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New Fortress makes maiden move into Africa with Angola LNG terminal development

New Fortress Energy (NFE) has made its first move into Africa after signing a memorandum of understanding (MoU) with Angola's government, under which the company has agreed to develop the first LNG import terminal in the west African nation and explore the possibility of building a mooted second Angolan LNG plant.

The New York-based energy infrastructure company, founded in 2014, said it would fund, build and operate an LNG terminal and supply gas to power and industrial facilities across Angola. NFE provided no further information regarding the capacity or cost of the proposed terminal.

In addition, NFE will work with Angola's ministry of mineral resources and petroleum to "explore the development of additional indigenous natural gas resources and a domestic liquefaction facility". Again, no further information was provided. If interpreted as a move into exploration, it would mark NFE's entry into the upstream space.

In the five years since the firm's inception, NFE has developed both LNG terminals and liquefaction plants in North America and the Caribbean. The company is also currently developing a gas-fired power plant in Jamaica.

An LNG import terminal would mark the first for Angola, which currently sources associated gas from deepwater oil blocks to supply the country's sole LNG plant in Soyo and domestic power plants.

A terminal could be required as the west African nation faces potential gas shortages going into the 2020s due to a lack of investment in maturing fields, compounding a slump in exploration in previous years. A terminal could be the only way for the government to meet its plan to wean the country off diesel power and achieve an electrification rate of 60% by 2025.

The plan envisions increasing the share of gas in the power mix from 12% to 19% by doubling the capacity of the current 720 MW gas-fired plant in Soyo and converting plants in major towns and cities. Hydropower will also be increased from 58% to 66%, with the country's overall generation capacity expected to hit 9.9 GW, up 3.5 GW on the current total.

Exploration push

Angola's energy sector is currently undergoing a restructuring following the appointment of Joao Lourenco as president in 2017. The government has sweetened terms to attract firms to conduct much needed exploration.

The country's new licensing agency – the National Agency of Petroleum, Gas and Biofuels (ANPG) – announced this week that it will launch the first phase of its new six-year oil licensing strategy in October.

The first tender since the last public auction in 2011 covers 10 blocks – nine in the Namibe basin and one in the Benguela basin. The series of auctions will offer as many as 55 blocks via public bidding or direct negotiation out to 2025.

The ANPG also plans to offer marginal fields, which have previously been abandoned due in part to poor fiscal terms that rendered their development uneconomic.

Also this week, ExxonMobil signed a deal with ANPG to redevelop deepwater Block 15 – which feeds gas to the Angola LNG plant. The production sharing agreement extends operations through 2032, with Sonangol taking a 10% interest in the block. The Exxon-operated block has produced more than 2.2 billion barrels of oil since 2003. Production from the field will increase by 40,000 barrels/d. - ET



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