

TERM LIQUEFIED NATURAL GAS IMPORT CODE

Energy Market Authority of Singapore

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TERM LIQUEFIED NATURAL GAS IMPORT CODE

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1 GENERAL AND ADMINISTRATIVE

1.1 PURPOSE OF THE CODE

1.1.1 This Code sets forth minimum standards of performance in accordance with which a Licensee is required to carry out its Authorised business.

1.2 TO WHOM THIS CODE APPLIES

1.2.1 Subject to section 1.2.2, this Code applies to a Licensee who is subject to this Code as a condition of its Gas Licence, a Licensee defined in section 1.3.1 of this Code and a Terminal Operator.

1.2.2 The Licensee may be exempted from compliance with this Code, in whole or in part. A Licensee that has been so exempted shall not, subject to such conditions or restrictions as the Authority may determine, be required to comply with the provisions of this Code that are the subject of the exemption unless and until such exemption is withdrawn or modified.

1.3 DEFINITIONS

1.3.1 In this Code, unless the context otherwise requires:

“Act” means the Gas Act (Cap. 116A);

“Affiliate” with reference to a Person in question, means one or more of the following:

- (a) a Person which directly or indirectly Controls the Person in question;
- (b) a Person which is controlled by another Person which directly or indirectly Controls the Person in question;
- (c) a Person which is Controlled by the Person in question;

“Annual Contract Quantity” or “ACQ” means the quantity of regasified LNG committed to be supplied by the Licensee to a Gas User under a Term GSA between the two parties;

“Asia Pacific” means countries including Japan, Korea, Taiwan, China (including its special administrative regions), the Philippines, Vietnam, Cambodia, Thailand, Malaysia, Singapore, Indonesia, Timor Leste, Brunei and other countries which import LNG in Asia Pacific, or as determined by the Authority;

“Authorised Business” has the meaning ascribed to that term in the Licensee’s Gas Licence;

“Authority” means the Energy Market Authority of Singapore established under the Energy Market Authority of Singapore Act (Cap. 92B);

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“Baseline GSA” has the meaning ascribed to that term in section 2.1.1 of this Code;

“Baseline Offer Quantity” for a given year within an Offer Period means the minimum quantity of Term LNG as specified by the Authority for that year and for which the Licensee is required to offer terms and conditions to any Potential Gas User in accordance with section 2.1 of this Code. The Baseline Offer Quantity specified by the Authority for the first Offer Period is 1 Mtpa;

“Basic Conditions” means a temperature of fifteen and six-tenths degrees Celsius (15.6°C) (measured with a mercury thermometer) and an absolute pressure of one point zero one three two five (1.01325) bar or seven hundred and sixty (760) millimetres of mercury column (measured by Fortin type barometer and corrected to zero degrees Celsius (0°C) with the standard gravity acceleration value), the equivalents of which in the Anglo-Saxon system are sixty degrees Fahrenheit (60°F) and fourteen and six hundred ninety-six thousandths (14.696) psia, respectively;

“Code” means this Term LNG Import Code issued by the Authority under section 62 of the Act;

“Control” in relation to control over any Person, means:

- (a) the ownership or control (directly or indirectly) of more than fifty per cent (50%) of the voting rights of the Person;
- (b) the right to appoint or remove (directly or indirectly) all or a majority of the directors of the Person; or
- (c) the power to cause the direction of the management and/or policies of the Person,

and “Controlled” shall be construed accordingly;

“Domestic Consumption” means the intended use (at the time of entering into the relevant Downstream Commitment) of LNG and/or regasified LNG within Singapore (i) for the purposes of power generation, industrial fuel or feedstock, household uses, and/or (ii) as a liquid fuel or feedstock;

“Downstream Commitment” means a contract approved by the Authority under the Licensee’s Gas Licence for the supply of LNG and/or regasified LNG for Domestic Consumption. For the avoidance of doubt, a GSA approved by the Authority under the Licensee’s Gas Licence is a Downstream Commitment and a Handling Agreement is not a Downstream Commitment;

“End User” means a Person who has entered into a Downstream Commitment with the Licensee. For the avoidance of doubt, a Gas User is an End User;

“Gas” means any hydrocarbon or mixture of hydrocarbons (including regasified LNG) consisting principally of methane, other hydrocarbons and non-combustible gases (but is

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not required to contain ethane, butane or propane), all of which are in a gaseous phase under Basic Conditions;

“Gas Licence” has the meaning ascribed to that term in the Act;

“Gas Sales Agreement” or “GSA” means any agreement entered or to be entered into, as the case may be, by the Licensee, under which the Licensee sells regasified LNG imported under its Gas Licence for Domestic Consumption, including any amendment, alteration or notification thereto in accordance with the terms of such agreement, whether or not the Gas sold under such agreement may include Gas imported to Singapore via subsea pipeline;

