



# Energy storage economics east timor

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Within a few years, Dili stands to lose the revenue stream that it has relied on since gaining independence from Indonesia in 2002, as output dwindles at the Timor Sea's declining Bayu-Undan field, jointly administered by Australia and East Timor. Australian independent Santos in March approved the Barossa field offshore Australia's Northern Territory to supply backfill gas for its 3.7mn t/yr Darwin LNG plant in the state, replacing falling supplies from Bayu-Undan.

The field has provided gas for Darwin LNG since its first shipment in 2006, and received some respite in January when operator Santos said it would spend \$235mn on infill drilling to extend the field's life by 12-24 months, with drilling to start in the coming months. Santos and Bayu-Undan partner Italian firm Eni this month also pledged to work on plans to use Bayu-Undan's facilities as a carbon capture and storage project, which if it goes ahead could provide a revenue fee for Dili.

The flow of funds from Bayu-Undan has been declining in recent years at the same time as Dili has been increasing its withdrawal rate to underpin budget spending, including construction of a road and airport along its southern coastline as part of a plan to build an oil and gas infrastructure hub, Scheiner says. The hub, known as the Tasi Mane project, would include an oil refinery as well as a liquefaction plant and LNG export facility for the 5.1 trillion ft<sup>3</sup> (145bn m<sup>3</sup>) Sunrise field, which faces mounting challenges to ever reaching development.

Dili took a controlling share in the project by buying the stakes of Shell and US independent ConocoPhillips in 2018 for \$650mn, borrowed from the Petroleum Fund. But this has done little to improve the viability of Sunrise for foreign investors concerned about political risk following Dili's part-nationalisation of the project, as well as the technical issues facing the field in the form of the 3.5km-deep Timor Trough between Sunrise and the East Timor's coastline.

Renewed international efforts to tackle climate change are already resulting in many potential LNG projects moving from possible to unlikely. And Dili says it is reconsidering buying the additional stakes in Sunrise and Tasi Mane, which would see a significant portion of the Petroleum Fund spent on a project with challenging economics. "East Timor will have to move away from its dependence on oil and gas resources, and I am optimistic it can get through this challenge," Scheiner says.

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As the world seeks to decarbonise, East Timor hopes that a plan for a giant carbon capture and storage (CCS) hub will help it find financial backing for a proposed liquefied natural gas (LNG) facility that would process gas from the Greater Sunrise fields.

Development of Greater Sunrise, first discovered in 1974, had stalled due to a now-resolved maritime border dispute between East Timor and Australia, and by disagreement with operator Woodside on whether to pipe gas to East Timor, also known as Timor Leste, or Australia, to process LNG for export.

"We want to have Greater Sunrise developed here in Timor Leste," Florentino Soares Ferreira, president of East Timor's National Authority of Petroleum and Minerals (ANPM), told Energy Voice in an interview.

However, Woodside (ASX:WPL) CEO Meg O'Neill recently told Australian media that "the economics of taking (Sunrise) gas to Timor Leste and building new plants just are prohibitive - so that's something that needs to get cracked - but the production-sharing contract (PSC) terms need to get sorted out first."

"The field is closer to existing LNG infrastructure (in Australia), there's potentially some interesting opportunities there to use existing facilities. So just from an economics perspective, taking the gas to Timor-Leste and building a brand-new plant just doesn't make sense."

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