

Golar and Höegh join Stolt's small-scale LNG play

Tue 02 Oct 2018 by Mike Corkhill



The Avenir orderbook for coastal LNG carriers/bunker vessels at Keppel Singmarine is now up to six ships

Stolt-Nielsen, Golar LNG and Höegh LNG Holdings have agreed to jointly invest US\$182M in Avenir LNG to pursue opportunities in the small-scale LNG sector. More specifically, the partners will seek to deliver LNG to areas of stranded demand and develop LNG bunkering capabilities.

The investment will be contributed as cash and equity-in-kind and will fund the construction of six small-scale LNG carriers, a small-scale storage terminal and regasification facilities.

Stolt-Nielsen, operator of the world's largest fleets of seagoing chemical tankers and ISO tank containers, established Avenir LNG in 2017 to provide LNG to markets lacking access to natural gas pipelines. Following this joint investment, Stolt-Nielsen remains the largest shareholder in Avenir LNG, holding a 50% stake, while Golar LNG and Höegh LNG Holdings each control a 25% share.

Avenir LNG intends to raise an additional US\$10M through strategic investors, with plans to register on the NOTC before the end of 2018. Owned 100% by Oslo Børs ASA, NOTC is a marketplace for unlisted shares.

Stemming from these new links with Golar LNG and Höegh LNG, Stolt-Nielsen will consolidate all its LNG activities into Avenir, including the four 7,500-m³ LNG carrier newbuildings on order at the Keppel Singmarine yard in Nantong, China and the joint venture LNG receiving terminal and distribution facility to be constructed in the Sardinian port of Oristano.

Avenir plans to source and ship LNG to the terminal using small LNG carriers, and to distribute the LNG in road tankers and tank containers and through regasification into local network grids. In addition, Avenir plans to order two further small-scale LNG carriers.

All the ships will also be able to carry out ship-to-ship LNG bunkering operations. Avenir is set to take delivery of the first pair of LNG carriers from Keppel Singmarine in Q2 and Q3 2019.

Stolt had earlier established a 50/50 joint venture with Golar LNG with the intention of exploring opportunities in the small-scale LNG sector. This initiative is now subsumed within the new Avenir LNG configuration.

Commenting on the transaction, Stolt-Nielsen Ltd chief executive officer, Niels G Stolt-Nielsen said, "The combination of Stolt-Nielsen's logistics capabilities and our partners' experience in LNG carriers, FSRUs and FLNGs positions Avenir as an emerging leader in small-scale LNG logistics for the power, bunkering, trucking and industrials markets.

"With the implementation of IMO's 2020 emissions regulations approaching, demand for LNG as a cleaner, low-sulphur marine fuel is increasing. Each of the LNG newbuildings is designed to perform safe and efficient ship-to-ship LNG bunkering, which Avenir LNG plans to introduce at key strategic ports."