“Gas User” means a Person who has entered into a GSA with the Licensee;

“Handling Agreement” means an agreement entered or to be entered into, as the case may be, between the Licensee and a customer for the Licensee’s handling of LNG imported by such customer;

“Licensee” means a Person who is authorised by a Gas Licence to import LNG;

“Liquefied Natural Gas” or “LNG” means Gas in its liquid state at or below its boiling point at or near atmospheric pressure;

“LNG Terminal” has the meaning ascribed to that term in the Act;

“million tonnes per annum” or “Mtpa” means fifty-two thousand, six hundred and sixty-seven (52,667) BBtu per annum;

“Offer Period” means (i) for the first Offer Period, the period commencing from the date of this Code coming into force and ending just before the start of 1 January 2026; and (ii) each subsequent period with a duration of five (5) consecutive calendar years or such other period as notified by the Authority to the Licensee at least nine (9) months prior to such period;

“Person” means any individual, corporation, partnership, registered business, sole proprietorship, trust, unincorporated organisation, institution, association, government authority or legal entity;

“Potential Gas User” means a Person who has bona fide demand for regasified LNG for its own consumption and is interested in (i) entering into a Term GSA with a Licensee, or (ii) extending the supply period and/or increasing the supply quantities under an existing Term GSA between that Person and a Licensee. For the avoidance of doubt, such Person may include another Licensee or an Affiliate of a Licensee;

“Price Schedule” has the meaning ascribed to that term in section 2.2.2 of this Code;

“Relegated Licensee” means the Licensee declared as such by the Authority in accordance with section 2.3.1 of this Code;

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“Relevant Legislation” means the Act and the Energy Market Authority of Singapore Act (Cap. 92B), and includes in each case the regulations made thereunder;

“Specified ACQ” for a given year within an Offer Period means the total ACQ defined as:

- (i) including the total ACQ for that year under all the Licensee’s Term GSAs with Gas Users who are not Affiliates of the Licensee;
- (ii) including the total ACQ for that year under all the Licensee’s Term GSAs with Gas Users who are Affiliates of the Licensee, or thirty (30) percent of the Baseline Offer Quantity for that year, whichever is lower;
- (iii) excluding the total ACQ for that year under all the Licensee’s Term GSAs entered into prior to the Code coming into force; and
- (iv) excluding the ACQ for that year under any Term GSA of the Licensee that has been terminated,

provided, where the ACQ under a Term GSA of the Licensee for that year is non-firm or not expressly stated or with Affiliates of the Licensee who are related to Temasek Holdings (Private) Limited, the Authority will reasonably determine such quantity to be included as part of the Specified ACQ for that year;

“Term GSA” means a GSA for the supply of regasified LNG for (i) a period of at least one year, or (ii) any other GSA mutually agreed between the Authority and the Licensee to be deemed as a Term GSA;

“Term LNG” means regasified LNG supplied or to be supplied under a Term GSA;

“Terminal Operator” means the operator of an LNG Terminal;

“Terminal Use Agreement” or “TUA” means the Terminal Use Agreement between the Licensee and a Terminal Operator in respect of Throughput Services to be provided at an LNG Terminal;

“Throughput Services” means the unloading of an LNG vessel and temporary storage of unloaded LNG at an LNG Terminal, and the subsequent send-out of such delivered LNG as regasified LNG from such LNG Terminal for Domestic Consumption;

“Transaction Agreement” means

- (i) any GSA;
- (ii) any Terminal Use Agreement;
- (iii) any Handling Agreement;

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- (iv) any agreement with End Users to swap or divert LNG under the End User's GSA;
- (v) any UAA; and/or
- (vi) any other agreements ancillary to the agreements stated in (a), (b), (c), (d) and (e) of this definition (excluding any LNG sale and purchase agreements) whose performance has a material impact on such agreements; and

“Umbrella Arbitration Agreement” or “UAA” means an agreement dated 11 March 2010 as amended and restated from time to time, among Shell Gas Marketing Pte Ltd, BG LNG Trading LLC and EMA (as original signatories) and such other Persons (including the Licensee) that become parties thereto from time to time by accession.

