

Lithuania Orders Floating LNG Unit

By [The Moscow Times](#)

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VILNIUS — Lithuania took a step toward less dependence on Russian gas by deciding Monday to pick Norway's Hoegh LNG to provide an offshore platform for liquefied natural gas imports.

Majority state-owned oil terminal Klaipėdos Nafta said in a statement that it chose Hoegh to supply a floating storage regasification unit, or FSRU, and that operations were expected to start at the end of 2014.

An FSRU is cheaper and faster to build than a fixed liquid natural gas, or LNG, terminal on land.

Klaipėdos Nafta said the FSRU had been ordered in South Korea and will have a capacity of 170,000 cubic meters of LNG.

"We can supply about 11 million tons of gas per day, which is about the amount Lithuania consumes on a winter day," said Rokas Masiulis, general manager of Klaipėdos Nafta.

"That means we would be able to meet demand if Gazprom halts all gas supplies," he added.

The contract, which is to be signed in February, would be based on a 10-year leasing period after which Klaipėdos Nafta will have the right to purchase the FSRU, Klaipėdos said.

The other companies that took part in the tender were Norwegian Golar LNG and U.S. LNG terminal developer Excelerate Energy.

Lithuania wants an alternative supplier to Gazprom, as the Baltic state — which joined the EU and NATO in 2004 — depends 100 percent on Russian gas supplies.

The Lithuanian government has expressed fears that energy supplies could be used for political purposes, or to increase their pricing leverage.

Lithuania's Prime Minister Andrius Kubilius said the FSRU would help address these problems.

"By being a sole gas supplier, Gazprom could abuse its monopolistic position harming consumers. ... [The FSRU] is the best solution to solve that problem," Kubilius told a news briefing after the cabinet meeting on Monday.

Lithuanian officials said they expected the FSRU to provide access to LNG spot gas prices, which are currently lower than under long-term contracts linked to oil prices.

U.S.-based Cheniere Energy plans to export liquefied natural gas by 2015 and said last year that it hoped to take a stake in a floating LNG terminal in Lithuania.

Klaipėdos Nafta said Hoegh would also provide operation and maintenance, as well as a qualified vessel crew for the FSRU.

The FSRU will receive super-frozen liquefied natural gas from tankers and warm it into gas that can be transmitted by pipeline to consumers.

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