News : US Freeport LNG to resume 80% output in mid-Dec, full output in Mar: JERA president

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- JERA has 25.7% stake in **Freeport LNG** operator, lifts 2.32 mil mt/year
- 'Important' to have a certain long-term **LNG** contracts for procurement
- JERA yet to decide on expiring **Brunei LNG** contract

US Freeport LNG expects to resume 80% output in around mid-December following resumption of initial production at the **US** liquefaction facility and resume full production in March, JERA President Satoshi Onoda said Nov. 29.

"**We** expect [**US Freeport LNG**] to resume 80% [of the production] in around mid-December and believe it will be possible to ship full volume in March next year," Onoda told an online press conference.

JERA has a 25.7% stake in **Freeport LNG** Development, the operator of the **Freeport LNG** project, and lifts 2.32 million mt/year from **Freeport LNG** .

Onoda's remarks came as the **Freeport LNG** operator said Nov. 18 it expects initial production at the **US** liquefaction facility to resume in mid-December, subject to regulatory approval, marking a delay of about a month from its previous target of mid-November.

A JERA spokesperson clarified after the press conference that **Freeport LNG** is expected to reach around 80% of production in early January after having restarted initial production in mid-December.

Federal pipeline safety regulators on Nov. 15 released a heavily redacted root-cause analysis done for **Freeport LNG** by the consultancy IFO Group that cited overpressure of an **LNG** piping segment at the **Texas** export facility as the "direct cause" of the June 8 explosion and fire.

Procurement strategy

Asked about its long-term **LNG** contractual policy amid volatile spot markets, Onoda said that JERA intends to seek an optimum balance in its long-term and spot **LNG** procurements in the foreseeable future.

"In the face of uncertainty, **we** do not plan to increase a number of long-term contracts at this moment," Onoda said. "**We** intend to consider ways to purchase under optimum portfolios."

Onoda's comments come as a number of JERA's long-term **LNG** contracts are due to expire in the next few years.

Asked whether JERA would not renew its expiring long-term contracts and seek an optimum portfolio from short-term and mid-term **LNG** contracts, Onoda said: "**We** are not saying **we** are giving up long-term contracts."

"**We** need to think about how **we** incorporate long-term contracts when considering renewing the contracts," Onoda said. "By taking into account of such various factors as volume and period, **we** believe it is important to have a certain portion of long-term contracts, although highly flexible procurement methods might be useful in the future."

"In that sense, **we** are considering about how much of long-term contracts to be incorporated into our overall procurement portfolio," he said.

Asked what JERA will do with its expiring **Brunei LNG** contract next year, Onoda said: "**We** are in the midst of consideration."

While JERA considers the supply and demand balance for its various **LNG** procurements, Onoda said: "As for **Brunei** , **we** will draw our conclusion after considering it."

Roughly 6.1 million mt of long-term **LNG** contracts held by **Japanese** companies are up for expiry in 2023, with **Brunei LNG** accounting for 56% of the contracts due to expire in the year, according to S&P Global Commodity Insights **LNG** database.

The expiring contracts next year includes JERA's contract to lift 2.03 million mt/year of **Brunei LNG** , according to S&P Global data.