



MARITIME SKILLS ACADEMY



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Sushi, tanker pools, and LNG



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Former John Fredriksen righthand man Tor Olav Triom gave his perspectives on the LNG market at Marine Money in New York this week as Golar LNG branches out across the energy supply chain.

In a fitting end to the first day of the 30th annual Marine Money event in New York, Scorpio Tankers and Bulkers ceo Robert Bugbee interviewed Triom, a director of Golar LNG and chairman of its MLP, he is also closely involved in its recently formed Golar Power joint venture. In

previous companies, Bugbee and Troim cooperated in pooling arrangements for large tankers.

With Golar boasting the tagline “From shipping company to provider of electricity well to wire”, Troim provided a much needed perspective on a round of earlier presentations, from Poten & Partners, GasLog, FlexLNG (also in the Fredriksen sphere), Hoegh LNG, and Tellurian- building a LNG Liquefaction facility near Cameron, Louisiana in the US Gulf.

The presentations noted that supply of LNG is set to rise dramatically as “LNG becomes a growing strategic component of the global clean energy future”, in the words of Poten presenter Jefferson Clarke. Clarke noted that, as worldwide LNG trade grows by 24%, over the next five years to around a base case of 370m tons loaded on vessels, “exceeding the projected fleet growth.”

US exports of LNG, “already going farther afield than we thought”, could reach between 46 – 50m tonnes of LNG. once already green-lighted projects come online. One important facet of the market is that “current prices are low...there is little room for profit for most off-takers...however most costs are fixed...so there is still an incentive to lift cargoes”



incentive to lift cargoes



The over-arching theme of the sessions goes beyond the near-term, or medium term vessel supply and demand balance, which Marsoft's Arlie Sterling, speaking the following day, also viewed as positive. Efficiencies are being designed into the supply chain ranging from landside infrastructure - as presented by Tellurian's Meg Gentle, the vessels, with new engine technologies described by FlexLNG's Jonathan Cook, and receiving facilities - with FSRU's as described by Hoegh LNG's Sveinung JS Stohle.

In the aggregate, the case was made for a "sea change"- where gas (transported as LNG) will increase its share of energy at the expense of other fossil fuels.

Back to Troim, whose remarks included a historical snippet regarding a salmon farming business- where a sustained period of low prices created demand for sushi – the "finished product", and forced competitors out of the market.

Turning to shipping, Troim waxed effusive over the liner segment, where years of losses begot consolidation and improving fortunes. But the big picture is Golar Energy's voyage from being a gas producer to owning a power station (in Brazil). Bringing in some gas pricing economics (the ability to deliver LNG anywhere in the world for prices under \$5 per mmbtu.

Troim noted "When the prices come down, you make a much more affordable commodity....it's like when we sold salmon...when the prices come down, you are creating demand for the long term."

Posted 22 June 2017



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