

Start-Up Plans LNG Hub on Malacca Strait

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Singapore-based start-up LNG Easy has signed a memorandum of understanding (MOU) with Malaysia’s privately owned Maharani Energy Gateway (MEG) to develop a floating LNG hub.

The MOU covers a land lease in the city of Muar on the southwestern coast of Peninsular Malaysia, which puts the hub on the [heavily traveled Malacca Strait](#).

The MOU, effective from Feb. 22, pertains to a lease on a property sited 40 kilometers (25 miles) south of the Petronas regasification terminal in Malacca (see map).

The Players

[COOKIE SETTINGS](#)

LNG Easy, which was incorporated in 2016, participated in Singapore's first ever LNG bunkering operation and supplied the infrastructure to fast-track [Myanmar's first LNG imports in 2020](#).

As the owner of the property, MEG is an investment vehicle linked to a Malaysian royal family, focused on developing a waterfront area in Muar into a one-stop shop offering ship-to-ship transfer of oil and gas products, bunkering and associated marine services.

The two parties have penned a 30-year lease commencing from next May with an option for extension, timed with the target start-up for the transshipment hub dubbed the Maharani floating LNG terminal, a project source told Energy Intelligence.

Ship-to-ship transfer of LNG, however, is expected take place within the port limit of the terminal as early as the third quarter of this year, leading up to its operational start-up in the first half of 2023.

Increasing Competition

The floating terminal stands to beat a similar project, mooted by Petronas at Pengerang LNG, to be the first to transship LNG out of Peninsular Malaysia. The state firm sought expressions of interest in October for a [third LNG storage tank](#) aimed at servicing transshipment trade at the Pengerang terminal starting from late 2025.

Maharani floating LNG will leverage the advantage of being sited along the Malacca Strait to compete head-on against other terminals in the region – Singapore LNG (SLNG) in Singapore, Arun LNG in Indonesia and Thailand's Map Tha Phut terminal – all vying to be the LNG transshipment hub for Southeast Asia.

Maharani's Facilities

Planned facilities for the terminal include 290,000 cubic meters of floating storage capacity and at least four berths capable of taking in up to Q Max-sized equivalent LNG carriers.

The intent is to facilitate break-bulk trades, allowing large cargoes shipped from the west to be parceled out for onward export to ports in Asia.

The terminal will also offer ship-to-ship transfer services and options for boil-off gas to be sold to shore.

Talks are under way with international oil companies, LNG buyers and traders in Japan for leases on the berths and transshipment facilities.

Project developer LNG Easy has lined up equity financing that is conditional on the outfit securing leases for the facilities at the Maharani terminal.

China-US Link

The developer is eyeing growing transshipment demand as long-haul East-West trades – in particular, [between the US and China](#) – look set to expand exponentially.

Transshipping large US LNG cargoes in Asia is deemed as one avenue to allow Chinese offtakers to overcome logistical constraints back home and lower transport costs from the US.

Most long-haul cargoes are carried onboard tankers averaging above 150,000 cubic meters in capacity but many import terminals in China are only able to receive carriers of up to 130,000 cubic meters.

Bunkering In Muar



Source: Energy Intelligence