

# **NGC TRINIDAD & TOBAGO**

## **GROWING GAS – A TWO-WAY FLOW**



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*How the National Gas Company of Trinidad and Tobago (NGC) looks to fulfil a new mandate to extend its influence internationally*

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**W**elcoming delegates to the 2013 Energy conference in Port of Spain in January, the Minister of Energy and Energy

Affairs Kevin Ramnarine set out his vision for NGC to be the vehicle for growth through which the country can expand its footprint at home and abroad. NGC should be encouraged, he said, to become to Trinidad & Tobago what Statoil is to Norway or Petrobras to Brazil.

The man charged with overseeing that transformation is Indar Maharaj, who was appointed NGC's President in April 2012. Maharaj, a chemical engineer by training, knows the industry intimately from the downstream perspective, having worked in it for more than 30 years, many of them with Point Lisas Nitrogen Limited (PLNL) on the Point Lisas Industrial Estate, home to most of the heavy gas-based industry in Trinidad. The years ahead are certainly going to be a time of change, he agrees, but NGC has all the experience and the energy it will need.

NGC was formed in August 1975 because the government of the day needed an entity to manage the natural gas purchase contract with Amoco and to transport the gas from Amoco's fields off the east coast of Trinidad to the Trinidad & Tobago Electricity Commission (T&TEC) for power generation, as well as to other smaller customers. At the time the company was formed there were just a few miles of 16 inch pipeline transporting about 300 million cubic feet a day of gas. Today some 38 years later the company operates 1,000 kilometres of pipeline and has assets of over US\$5 billion, making it one of the



Installations at NGC's Beachfield facility



NGC Tobago pipeline gas receiving facility

largest companies in the Caribbean and Latin America measured by assets. “The existing NGC business model, which has worked well, will however not provide the accelerated growth that is desired,” said Ramnarine. “The question now for NGC becomes one of capital efficiency and growth. Companies we are told grow through pursuing a strategy of diversification, divestment, acquisition and internal growth or combinations of these strategies. The time has come for NGC to consider the forward and backward vertical integration of its business and seek investment opportunities outside of this country.” The Minister pointed out that NGC is already in discussion with three multinational companies in Trinidad and Tobago for the acquisition of all or part of their assets, and that it is also examining investment opportunities in Africa.

For NGC this means taking a new direction and dramatically broadening its horizons beyond its core business of natural gas marketing and transportation.. While NGC has invested in upstream oil and gas ventures, these have been limited to Trinidad and Tobago. As Maharaj explains it: “NGC has always been an inward-looking organisation - that is to say that all our investment has been made in Trinidad and Tobago. We now

think it is about time we did two things. One is to get ourselves more involved in both the upstream and the downstream as an investor; the second is to start looking outside of Trinidad & Tobago for opportunities to invest in the energy sector.”

Downstream opportunities include programmes like the provision of compressed natural gas (CNG) for transportation, and the supply of gas to the light industrial

and commercial sectors on the islands. “We are encouraging investors to look downstream, and where they do see an opening we will always be looking to see if there is an opportunity for us to take a stake.” In less than 20 years, he adds, Trinidad and Tobago has been able to create one of the world’s most diversified natural gas economies.

The thrust of the government in the next phase of the country’s industrial development is towards a more robust downstream industry that focuses on projects that will go beyond first-level gas conversion, as well as further LNG expansion. The greater diversification of

**\$5  
BILLION**  
.....  
NGC’s current asset base

the industry will be boosted by developing another hub at the Union Industrial Estate in La Brea on the south-west peninsula of the island. “We will develop the infrastructure for industrial development and we have a priority to get investors in there so we can expand the markets for gas.

We are now putting the structures and the groups in place that will allow us to go and start looking for those investments.”

