Litigation

Sempra likely to delay Texas Port Arthur LNG decision to 2022

By **Reuters**

May 5, 2021 11:39 AM MDT · Updated 3 years ago

May 5 (Reuters) - U.S. energy company Sempra Energy (SRE.N) will probably move its planned final investment decision (FID) on the Port Arthur liquefied natural gas export plant in Texas from 2021 to 2022, company executives told analysts in a conference call on Wednesday.

"At this time, given this work and the continued impacts of the pandemic on the global energy markets, it is more likely that final investment decision at Port Arthur will move to next year," Sempra CFO Trevor Mihalik said.

The Port Arthur project is one of 13 North American LNG export projects where companies have said they could make an FID in 2021. Most of those were carried over from 2020 and several were also carried over from 2019.

In addition to Port Arthur, Sempra, which owns part of the operating Cameron LNG plant in Louisiana, is building an export plant at its Costa Azul LNG import facility in Mexico and is developing second phases for Cameron and Costa Azul.

Global LNG demand has increased every year since 2012 and hit record highs every year since 2015 mostly due to fast-rising demand in Asia.

But in recent years, global gas buyers have been slow to sign new long-term contracts needed to finance the multibillion-dollar projects due to overbuilding of LNG export terminals in 2019, coronavirus demand destruction and the collapse of global natural gas prices , in 2020, and the U.S.-China trade war during U.S. President Donald Trump's administration.

Analysts have said they expect global LNG demand will grow about 3-5% each year between 2021 and 2025. That projected growth rate, however, is much lower than the 11%-12% annual increases seen in 2017-2019, according to data provider Refinitiv and other sources.

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