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Impacts of East Japan Great Earthquake on City Gas Sector and Japan's LNG procurement

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As of March 17, city gas supply to 462,745 households remained suspended due to the East Japan Earthquake. Although gas supply to 35,894 households has been resumed after the earthquake, this accounts for only 8% of the households to which gas supply has to be restored. LNG receiving terminals are mostly operating without major problems, except for the Minato terminal in Sendai City, which has remained suspended.

1. City Gas Supply

According to the Japan Gas Association, city gas supply to 462,745 households remained suspended as of 20:00 March 17. This compares with about 420,000 households to which gas supply remained suspended as of March 11, indicating that the number has increased as information on the outage situation has been made available. A breakdown of households to which gas supply remained suspended shows that the Gas Bureau of Sendai City stopped supply to 358,781 households. ,

Meanwhile, restoration work has been making progress, mainly in the areas covered by Tokyo Gas. However, little progress has been made in Miyagi and Iwate prefectures.

2. LNG Receiving Base

As for LNG receiving bases, the operation of Sendai City Gas Bureau's Minato terminal remains suspended. JX temporarily suspended the operation of its Hachinohe terminal due to the effects of the tsunami but resumed operations on March 14. Other receiving bases have been continuing their operations.

3. International Natural Gas Market

Natural gas prices have been rising in Europe on speculation that global demand for natural gas will increase because of the earthquake. Meanwhile, since the supply-demand situation of LNG has eased, there is no problem with regard to spot LNG supply from Qatar and other major exporting countries. However, the fact that

standard LNG ships are in short supply is a matter of concern in terms of spot LNG procurements. At the same time, however, some of the large ships owned by Qatar remain idle. Therefore, the Ministry of Economy, Trade and Industry, the Japan Coast Guard and other port-related agencies should be flexible in terms of authorizing those large tankers into Japan's LNG terminals.

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