Here serious progress has already been made. In April, seven entities including the Ministry of Energy and Energy Affairs, and the Japanese firms, Mitsubishi Corporation and Mitsubishi Gas Chemical Company

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signed a project development agreement for the establishment at the Union Industrial Estate of Trinidad and Tobago's first Methanol Dimethyl Ether (DME) plant. The initial investment for phase one of the project is estimated at \$850 million with completion envisaged in 2016. According to Minister Ramnarine, this project, which could include further phases, "presents several distinct but unique opportunities for Trinidad and Tobago with respect to the further diversification of the energy sector, growth of the economy,

development of the South Western peninsula, regional energy and local content."

One of the mandates for NGC at the time of Mr Maharaj's appointment was that the organisation should be prepared to get involved not only in local projects like the Methanol to DME project But also projects outside of Trinidad and Tobago. Of particular interest is the continent of Africa, both east and west. A relationship is developing rapidly with Tanzania, where large gas deposits have recently been discovered

**"THE QUESTION NOW FOR NGC BECOMES ONE OF CAPITAL EFFICIENCY AND GROWTH"**



offshore. NGC has already been providing technical services to Tanzania, and in 2012 NGC, National Energy and the Tanzania Petroleum Development Company signed a Memorandum of Understanding (MOU) for co-operation between both countries' energy sectors. Tanzania finds itself now where Trinidad and Tobago was in the 1980s, he says. "Hydrocarbon deposits were being found and were ripe for development but no infrastructure was in place. We have been through that experience in the recent past and I believe we have a lot of experience and know how to monetise those resources."

**\$850  
MILLION**

.....  
**Phase I investment  
in DME project**

The change from a local to a global operator will not be without its growing pains, but the policy is in place and NGC's management is now in active negotiation for the purchase of an interest in upstream assets. The Trinidad Gas Model of Development has a framework that emerging gas-rich economies would love to

replicate. Success in this area will allow NGC, for the first time, to provide its employees with international experience. Discussions continue on prospective investments in Ghana and Tanzania and the Eastern Caribbean Gas Pipeline Project, he says. "The Tobago pipeline will provide the staging point for the proposed



## “WE WILL ENCOURAGE PEOPLE TO SWITCH FROM LIQUID FUEL TO NATURAL GAS IN THEIR VEHICLES”

Eastern Caribbean Pipeline Project, which is expected to supply approximately 119 million cubic feet of natural gas per day to Barbados, and potentially to other islands in the eastern Caribbean.” He is referring to a 55 kilometre natural gas pipeline from the BHP Billiton Gas Export Platform (GEP) in the Angostura Field off the north-east coast of Trinidad to a receiving facility on Tobago. The Tobago pipeline started operation in November last year. “In another decade I would like to see NGC being an organisation that is involved in

most of the natural gas and energy value chain, both in Trinidad and Tobago and overseas.”

For this to happen, people will be crucial, he emphasises. “The human capacity within this company has been developed to do what we have been doing for many years; that is accumulating gas, distributing and selling it. The things we want to do now call for a different approach. We need to start retraining people and we need to start looking for new talent to bring in to the organisation to complement the huge experience we

already have.” To do this he wants to target people of Trinbagonian origin working in the international oil and gas industry. Given the new opportunities NGC can now offer he is convinced that many will respond. After all this is a great company to work for, as evidenced by the low turnover among its 800 strong workforce: “I can say for sure that once they come they don’t go!”

At the same time as gaining recognition in the international arena, Maharaj concludes, NGC is on the verge of becoming more deeply involved in the daily life of the nation than ever before. One of the major developments that is happening on his watch is delivery of a CNG transportation revolution in Trinidad and Tobago that the government wants to see come about. “We will encourage people

to switch from liquid fuel to natural gas in their vehicles. That we think will touch most of the population. We are a national gas company, looking to expand our CSR programme and integrate it with the fabric of society by looking at areas where there are developmental needs, sport development, health, culture and education so that people can identify with us more than they have been able to in the past.” It is a prospect that excites him, as the leader of a company mandated to expand and, crucially, with the financial resources it needs to make that happen. **BE**

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