



Asia-Pacific
Economic Cooperation

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A great opportunity has come to prove how effective LNG value chain is in contributing to Climate Change and Environment.

Japanese Government:

“Attainment Plan for the goal of Kyoto Protocol”, April 2005

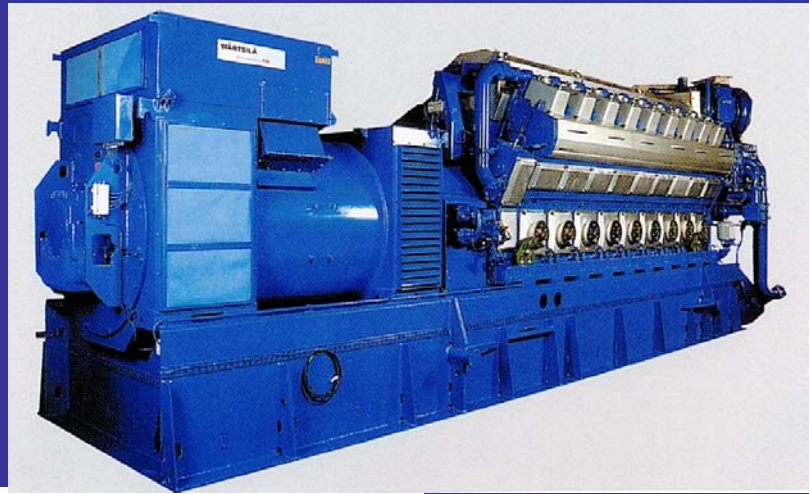
“ Revised Law on Rational Use of Energy”, August 2005

Nippon Keidanren (Leading Business Lobby):

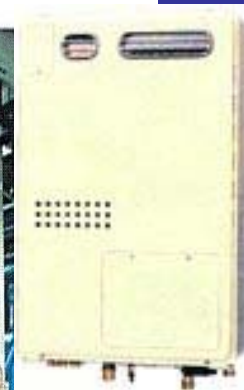
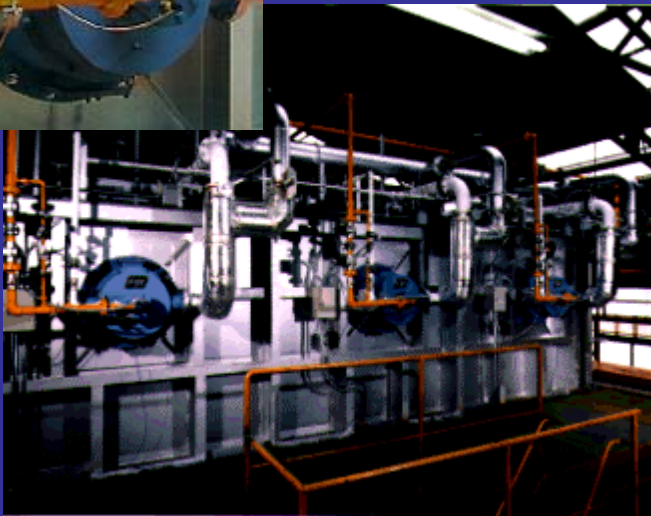
“Voluntary Action Plan for Environment”, 1997



