (LNG) Hub Project," was conceptualized.

The Project is a complete value chain LNG facility to be used to receive, store, regasify, and distribute imported LNG, and at the same time facilitate the withdrawal of banked gas owned by PNOC from the Malampaya gas field. With a complete LNG facility, it is aimed at contributing to the economic growth of the country by providing a dependable, sustainable and efficient source of energy. This will fill the gap in addressing the lost energy capacity from the Malampaya gas field when SC 38 expires in 2024 and if and when the Malampaya gas is depleted.

PNOC was able to complete and secure the PNOC Board's approval of the Project's Framework Study in December 2017. Initially, the proposed implementation for the LNG project was under a Government to Government (G to G) modality. However, with PNOC's continued "market sounding", various private sector, both local and foreign showed keen interest in the project. Hence, PNOC adopted the concept of the unsolicited proposal under the 2013 Revised NEDA Joint Venture Guidelines and the Build-Operate-Transfer (BOT) Law. A total of eight (8) unsolicited proposals were received and evaluated by PNOC with the assistance from the Asian Development Bank (ADB) as the company's transaction advisor for the LNG project. However, all these proposals were rejected/not accepted due to noncompliance with the Board approved Eligibility / Qualification Criteria and Rules under BOT law or NEDA JV guidelines, or due to incompleteness of proposals.

Then on 15 August 2018, the Board approved the Solicited Proposal Scheme under the National Economic and Development Authority's Revised Guidelines and Procedures for Entering into Joint Venture Agreements between Government and Private Entities (NEDA JV Guidelines) and a Joint Venture Selection Committee (JV-SC), as required under the aforesaid Guidelines, was created. Consequently, the Pre-qualification/eligibility Criteria for the Private Sector Participants were also approved by the Board.

The Instructions to Private Sector Participants were published in the PNOC website and in newspapers of general circulation on 22 October 2018. Three interested parties bought eligibility documents.

PNOC submitted to the Energy Investment Coordinating Council (EICC) an application for its LNG Project to be certified as an Energy Project of National Significance.

Likewise, a letter request to the DOE Secretary through its Central Review and Evaluation Committee was submitted on 07 November 2018, to issue a directive designating PNOC as the qualified Government Agency to spearhead the development of downstream gas value chain through the pioneering PNOC LNG Hub Project.

However, on January 18, 2019, the PNOC Board directed management to conclude and terminate all activities in relation to the Competitive Selection of the Joint Venture Development partner for the Project, without prejudice to exploration of new opportunities in the LNG value chain in light of current developments and business prospects available that are still timely and deemed feasible for PNOC's participation.

**Status as of 30 August 2019:**

In December 2018, the DOE issued a Notice to Proceed in favor of Tanglawan Philippines LNG Inc. for the establishment of an LNG receiving terminal and a power plant in the country.

Thus, in January 2019, the PNOC Board directed management to conclude and terminate all activities in relation to the Competitive Selection of the Joint Venture Development partner for the Project, without prejudice to exploration of new opportunities in the LNG value chain.

In February 2019, PNOC entered into an MOU with CNOOC Gas and Power Group Co., Ltd., and PHOENIX Petroleum Philippines, Inc. to explore and discuss business opportunities and cooperation in relation to possible equity investment in the LNG Project and other related projects.

PNOC is also completing its study on all potential investment opportunities in the LNG industry.

Project Title : **MONETIZATION OF PNOC BANKED GAS**

Project Location :

Nature of Project : Sale of the Remaining Volume of Banked Gas

Implementing Agency : PNOC

**Project Description:**

Banked gas is the accumulated unused gas by the Ilijan Power Plant (owned by Napocor/PSALM), which has an existing Gas Sale and Purchase Agreement (GSPA) with the SC38 consortium that is subjected to a take-or-pay (TOP) provision. Under TOP, a fixed quantity of gas is being paid for by the power plant every year, whether they use the gas or not. The Department of Energy (DOE) is subrogated to all the rights and entitlements of the banked gas. In September 2009, PNOC purchased from the DOE all the rights, benefits and entitlements of the banked gas worth 108.6 Petajoules.

Currently, the remaining volume of the PNOC banked gas is equivalent to 97.67.

**Project Status as of August 30, 2019:**

PNOC constantly holds discussion with parties who signified interest to buy the PNOC banked gas.

## **Energy Supply Base (ESB) Operations**

### **Project Description**

The Philippine National Oil Company (PNOC) owns several landholdings located in various parts of the country. Among these properties is the Energy Supply Base (ESB) in Brgys. Mainaga and San Francisco, Mabini, Batangas, about 120 km from Manila.

The PNOC-ESB property has a total area of 19.2 hectares; of which 10.55 hectares serves as the site of the energy supply base operation; 4.27 hectares is leased by Petron for its bulk plant/depot operation; and 4.40 hectares is located in the hilly/eroded area. It is created primarily to provide logistical support for the energy industry.

The ESB's Permit to operate as a private commercial port (Certificate of Registration No. 291) was granted on October 1996 by the Philippine Ports Authority (PPA). PNOC-EC was in-charge of the ESB Operations until PNOC and PNOC-EC Boards approved the transfer of operations of the ESB from PNOC-EC to PNOC on Feb. 3, 2017 (PNOC Board Resolution No. 2416 S' 2017) and Feb. 23, 2017 (PNOC-EC Board Resolution No. 2-1 S' 2017), respectively.

The joint PNOC and PNOC EC Technical Working Group prepared and proposed the "Transition and Turn-over Plan of the Energy Supply Base (ESB) Operations and Properties"

The transition and turnover of ESB's operations and corporate services functions from PNOC-EC to PNOC was completed on December 31, 2017. The administration and operations was assumed by PNOC on January 1, 2018.

PNOC's vision for ESB is that by 2024, PNOC will provide world class energy supply base port facilities and offer services compliant with International Standards.

### **Status as of August 30, 2019:**

As an update, there is continuous operation at the ESB and its present business activities include pier services, warehousing facilities, cargo handling, equipment rental, manpower services, and water bunkering services. With 21 locators at the ESB at present, PNOC is prioritizing activities for the upgrading, expansion and uninterrupted operation of the ESB port.