1.4 INTERPRETATION

- 1.4.1 Unless the context otherwise requires or the term is otherwise defined in this Code, all terms defined in the Act shall have the same meaning when used in this Code, and words and expressions used in this Code shall be construed as if the Interpretation Act (Cap. 1) is applied to them.
- 1.4.2 Headings are for convenience only and shall not affect the interpretation of this Code.
- 1.4.3 A reference in this Code to any statute, subsidiary legislation, proclamation, ordinance, by-law, resolution, rule, order, supplements, gazette notification or directive includes all statutes, subsidiary legislation, proclamations, ordinances, by-laws or resolutions, rules, orders, supplements, gazette notifications or directives varying, consolidating, re-enacting, extending or replacing it.
- 1.4.4 A reference in this Code to a document or provision of a document includes a modification or supplement to, or replacement or novation of, that document or that provision of that document, as well as any exhibit, schedule, appendix or other annexure thereto.
- 1.4.5 A reference in this Code to a body, whether statutory or not, which ceases to exist or whose functions are transferred to another body, includes a reference to the body which replaces it or which substantially succeeds to its functions, powers or duties.
- 1.4.6 A reference in this Code to the word “including” or a grammatical variation thereof means “including but not limited to”.
- 1.4.7 A reference in this Code to the words “in writing” or a grammatical variation thereof includes any communications effected by facsimile transmission, e-mail or other means of communication.
- 1.4.8 Nothing in this Code shall be construed as affecting the obligation of a Licensee to comply with the provisions of relevant legislation or of its Gas Licence and, in the event of an inconsistency between the provisions of relevant legislation or of its Gas Licence and the

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provisions of this Code, the provisions of relevant legislation or of its Gas Licence shall govern to the extent of the inconsistency.

1.5 ENGAGEMENT OF THIRD PARTIES

1.5.1 A Licensee shall procure its directors, officers, salespersons and other employees involved in the Licensee's Authorised Business to observe and comply with the requirements of this Code. A Licensee shall ensure that its terms of employment with such Persons involved in the Licensee's Authorised Business contain provisions requiring them to observe and comply with the requirements of this Code.

1.5.2 If any director, officer, salesperson or other employee of the Licensee, or any agent referred to in section 1.5.1, does any act or refrains from doing any act that, if done or omitted to be done, as the case may be, by the Licensee would constitute a breach of this Code, such act or omission shall be deemed for the purposes of this Code to be the act or omission of the Licensee.

1.6 MODIFICATIONS TO THE CODE

1.6.1 In furtherance of the authority contained in section 62(2) of the Act, the process by which this Code may be modified from time to time by the Authority shall be as follows:

- (a) Before making any modification to this Code, the Authority shall give notice to all Licensees and other Persons likely to be affected by the proposed modification:
 - (i) stating that the Authority proposes to make a modification in the manner specified in the notice;
 - (ii) stating the reasons why the Authority proposes to make the modification, including whether the need for the modification was the subject of a prior representation made by a third party or a Licensee; and
 - (iii) specifying the period from the date of the giving of the notice (not being less than 28 calendar days) within which written representations with respect to the proposed modification may be made.
- (b) If no written representation is received by the Authority within the period specified in the notice referred to in section 1.6.1(a) or if all written representations made in response to such notice are subsequently withdrawn, the Authority may modify this Code as specified in such notice.
- (c) Where the Authority receives any written representation under section 1.6.1(a), the Authority shall, except to the extent that such representation is withdrawn, consider such representation and may:
 - (i) reject the representation;

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- (ii) modify the proposed modification in accordance with the representation; or
- (iii) withdraw the proposed modification,

and the Authority shall, where section 1.6.1(c)(i) or 1.6.1(c)(ii) applies but subject to section 1.6.1(d), modify this Code accordingly.

- (d) The Authority shall, before modifying this Code, respond to all written representations received in respect of the modification, with reasons, and advise Licensees of the outcome of the Authority's deliberations in respect of the modification.
- (e) A modification to this Code shall not come into force until such time as the Authority has complied with section 1.6.1(d) and 10 business days, or such longer period of time as may be specified by the Authority, have elapsed since the date on which the Authority published the modification as required by section 62(4) of the Act.

1.6.2 Nothing contained in section 1.6.1 shall prohibit any Licensee or any other party from notifying the Authority of suggested code changes.

1.6.3 Notwithstanding section 1.6.1, if the Authority deems that urgent modifications to this Code is necessary to protect the interest of the End Users and potential End Users, the Authority may make modifications to this Code by undertaking the process set out in sections 1.6.1(a) to 1.6.1(d) except that the time period referred to in section 1.6.1(a)(iii) shall be reduced from 28 calendar days to 3 business days. The requirement under section 1.6.1(e) for a minimum number of days to elapse before the coming into effect of any modification to this Code shall not apply to these urgent modifications. Such modifications shall come into force on such date as determined by the Authority in its sole discretion.