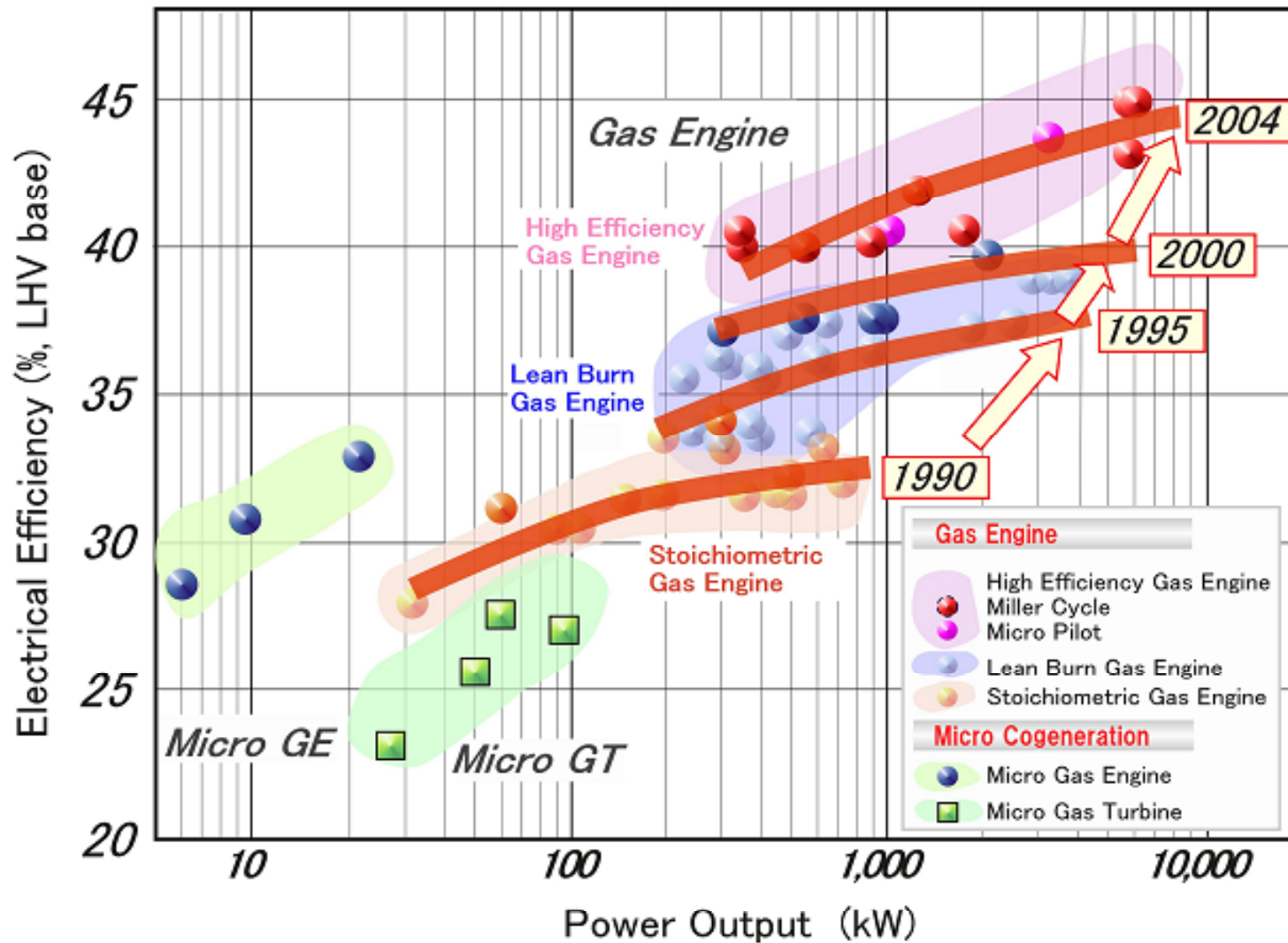
Venue, Kyoto Protocol was born



Absorption refrigerator



Efficiency Improvement of Gas Engines



Changes in LNG business circumstances

Conventional

Seller

- needed commitment from buyers on full volume
- was under less competition because of few players

Recent

Seller

- enters into competition
- expands business opportunity by going into downstream
- gives FID before getting full commitment

A few boutiques selling tight LNG suits → Shopping mall with many boutiques

Buyer

- looked for security of supply: i.e. long term contract
- needed consortium of buyers for flexibilities : build-up and quantity

Buyer

- de-regulation makes buyer price and flexibility conscious
- goes into upstream seeking for flexibilities
- gets supply among multiple sellers

Destination Flexibility

- Destination Flexibility has emerged and developed in line with de-regulation & market expansion: LNG used to be delivered only to pre-defined receiving terminals
- With the increase of FOB contracts, a destination flexibility has become an important element for buyers to get an additional volume flexibility
- Buyer's knowledge on market situation can be utilized for chances of trade



- Buyer has risks to exercise DQT or T/P
- Seller keeps the right to sell cargoes not taken

- Buyer be relieved from exercising DQT or T/P
- Seller gets additional marketing capability with buyer's cooperation.