



Report on Talk, “Trans Asean Gas Pipeline”, 26 September 2005

By: Ir. Razmahwata bin Mohd. Razali

To gain an appreciation of the subject, the Oil, Gas and Mining Technical Division invited Dr Mohd Farid, GM of Corporate Information and Research Unit, Corporate Planning and Development Division, PETRONAS, to give a presentation on the topic.

The presenter eased into the subject by providing some background information. Dr Mohd Farid noted that due to the increase in gas demands, cross-border sales and global trading of LNG has increased. This was graphically illustrated on a slide that indicated the gas reserves of Russia, former Soviet states and the Middle East are located away from the gas demand markets of North America, Europe, Asia Pacific and South America. This trend appears even at ASEAN's scale. The next 2 slides showed the (sea) routes taken to transport gas from source to market.

In December 1997, the ASEAN Vision 2020 declared by the ASEAN Leaders during the 2nd Informal Summit in Kuala Lumpur called for cooperation to “establish inter-connecting arrangements for electricity and natural gas within ASEAN through the ASEAN Power Grid and a Trans-ASEAN Gas Pipeline.” To spearhead and facilitate this realisation, ASCOPE (ASEAN Council on Petroleum) was tasked to manage the development of the Trans Asean Gas Pipeline (TAGP). In 1998, The Hanoi Plan of Action stipulated, amongst others, the need to institute a policy framework by 2004 for early realisation of the Trans-ASEAN energy networks, covering the ASEAN Power Grid and the Trans-ASEAN Gas Pipeline Projects.

The talk moved on to discuss the organisational structure of ASCOPE, and the relationship between ASCOPE and the TAGP task force. We were then introduced to the ASEAN plan of action on energy cooperation, which spans

1998-2004, for the TAGP. The key milestones of establishing the ASCOPE TAGP Task Force, preparation of the Conceptual TAGP Master Plan, and approval of the Memorandum of Understanding have been achieved. Among the action plans were:

- Formulate a Masterplan for the “Trans-ASEAN Gas Pipeline Infrastructure Project”
- Facilitate the Undertaking of Conceptual Project Feasibility Study
- Establishment of ASCOPE Gas Centre, 2003
- Setting up of an ASEAN Gas Consultative Council, 2003

Dr Mohd Farid then reviewed the existing gas infrastructure of ASEAN member countries. The realisation of the “Trans-ASEAN Gas Pipeline Infrastructure Project” is premised on inter-connecting the “National Gas Pipeline Infrastructure Project” amongst Member Countries, derived from a bilateral arrangement, evolving towards becoming an integrated Trans-ASEAN Gas Pipeline (TAGP) grid. We were then shown a selection of slides on how new connections would complete the TAGP, for example the Thailand-Malaysia, Philippines-Malaysia, Indonesia-Malaysia (Kalimantan-Java link), and Indonesia-Thailand. It was interesting to note that there are a few pipeline sections to be built in Malaysia, namely the East Natuna - Kerteh, South Sumatera-Malaysia, Malaysia-Arun links.

The audience was introduced to the key issues associated with the pipeline. The issues were related to institutional framework and legal instruments, regulations and technical considerations. Among examples of concerns were:

- Harmonisation of taxes, tariffication of transport;
- Harmonisation and standardisation of technical matters/specifications

- Geo-sequestration of CO₂
- Long term gas demand and share of natural gas in the “base load consumer”

Wrapping up the presentation, we were shown the strategies to progress of TAGP:

- Collectively implementing the ASEAN MOU on TAGP
- Pertamina and PSC partners to undertake feasibility study for East Natuna development.
- Respective ASCOPE members to implement approved roadmap.
- ASCOPE Gas Centre (AGS) to implement the approved 5-year work Programme.

After the presentation, there were a number of questions from the floor. One of the questions asked was whether the TAGP would effect the subsidised vs. market price of LPG. The speaker's opinion was that the developments should affect the economies of scale with respect to production and distribution of the gas. This would effect the market price, whereas the subsidised price had to take into account non-market forces.

On the social front, there was a question as to how the routing of the Malaysia-Thailand pipeline was selected. Dr Mohd Fuad gave the opinion that the routing was driven by governmental and demographics. At the final analysis, the current routing was the most beneficial to all parties.

There were queries on the potential business opportunities with respect to TAGP. There were no specific opportunities mentioned, but the speaker is of the opinion that with the ongoing activities to complete the TAGP, opportunities would be available. ■