1.7 COMING INTO FORCE

1.7.1 This Code shall come into force on the day this Code is issued by the Authority.

2 REQUIREMENTS IN RESPECT OF TERM LNG SUPPLY

2.1 SUPPLY OBLIGATION

2.1.1 Subject to section 2.2.2, the Licensee shall maintain a Baseline GSA (including any amendment or alteration) that is approved by the Authority for the purpose of complying with the following requirements in respect of the supply of Term LNG to any Potential Gas User within the relevant Offer Period:

- (a) the Licensee shall not, in the first instance, offer to the Potential Gas User any term or condition that is less favourable for the Potential Gas User than in the Baseline GSA for the supply of Term LNG within the relevant Offer Period;
- (b) the Licensee shall not enter into any Term GSA with the Potential Gas User with any term or condition that is less favourable for the Potential Gas User than in the Baseline GSA for the supply of Term LNG within the relevant Offer Period except where the Potential Gas User is aware of such deviation from the Baseline GSA.

For the avoidance of doubt, the requirements under this Section 2.1.1 apply to a Licensee in respect of any Potential Gas User including but not limited to another Licensee or an Affiliate of a Licensee who is a Potential Gas User.

2.1.2 For any year within the Offer Period where the quantity of Term LNG to be supplied by the Licensee to the Potential Gas User will result in the Licensee's Specified ACQ exceeding the Baseline Offer Quantity for the year, the requirements under section 2.1.1 are waived in respect of the excess quantity.

2.1.3 For any year within the Offer Period where the quantity of Term LNG to be supplied by the Licensee to the Potential Gas User who is an Affiliate of the Licensee, will result in the total ACQ for that year under all the Licensee's Term GSAs with Gas Users who are Affiliates of the Licensee exceeding thirty (30) percent of the Baseline Offer Quantity for that year, the requirements under section 2.1.1 are waived in respect of the excess quantity.

2.1.4 Where the supply of Term LNG by the Licensee to the Potential Gas User commences in and extends beyond the Offer Period, the requirements under section 2.1.1 do not apply to any quantity of Term LNG to be supplied by the Licensee to the Potential Gas User after the end of the Offer Period.

2.1.5 For the avoidance of doubt, the Licensee and the Potential Gas User may mutually agree and enter into a Term GSA with terms and conditions that deviate from those in the Baseline GSA.

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2.2 SUBMISSION AND SPECIFICATIONS OF BASELINE GSA

2.2.1 The Licensee shall, no later than six (6) months prior to the start of each Offer Period, submit its proposed Baseline GSA for the Offer Period for consideration and approval by the Authority, whose approval shall not be unreasonably withheld. The submission shall be accompanied with a term sheet setting out all the key terms and conditions in the Baseline GSA.

2.2.2 The Baseline GSA for the Offer Period shall stipulate, inter alia:

- (a) a Price Schedule setting out the cap on gas prices that the Licensee will charge for supplying Term LNG within the Offer Period. The gas prices shall be reasonably competitive taking into account expected LNG market conditions in Asia Pacific at the time of submitting the Baseline GSA for the Authority's approval;
- (b) all terms or conditions, except for the Price Schedule, that shall be the same or comparatively better for the Gas User than those in the relevant Baseline GSA for the preceding Offer Period; and
- (c) any minimum notice period required by the Licensee to commence delivery of regasified LNG to the Gas User shall not be more than six (6) months.

2.3 RELEGATION OF LICENSEE

2.3.1 The Authority may by notice in writing to the Licensee declare the Licensee as a Relegated Licensee, should any of the following events occur:

- (a) the Licensee's proposed Baseline GSA is not approved by the Authority; or
- (b) the Authority is satisfied that the Licensee has contravened any condition of its Gas Licence or any provision of this Code.

2.3.2 Upon a Licensee being declared by the Authority as a Relegated Licensee, the Authority may at its sole discretion cease approving any proposed Transaction Agreement, or any proposed amendment or alteration of any previously approved Transaction Agreement, which the Licensee is a party to. Any approval granted by the Authority for such Transaction Agreement, amendment or alteration may be subject to terms and conditions as determined by the Authority. The Licensee shall at all time ensure that it complies with such terms and conditions.

2.3.3 For the avoidance of doubt, the above is without prejudice to any further enforcement by the Authority under the Act against any contravention by the Licensee of any condition of its Gas Licence or any provision of this Code.

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2.4 DIRECTION TO TERMINAL OPERATOR

- 2.4.1 The Authority may from time to time review the terms of any TUA entered into between a Terminal Operator and a Licensee in consultation with the Terminal Operator and the Licensee.
- 2.4.2 Following such consultation, the Authority may pursuant to the Act issue a direction to the Terminal Owner to propose for the Licensee's agreement, changes to the TUA as the Authority deems necessary to fulfil the Authority's functions and duties under the Act. Upon receiving the direction, the Terminal Owner shall forthwith engage the Licensee to make such changes in accordance with the TUA.

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