

Proposed change to method of reporting UK Liquefied Natural Gas imports

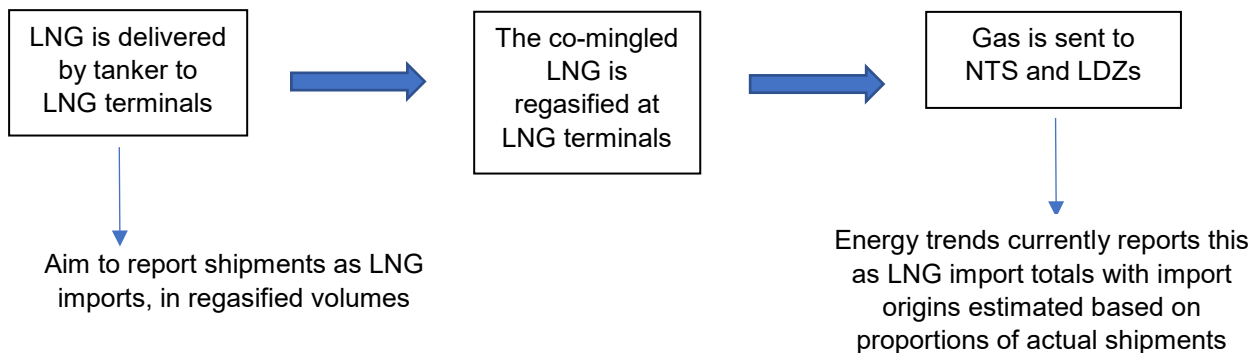
Background – process of receiving and utilising Liquefied Natural Gas (LNG) in the UK

The UK imports LNG through three terminals, the Isle of Grain terminal near Rochester and the Dragon and South Hook terminals in Milford Haven. LNG is imported by tanker where it is then stored at the terminal until it is converted to a gaseous state and sent into the National Grid Transmission System (NTS) and to local distribution networks (LDZs).

The total for gas imports in Energy Trends Table 4.2 includes LNG, and total LNG imports are reported separately in Energy Trends Tables 4.1 and 4.3. A detailed breakdown of these imports is reported in Energy Trends Table 4.4.

The current method of reporting LNG imports in UK energy balances is to show volumes of regasified LNG as they enter the NTS, rather than when they arrive in the UK and are placed into storage. The country of origin is then derived by determining the mix of LNG within the storage units that have accumulated from previous months (see Figure 1 for further detail).

Figure 1: methods of reporting LNG imports



The proposed change of method is to report actual shipments of LNG as they enter the terminals from tankers and are placed into storage. We intend to implement this change of method in Energy Trends June 2019, with revisions to the back series. The total gas supply will be unaffected because revisions will also be made to reflect actual stock levels at terminals before the LNG entered the NTS. Imports, stocks and gas supplied of LNG will be included in Tables 4.1, 4.2 and 4.3 on a regasified basis in gas totals.

Reasons for the proposed change.

Firstly, it is usual practice in energy balances to report trade volumes as energy enters or leaves the country and we suggest that the proposed change to reporting will lead to clearer and more transparent statistics. We have worked with terminals to improve the data we collect, and the proposed change has become possible due to more detailed data now available compared to when the current reporting method began.

Secondly, the current reporting method requires an estimation of imports by origin in Energy Trends Table 4.4. We receive LNG from many different countries including Qatar, Russia, Trinidad & Tobago, the US, Algeria and Norway among other sources. In the current method all volumes of LNG are co-mingled at LNG terminals and the final output from the terminal to National Grid and

Special feature – LNG methodology change

LDZs must be estimated based on the previous imports received by the terminal. This adds an additional level of estimation into our import balances that increases the complexity.

Finally, a related concern is the delay in reporting imports of LNG. The current method uses the mix of LNG stock to calculate the outgoing origin mix of gas through that month. This means that LNG deliveries early in a given month will not feature until the following month's data has been reported. As a result, there can be a disconnect between widely reported ship arrivals and the gas from those shipments being seen as 'entering' the UK.

Next steps

We are working to refine the methodology and will be consulting with internal users over the next month. Our intent is to implement this change for both future deliveries and revise the back-series for June 2019.

As ever, we welcome comments on this proposed methodological change.

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