

## Country Chair for Shell: It's going to be a difficult couple of years

By Vishanna Phagoo

Senior vice president and Country Chair for Shell Trinidad and Tobago, Adam Lowmass, stated that while the energy sector's activity will be promising over the next two to three years, the immediate future will present challenges due to the critical role of gas in T&T's economy.

Speaking during a panel discussion at the T&T Energy Conference at the Hyatt Regency, Port of Spain, on February 10, Lowmass emphasised the importance of working collaboratively to accelerate progress.

"I think it's going to be a difficult couple of years, because of the importance of gas in the T&T economy, but equally for the rest of the world. It puts a sort of sense of urgency into us solving the new challenges here, but it also creates great opportunities. The way that we work together with people in this room and on this panel, with government, regulators, etc. to be able to speed that process up is going to be very, very important as we compete for capital across the rest of the world," he explained. Lowmass also posed a key question: "So how can we continue to develop the industry here to make sure that the system that we work in attracts disproportionately capital from other parts of the world to underpin the economy here and the region?"

Kellyanne Lochan, Country Manager for Woodside Energy, stressed the need for cost-effective and innovative methods to improve production and extend the life of oil and gas fields, given that T&T's energy infrastructure is ageing.

"One of the biggest challenges that we see in the upstream is that we have mature oil and gas fields and ageing infrastructure. This is not unique towards Woodside Energy T&T. The key to overcoming this challenge lies in finding cost-effective innovative ways to enhance production and extend field life while at the same time incentivising investment in small pool exploration," she highlighted.

Lochan shared that Woodside Energy has implemented low-cost production optimisation projects and leveraged global expertise and new technologies to improve integrity management, enhancing both safety and efficiency.

"One of the biggest opportunities in T&T is the potential that deep water gas can unlock and the Woodside Calypso discovery really opened up deep water for T&T. So, attracting investments in this area requires streamlined development frameworks and processes and transparent policies really because it is important to quickly bring reserves on to production. As we all know there is a step out in not only distance but risk and technology associated with deep water developments," she said.

Lochan noted that these deepwater developments align with the 2025 deepwater bid round, recently announced.

She also highlighted the need to consider the global energy transition, stating that T&T has the potential to be a regional leader in this space.

"Let's say carbon capture and storage (CCS), for example, with the existing infrastructure, T&T has a unique opportunity to drive forward CCS initiatives, so how do we incentivise further investment and research in that space?" she questioned.

She further emphasised that while growing and diversifying the sector, investment must continue in talent development, technology, and innovation.

### Challenges & Opportunities

Executive director of Proman's group operations Ricardo Mohammed acknowledged the challenges posed by gas supply issues and reduced utilisation rates but reaffirmed the company's commitment to investing in its plants.

"There are other challenges, for example, on the ESG (environmental, social and governance) side of things, CBAM (carbon border adjustment mechanism) will come into effect in 2028 and then we must consider how competitive T&T's nitrogenous products will be against the newer clean ammonia that is being built in the US that is built at capacity," Mohammed said.

He added that market barriers and imposed duties further impact competitiveness but noted potential opportunities in optimising electricity production, system efficiencies, and gas usage.

“In terms of opportunity, there are marginal opportunities for example in electricity production the gas that is used has moved from 7% to 11% in the last six or seven years and certainly we are doing some work with the Government to improve that situation. Additionally, there may be opportunities in terms of optimising the entire system and the pressures,” he shared.

Mohammed also highlighted the opportunity of methanol fuel blending and bunkering and said it is about time these plans are brought to fruition.

Acting president and vice president of legal and corporate affairs at the National Gas Company of T&T Ltd Edmund Subryan said T&T is still open for business regardless of being a mature hydrocarbon province.

“We see a lot of positive prospects for gas, I mean if you look at the latest annual natural gas reserves report, you see there are ten trillion cubic feet (tcf) of proven reserves, another ten tcf of possible resources and another 58 tcf of exploration potential. So, there is gas, it’s just going to be a bit more difficult to bring that gas to market,” he said.

Despite this, he said the country still needs to have an environmental structure, focus on energy efficiency and conservation and improve power generation capacity. He added that fiscal incentives should also be considered.

“Hydrogen is going to be a key factor for us in decarbonisation. There’s a pilot project which was sanctioned by the Government which National Energy has executed now, that is in its development stage. But I think if you look at hydrogen it’s also very linked to renewable energy and hydrogen, particularly wind is going to play a huge part in this. We have the roadmap to a green hydrogen economy in T&T. The National Energy project is highlighting one of that and the potential for wind is huge.” he said.

He said the National Energy/Inter-American Development Bank (IDB) study indicates that Trinidad and Tobago has the potential to generate 56 gigawatts of wind energy, both offshore and onshore. This potential levels out to approximately 26 gigawatts, which could produce 4 million tonnes of hydrogen —more than double the requirements of the Point Lisas Estate in Couva.

As for the aspects that need to be changed within the industry, bpTT president David Campbell said continuing its focus on the rocks could help with direct investments.

“This is a business where gas reservoirs tend to deplete at around 20% for the year if we do nothing other than produce them. So, we need to keep adding more reserves – drilling rigs, seismic shock and work on this. I’m really pleased to see that this year together with our partner EOG, we’ll be bringing on Mento,” said Campbell.

He emphasised that both the industry and the government need to accelerate their efforts in exploration and production, as small pockets of resources can be depleted rapidly. He also urged businesses to become more competitive to attract investments.

## Financial aspect of energy in T&T

After claiming that the Energy Conference was the “one place” he would not be asked for US currency, the chief executive officer of RBC Financial (Caribbean) Ltd Darryl White said energy companies large or small must keep an eye out for their future.

“If you think about investing in the future, it involves sacrifice because the future is positive and encouraging enough to be able to motivate you for that sacrifice today and that sacrifice also speaks to the reality of having a social partnership,” he said.

White mentioned that there is a prevailing belief that the energy industry is not investing enough capital in T&T. However, he clarified that capital investment can be seen in the form of renting buildings, employing local workers, and investing in infrastructure. This is where the actual investment is being made.

“I think a lot of times people think purely of financial capital. But when you come to the level of financial capital, especially the smaller ones, you’ve seen some creative things being done. In one instance, you see there’ve been events where you’ve issued a T&T dollar instrument that’s paid in US dollars. People like that, because I can actually pull out T&T dollars and get US dollars in return. The other reality is that if you look at the amount of US dollars, you actually have in the banking

system – there’s about US\$3 billion or so. I mean, these are people’s money, but sitting there and seeking attractive investment opportunities. The other reality is that if you really want great returns on your capital, if you’re going to want a company level of equity, or quasi-equity, meaning, I wonder if you say, I want to be able to take the type of risk,” he said.

White said the question posed to them is now whether would they be willing to be listed on the stock exchange so people can invest and make an earning off of it.

Lochan said the 100-metre operations generally have lower development costs and operational costs because there are fixed platforms and while there is usually expensive infrastructure, the reservoirs are unpredictable, well understood and are based in very mature oil and gas fields.

“In contrast, deepwater which is 400 metres or 2,000 metres – ultra-deepwater – has a lot more development and operational costs because of complex drilling, the need for subsea infrastructure and in some cases the need for floating production systems than shallow water. We also carry more subsurface, technical and operability risks,” said Lochan.