



Gunvor wins OLT peak shaving tender

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London, 3 December (Argus) — European trading firm Gunvor has won Offshore LNG Toscana's (OLT) peak-shaving tender.

Gunvor will deliver around 100,000m³ of LNG — equivalent to 58.4mn m³ of pipeline gas — to the terminal before the end of this year. The LNG will then be stored in the terminal and be available until 31 March, in order to help balance the system during peak demand periods.

A reload from Spain could be used to supply OLT, with high storage levels at Spanish terminals, and given the relatively short shipping distance between Spain and Italy.

The tender was launched on 6 October, but the deadline was extended to 28 November from 17 November.

Italy's economic development ministry introduced peak shaving services at the country's LNG receiving terminals as a supply security measure for the 2013-14 winter, and kept the measure in place for the 2014-15 winter.

OLT tendered for LNG for the peak-shaving service last year but found no interest. At the time, Argus northeast Asian prompt LNG prices were around \$19/mn Btu, or roughly €48/MWh. In contrast, January gas prices at Italy's PSV were around €30.40/MWh.

But northeast Asian LNG prices this year for delivery in the first half of January 2015 had fallen to roughly \$9.80/mn Btu by the last week of November, or about €26.75/MWh, amid weak spot demand from utilities and high levels of supply in the Pacific basin. January gas at the PSV was indicated at around €27.30/MWh over the same period.

France's GDF Suez won a similar tender late last month to deliver 65,000m³ of LNG to Italian Snam's Panigaglia terminal, also to provide peak-shaving capacity.