

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
JV Partners and Percent Equity	:	None at the moment

Project Description:

The Project is a complete value chain LNG facility to be used to receive, store, re-gasify, and distribute imported LNG.

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.

The PNOC Board approved the Project's Framework Study in December 2017.

In 2018, PNOC adopted the concept of the unsolicited proposal under the 2013 Revised NEDA Joint Venture Guidelines and the Build-Operate-Transfer (BOT) Law. The concept, however, was not realized. All of the eight (8) unsolicited proposals were rejected either due to non-compliance to the Board-approved Eligibility/Qualification Criteria and rules under BOT Law or NEDA JV Guidelines, or due to incompleteness of proposals. PNOC, with the assistance from the Asian Development Bank (ADB), the company's transaction advisor for the project, evaluated all the proposals.

In view of the above, the PNOC Board, last August 2018, approved the adoption of the solicited process of accepting proposals for the implementation of the LNG Project.

Status as of October 31, 2018:

On October 19, 2018, PNOC requested the DOE to declare the PNOC Batangas LNG Hub Project as an Energy Project of National Significance.

The Invitation for Prequalification to Submit a Proposal for the Project was published on October 22, 2018 in the PNOC website and in newspapers of general circulation.

Project Title : MONETIZATION OF 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.

Status as October 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. PSPC started withdrawing from the banked gas since 01 June 2018, which will continue until 23 February 2024. PNOC is currently selling the remaining 97.67 PJ of banked gas.

In April 2018, the Banked Disposal Committee was activated 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.

The Invitations to Submit Offers to Buy the Banked Gas were published in the leading newspapers and on the PNOC website on June 22, 2018 and August 8, 2018. Simultaneous with the publication of sale, invitation letters were sent out to potential off-takers. Both turned out to be unsuccessful as the PNOC did not receive a proposal / offer from any party.

Thus, on August 03, 2018 (reiterated on September 13, 2018), the PNOC Board authorized PNOC management to enter into comprehensive discussions and/or negotiation to whoever is interested to buy the PNOC 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 PNOC and the interested buyer.

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 Turnover 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 were completed on December 31, 2017. The administration and operations were 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 November 2018:

The PNOC Board has approved the Energy Supply Base Master Development Plan. To date, the bidding process for the conduct of Detailed Feasibility Study (DFS) to implement the ESB Master Development Plan has started.