**SIEWCast Season 4: Episode 2**

*Interview with Alan Heng, CEO, Singapore GasCo*

**Lynlee Foo (MONEY FM 89.3)**

This SIEWCast series is brought to you by Singapore International Energy Week and MONEY FM 89.3, in partnership with Saudi Aramco. Welcome to SIEWCast, the thought leadership platform of the Singapore International Energy Week. I'm Lynlee Foo. Singapore's energy landscape took a major step forward this year with the launch of Singapore GasCo, the new national aggregator for natural gas. At the helm is Alan Heng, CEO of Singapore GasCo, and he joins me to share how this move is strengthening price stability, securing long-term supply, and laying the groundwork for Singapore's low carbon energy future. Alan, welcome.

**Alan Heng (Singapore GasCo)**

Thank you.

**Lynlee Foo (MONEY FM 89.3)**

So, you've taken the reins at Singapore's newest national energy player. The launch of Singapore GasCo is a big shift. What's the thinking behind this move, and why was this the right moment?

**Alan Heng (Singapore GasCo)**

I think you started by saying that energy security at affordable energy prices is important, and that is the key mission of the Singapore GasCo. Our job is to ensure we have a resilient energy system, leading through the energy transition process and ensuring that we continue to have stable electricity prices going forward.

**Lynlee Foo (MONEY FM 89.3)**

Okay, so it's about future proofing Singapore's energy system, I suppose, but also responding to recent market shocks and uncertainties.

**Alan Heng (Singapore GasCo)**

Absolutely, I think in today's world, the world is getting a little bit more volatile, and we need to be prepared. The circumstances of 2022, where electricity prices spiked up and gas prices spiked up, heighten the concerns and requirements for us to set up GasCo. Singapore is 95% dependent on natural gas, and our ability to source this important feedstock at a competitive price is critically important.

**Lynlee Foo (MONEY FM 89.3)**

And does having a central gas buyer matter?

**Alan Heng (Singapore GasCo)**

It does. It does because a central gas buyer would be in a position to understand the national requirements better, not just for today, but going forward into the future. And we need to recognise that Singapore is going on a pathway of trying to secure renewable electricity imports from our neighbours, and unless you have a holistic picture of what's coming ahead, you aren't able to plan for the future.

**Lynlee Foo (MONEY FM 89.3)**

What can Singapore do now that wasn't possible before?

**Alan Heng (Singapore GasCo)**

I think with GasCo, we have a more holistic view of the situation, and we are also able to plan ahead and even warehouse some of the potential risks that generators might not have been prepared to do in the past. Let me give you an example. It is sometimes not conceivable for a generator to buy long-term gas contracts that goes out into 15 years. With GasCo, we are in a position to do that, because we are prepared to warehouse some of that risk. The reason why Gencos are unwilling to contract long-term contracts, is largely because they are uncertain about what's ahead for them. But GasCo, with a more holistic look, is prepared to underwrite some of those longer-term risks.

**Lynlee Foo (MONEY FM 89.3)**

Alan, some critics have raised concerns that centralising gas procurement might reduce market flexibility or stifle competition. What's your take on that?

**Alan Heng (Singapore GasCo)**

Well, I think we're not controlling the market. I think what we’re doing is coordinating the market in a better way. I think what GasCo will bring to the table is the opportunity to aggregate all the demand and create a competition amongst our external suppliers so that they will offer us the best deal possible. We can then transfer this best deal possible to the buyers in Singapore and thereby lowering our costs and improving reliability at the same time.

**Lynlee Foo (MONEY FM 89.3)**

Would you care to elaborate on that?

**Alan Heng (Singapore GasCo)**

I think if we have the scale of aggregation, we have the opportunity to go to the market to buy in larger quantities, in a diverse range of contracts. As an example, a generator who only buys half a million ton of LNG can only contract one tranche of gas with one particular supplier on particular terms. Whereas if we go to the market and contract for 4 million tons of LNG, we are likely to be able to find a range of supply contracts which, on aggregate, will yield a more optimal outcome for the energy industry.

**Lynlee Foo (MONEY FM 89.3)**

Okay, so sounds like centralisation isn't such a bad idea, it doesn't mean rigidity. And the goal is really to create a stable foundation, not to crowd out innovation or commercial agility.

**Alan Heng (Singapore GasCo)**

I think Singapore itself is a very small market in the scheme of things. The Korean market is 40 million tons. The Chinese market is 80 million tons. The Thai market alone is going to be 35 to 40 million tons. Singapore's market is about 6 to 8 million tons. I think we need to recognise where we should be creating competition and where we should be encouraging competition. At the same time, I think, with GasCo coming in, we are looking at innovative ways about contracting with our upstream suppliers, as well as innovative ways of contracting with our downstream suppliers so that we can make the system more seamless. I think some of the benefits of this will accrue to our buyers eventually and then the end consumers. That's left to be seen, and we're building this organisation up to do that. One thing's for sure is that in times of an energy emergency, you will have a ready team in place to respond quickly and efficiently, to manage any shortfalls and to avoid any supply disruptions.

**Lynlee Foo (MONEY FM 89.3)**

So, that level of coordination sounds like a significant step forward, especially in a landscape that's changing so rapidly. But of course, one of the biggest concerns for any energy system is cost. And we all remember how gas prices spiked in 2022 and 2023. The impact was felt globally, and certainly here in Singapore. How is GasCo helping to shield the system from these kinds of shocks while keeping power bills in check?

