

NGC RESPONDS

TO ONGOING SUPPLY CONCERNS EXPRESSED BY DOWNSTREAM NATURAL GAS CONSUMERS

NGC has noted statements made in Parliament highlighting ongoing supply concerns expressed by the downstream natural gas consumers.

NGC believes it important to provide its perspective on the tight supply and demand issue that has been affecting the natural gas industry since late 2010. At that time, the upstream producers, among them one of our largest suppliers, began an extensive programme of work to maintain and upgrade their offshore facilities, aimed at improving the integrity and safety of these physical assets as well as the reliability of supply. There have also been disruptions in bringing on new wells and infrastructure to ensure a reliable supply. The result has been periodic shutdown of offshore producing assets.

As the sole marketer of natural gas to the downstream petrochemical plants, NGC understands that reduced supply affects output. However, the Company has made every effort to limit the adverse consequences of these necessary upstream maintenance works for our customers, and to ensure an equitable distribution of the impact over all consumers, particularly at the Point Lisas Industrial Estate. Statistics were cited in Parliament regarding losses incurred by the government as a consequence of gas curtailment, but NGC rejects the figures as misleading and inaccurate, and maintains that the Company's management of supply has allowed consumers to sidestep potentially greater losses.

In an effort to reduce impact, we have been working in tandem with the Ministry of Energy and Energy Affairs along with other key industry players (including PLEA) to limit the disruption caused by planned upstream facilities maintenance activity. The objective has been to facilitate alignment between the upstream and downstream players with regard to operations at times of planned shutdown activity. This ensures that the reduced supply from the upstream is offset, as best as possible, by a reduced demand from the downstream plants. These efforts are ongoing.

NGC has sought to be open and transparent with the downstream consumers, the upstream suppliers and the wider public in the matter of gas supply to Point Lisas. This gas supply challenge is clearly illustrative of the highly integrated nature of our local natural gas industry which requires all parts – upstream, midstream and downstream – to adhere to supply, delivery and demand commitments for the system to work effectively.

NGC takes pride in its role in the marketing, distribution and sale of natural gas to downstream industries and remains dedicated to delivering on all its commitments to its customers and on its national mandate. To that end, the Company will continue to seek to moderate the consequences of persistent upstream-driven challenges and minimize the value lost by our customers as a result of unavoidable supply curtailment.

Orinoco Drive, Point Lisas Industrial Estate, Couva
Republic of Trinidad and Tobago, West Indies
P.O. Box 1127, Port of Spain • Tel: (868) 636-4662 • Fax (868) 679-2384
Email: info@ngc.co.tt • Website: www.ngc.co.tt

