

A Successful Energy Transition Begins with the Right Partner

PetroChina International aims to safeguard China's energy security with PETRONAS as its key LNG supplier.

As a wholly-owned subsidiary of PetroChina Company Ltd, PetroChina International (PCI) is the main supplier of gas to China. In 2022, PCI imported more than 80 billion cubic meters (bcm) of natural gas, which accounts for approximately 60% of the total gas import to China. It also reliably delivered 10 million tons per annum (MTPA) of liquefied natural gas (LNG) to its global customers.

"Ensuring security of supply is at the heart of what PCI does," says Yaoyu Zhang, Global Head of LNG and New Energies at PCI. "Our global reputation has been built on the core value of honoring long-term relationships and contracts over short-term gains."

PCI is committed to working with its partners through driving deep process simplification, utilizing automation and digital solutions and making its operating platform efficient and effective. It also continues to foster a culture of inclusiveness while investing in respectful business partnerships and focusing on customers' needs.

In its journey to become a major player in the energy market, Yaoyu says having the right partner is one of its key success factors. This is where PETRONAS and its customer-centric solutions have played a key role in supporting the continued growth of PCI.

"PETRONAS has been operating in the Chinese market since 2009, providing energy for China's rapid economic development. China's natural gas demand is expected to grow, with a potential of reaching 550 to 600 bcm per annum by 2030, and this bodes well for our partnership," Yaoyu says.

A Symbiotic Relationship

Today, PETRONAS is one of China's largest LNG suppliers and one of the most recognizable brands in the gas market. In 2022, PETRONAS delivered 7.5 million tons of LNG to China, accounting for around 10% of the total LNG exports to China.

Building on their strong and stable relationship, PCI and PETRONAS collaborated closely under the Joint Commercial Committee, which extends the success of their spot trading partnership. This has led to the signing of a long-term LNG sales and purchase agreement, which will see PETRONAS delivering LNG to PCI well past 2030.

"In 2021, China imported close to 80 million tonnes of LNG, becoming the largest importer in the world. We expect LNG to continue to play a vital role in ensuring China's energy security and economic stability," says Yaoyu.

Despite the growing importance of LNG, the market has experienced some price volatilities and supply uncertainties in recent



Yaoyu Zhang, Global Head of LNG and New Energies, PetroChina International

years, posing a threat to the recovery of both the Chinese and global economies.

Undeterred by the challenges of restricted travel during the pandemic, PCI was able to ensure that its entire LNG supply chain was uninterrupted, averting the risk of a major supply shock for both China and the global market.

PCI also faced another challenge: it had insufficient capacity in its LNG terminal to

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fulfill annual contractual quantities and meet downstream gas demand in one of China's southern provinces.

"PETRONAS' commercial team identified a customized LNG vessel that would seamlessly fit our terminal requirements, and our operations team worked together to ensure the compatibility of the vessel," says Yaoyu.

"Any attempt to address the energy challenges would require a global and multilateral approach. PETRONAS' ability to innovate and its customer-focused leadership are key in ensuring a sustainable and economic supply of LNG to PCI and our domestic and international customers," he adds.

Gearing Up for the Future

As one of the world's largest energy providers, PCI has transformed its portfolio with the supply of lower carbon energy sources such as natural gas, biofuel and green power, while working with its customers across different sectors to decarbonize their use of energy.

PCI has also built a world-class carbon portfolio that helps its global customers offset emissions. Since 2021, PCI has delivered more than 10 carbon-neutral LNG cargoes, making it one of the top carbon-neutral LNG suppliers globally.

PCI and PETRONAS, however, are not taking anything for granted and are forging deeper ties with the aim of addressing market challenges and contributing to the world's sustainable energy solutions.

In the last few years, the increased fragility and interdependence of the energy systems have contributed to the rising cost of living globally. Consequently, there is a need to balance the goal of achieving net zero emissions while ensuring a secure and affordable energy supply.

"As growth is occurring across sectors, demand for natural gas—a relatively clean fossil fuel and a crucial bridge toward China's dual carbon goals—is poised for a rebound. We must continue to evolve to protect and enhance our energy systems for supply security and, in the future, try to meet the objective of net zero emissions," says Yaoyu.

To ensure success, all parties within the energy ecosystem must play their part, whether they are involved in supply, demand or policymaking. The transition to greener gases, such as ammonia and hydrogen, currently requires direct government support, and regions around the world are supporting this drive differently.

"The U.S. is offering favorable tax breaks under the Inflation Reduction Act, while

PCI's Business

PetroChina International Company Limited (PCI), established in 2002, functions as the international trading arm for PetroChina, which is responsible for China's imports and global commodities trading, including crude, oil products and natural gas. With 59 branches globally, PCI's business covers more than 120 countries and regions around the world; it has established three Energy Trading Hubs in Asia, Europe and the Americas.

the Europeans are offering Contracts for Difference. The partnership between PCI and PETRONAS is a good example of two capable and trusted partners working together to drive the changes that the industry needs," says Yaoyu.

"In Asia, PCI and PETRONAS can collaborate to promote new energy sources such as ammonia and hydrogen as global and mainstream fuels, while keeping the cost competitive. We can also work more closely to decarbonize the gas supply chain and proactively look at how to reduce direct and indirect emissions. This includes working with our downstream partners to reduce emissions by using carbon capture and storage," he adds. ■



Vessel berthing at Singapore Universal Storage



International trading team in PCI America's office



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