

First salt cavern gas storage by a gas enterprise in China commissioned

(1 November 2018) On 31 October, China saw the commissioning of the first large-scale underground salt-cavern gas storage by a city-gas enterprise. A grand ceremony was held at Jintan district, Changzhou city, Jiangsu province to celebrate the commissioning of the Towngas China Jintan Gas Storage. Li Lin, Deputy Mayor of Changzhou Municipal People's Government, Zhao Bing, Director of the Oil and Gas Division of the Jiangsu Provincial Energy Administration, Di Zhiqiang, Secretary of CPC Jintan District Committee of Changzhou, Alfred Chan Wing-kin, Chairman of Towngas China Company Limited (Towngas China), Huang Zejun, Director of PetroChina Oil & Gas Pipeline Control Center, Peter Wong Wai-ye, Executive Director and Chief Executive Officer of Towngas China, Ye Guobiao, Chairman and General Manager of Shanghai Oil and Gas Trading Center, Wang Zhehong, Chairman of Shanghai Gas Group, and Guan Guoxing, General Manager of China Salt Jintan Co. Ltd. attended the ceremony with about 100 guests and members of the press to witness the result of China's peak-shaving and gas storage development by city gas corporations.



A collaboration between The Hong Kong and China Gas Company Limited (Towngas)

and China Salt Jintan Co., Ltd., research for the Towngas China Jintan Gas Storage began in 2009, and construction began in 2014 with strong support from the government, upstream corporations and relevant parties. A total of about RMB 1.2 billion was invested into the storage, the first phase of which will see 10 wells constructed to yield an annual gas storage capacity of 460 million cubic metres and working gas volume of 260 million cubic metres, as well as a daily maximum gas supply capacity of 500 cubic metres. Three of these wells have already been built to yield a gas storage capacity of nearly 150 million cubic metres and working gas volume of over 88 million cubic metres. The gas storage pioneered the use of advanced cluster-well drilling methods to address the challenge of drilling straight wells due to the topography by developing multiple well heads at one site which utilise shared peripheral facilities to minimise land use and conserve investments on roads, well sites and pipes, thereby enhancing operational and management efficiency.

To date, China has seen 26 underground gas storage constructed. Aside from the Towngas China Jintan Gas Storage, the other 25 are operated by upstream corporations. As one of mainland China's most sizeable city gas enterprises, Towngas China Group has identified the industry's development trend and planned for strategic large-scale underground gas storage and peak-shaving facilities that are the first to be constructed and operated by a city-gas enterprise in the country.

Currently, natural gas is extensively used by the residential, industrial, commercial and transport sectors. The demand for natural gas has continued to rise rapidly, and is forecast to hit 360 billion cubic metres by the year 2020. In recent years, China has announced multiple policies detailing the gas storage and peak-shaving responsibility and duty of relevant parties, including the government, gas-supply corporations and city and town gas enterprises, and encouraged society to take part in the construction of gas storage facilities in order to resolve the problem of the imbalance and insufficient development of the natural gas industry. Accelerating the construction of gas storage facilities and enhancing the country's natural gas peak-shaving and emergency supply management capabilities have become an important part of safeguarding the promotion of its socioeconomic development.



Alfred Chan Wing-kin, Managing Director of Towngas and Chairman of Towngas China, expressed at the ceremony that the commissioning of the Towngas China Jintan Gas Storage is a key milestone in the development of Towngas China, and the facility is poised to become the largest world-leading salt-cavern gas storage to be run by a city-gas corporation in mainland China. The facility will fulfil its gas storage and peak-shaving function to offer an emergency peak-shaving reserve of 600 million cubic metres for nearby areas and the national gas supply, thereby ensuring stable energy supply and momentum for urban economic development. Going forward, Towngas China will enhance its collaboration with coastal LNG receiving stations to strengthen the storage capacity's connectivity, and explore commercial gas storage models suitable for China's natural gas industry development through launching diverse businesses via the Shanghai Petroleum and Natural Gas Exchange (SHPGX) platform. Seizing the opportunity presented by the 13th Five-Year Plan's continued support for clean energy development, Towngas China shall continue our efforts in the arenas of public utility and new energy development, in order to further broaden, strengthen and enhance China's city-gas industry.

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