

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, re-gasify, 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. Under the unsolicited proposal, private entities will then conduct and spend for the Detailed Feasibility Study for the LNG Hub Project.

PNOC received a total of eight (8) unsolicited proposals for the said project from a mix of local and foreign companies and consortia. These proposals, as evaluated by PNOC with the assistance from the Asian Development Bank (ADB) as the company's transaction advisor for the LNG project, were disqualified due to non compliance with the Board approved Eligibility / Qualification Criteria and Rules under BOT law or NEDA JV guidelines, or due to incompleteness of proposals.

On August 3, 2018, the PNOC Board approved to reject all offers for the project. The Board likewise directed PNOC management to study the option of going into Solicited Proposals or just partner with interested parties.

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.

The Board also approved the Pre-qualification/eligibility Criteria for the Private Sector Participants and on 22 October 2018, the Instructions to Private Sector Participants were published in the PNOC website and in newspapers of general circulation. 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.

Status as of 23 January 2019:

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.

Project Title	:	MONETIZATION OF PNOC BANKED GAS
Project Location	:	
Nature of Project	:	Sale of the Remaining Banked Gas Volume
Implementing Agency	:	PNOC
JV Partners and Percent Equity	:	None at the moment

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.

Project Status as December 31, 2018:

Currently, the total volume of the PNOC banked gas is equivalent to 97.67 PJ since it was able to sell 4.61 PJ to PSALM in 2013 and another portion, equivalent to 6.324 PJ was sold to Pilipinas Shell Corporation (PSPC) in 2014. PNOC is currently selling the remaining 97.67 PJ of banked gas.

With its continuing efforts in exhausting all possible ways to monetize its banked gas, in April 2018, the Banked Disposal Committee was activated by PNOC, pursuant to the Guidelines on the sale of Banked Gas issued by the DOE. The task of the Banked Gas Disposal Committee is to assist the PNOC Board in complying with the provisions of the Guidelines and in the preparation of the Terms of Reference for the sale.

On 22 June 2018, PNOC published in the leading newspapers and on the PNOC website an invitation to all interested parties to buy the PNOC Banked Gas. Simultaneous with the publication of sale, invitation letters were sent out to potential off-takers. The PNOC Banked Gas Disposal Committee has evaluated the offers received from this invitation. However, offers received were non-compliant with the guidelines/procedures set for the purpose, e.g. the reserved price and/or other required parameters were not met.

On August 3, 2018, the PNOC Board directed PNOC management to exhaust all possible actions to generate further interest, and get the best offers for the sale of Banked Gas. With this, PNOC re-published the sale of Banked Gas on August 8, 2018 but no offers were received.

Having two unsuccessful invitations, and with a PNOB Board Resolution authorizing the Management to negotiate, without making any commitment as to the price at which the banked gas can be disposed of, PNOB is now keen to enter into comprehensive discussions and/or negotiation to whoever is interested to buy the Banked Gas. The terms and conditions of the negotiation must be advantageous to the government and must be similar to the terms set by the SC 38 consortium, which have to be agreed upon by both PNOB and the interested buyer. The selling price is subject to the approval of the PNOB Board of Directors.

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 31 December 2018:

The policies on accreditation and increase of tariff rate for the service fee of Cargo Handler Operators in the ESB were approved by Pres. Lista in May 2018. The PNOC Board approved the Energy Supply Base Master Development Plan in November 2018 and the bidding process for the conduct of Detailed Feasibility Study (DFS) to implement the ESB Master Development Plan has started. To improve the ESB's pier and other facilities to increase vessel berthing, the PNOC Board awarded the following projects in December 2018:

- Re-strengthening of Deck 3 Piles and Slabs and Repair Works of Concrete Slabs and Beams of Decks 1, 2, and 4 of ESB Triangular Pier
- Repair of Deteriorated Concrete Pavement
- Construction of Concrete Pavement with Curb and Gutter Going to RoRo Pier
- Repair of Deteriorated Concrete Pavement of Access Road Going to Triangular Pier