**Alan Heng (Singapore GasCo)**

Well, one of the first things we need to do is to ensure that the country is adequately contracted for its natural gas supply. I say adequately because while sometimes we may think we have enough, but supply disruptions are becoming the norm in the industry, and we need to be able to manage those disruptions, because it's the disruptions that's caused the marginal increase in electricity price, and we want to try and minimise that. My team will build a portfolio of gas supply contracts from proven reliable suppliers, who would then manage those contracts to the best of our ability to bring the gas into Singapore. We will then be very clear about how we manage the price indexation that we secure from these contracts to ensure that over a 10-year period, you will find that we have stable prices across.

**Lynlee Foo (MONEY FM 89.3)**

So, you act as a stabilising force?

**Alan Heng (Singapore GasCo)**

That's a good way to say it, we act as a stabilising force for the entire market.

**Lynlee Foo (MONEY FM 89.3)**

It's very reassuring, I think, especially for both businesses and households who are feeling cost pressures on multiple fronts, but stability alone sometimes isn't enough. There's also the question of sustainability. Right?

**Alan Heng (Singapore GasCo)**

Yes.

**Lynlee Foo (MONEY FM 89.3)**

Now we know Singapore's future energy mix will look very different. Natural gas is still essential today, but the shift to low carbon sources is well underway. So how is GasCo positioning itself to support that transition?

**Alan Heng (Singapore GasCo)**

Well, let's start with the fact that Singapore today is 95% fuelled by natural gas. It is the cleanest fossil fuel you can find, and I think it's going to be the reliable fuel we’re relying on for a while. Now, moving into the future, Singapore will supplement its energy mix with import of electricity with other sources such as solar, wind, as well as geothermal, if it works out. Now, these are all possible sources, but ultimately, I think the foundation layer will be natural gas, and we need to make sure that this is operating all the time, even in times when the wind doesn't blow and the sun doesn't shine or import electricity doesn't show up.

**Lynlee Foo (MONEY FM 89.3)**

So, we're talking about new infrastructure as well.

**Alan Heng (Singapore GasCo)**

I think GasCo will not be investing in new infrastructure, so to speak. We are essentially a balancer, and we are essentially a central procurer, so there's not a lot of capital investment into GasCo. We will be investing in IT system. We're investing in the people, but not in any infrastructure projects.

**Lynlee Foo (MONEY FM 89.3)**

What you're saying is it's not just about fuels we're using today, but whether the systems we're putting in place now can actually adapt to what's coming next?

**Alan Heng (Singapore GasCo)**

That's correct. I think we need to future proof our system. One of the SIEW’s theme this year is

is Envisioning Energy Tomorrow, Building Systems Today, and what we're doing with GasCo is building a system for the future. How are we doing that? We're doing that by creating this organisation that will help build greater resiliency in our energy supply and energy security to help us through the transition process.

**Lynlee Foo (MONEY FM 89.3)**

Alan, what about the regional relevance of GasCo? Do you see the GasCo model resonating beyond Singapore?

**Alan Heng (Singapore GasCo)**

I think it does. There is huge opportunities for GasCo to collaborate with our neighbours. All our neighbours are going through the same energy transition challenges. Some of them are fired by coal, some of them are fired by natural gas, but all of us face the same challenges of moving towards a cleaner future. As far as natural gas is concerned, there is a space for us to collaborate with our neighbours. This could be in a way we contract for natural gas. This is a way we have joint arrangements with our neighbouring partners so that we improve each other's resiliency in the energy system.

**Lynlee Foo (MONEY FM 89.3)**

Alan, you briefly mentioned about coordinating across the ecosystem. With GasCo playing a foundational role in Singapore's energy system, I'm sure it doesn't operate in isolation. So, how are you working with other key players, from regulators to generation companies and infrastructure planners to align on the broader energy transition goals.

**Alan Heng (Singapore GasCo)**

You're absolutely right. GasCo cannot operate in isolation, and in fact, we need broad collaboration with the regulators, with our generators, our customers, our terminal operators and other infrastructure operators by having very good foundational conversation with these parties, and we're doing it right now as we establish GasCo. Understanding the expectations of the regulators, understanding the expectations of our customers, and working within the limitations of what our terminals are, and trying to break some of those limitations, we hope to develop a system and a structure where we can be very dynamic in how we manage our duties going forward. We also intend to engage with some of our upstream suppliers, because the more we can bring innovation into how we structure our arrangements, the better I think Singapore will benefit in the long run.

**Lynlee Foo (MONEY FM 89.3)**

Are you able to share any examples in terms of the projects that you might be working on?

**Alan Heng (Singapore GasCo)**

It is premature at this stage, but as the projects evolve, I'm sure our stakeholders will be involved.

**Lynlee Foo (MONEY FM 89.3)**

Okay, so it's really about building a coherent system where gas procurement, infrastructure and policy all come together and move in tandem.

**Alan Heng (Singapore GasCo)**

That is correct. This is quite opposed to commercial gas and LNG company. A commercial gas and LNG company, without a national mandate, as GasCo has, will focus very much on how it can profit for its own right. And I used to run a large gas aggregator company, Pavilion Energy, and there we had a very different lens when we looked at the opportunities in front of us. With GasCo, it's very clear, we have a national mandate to ensure energy security at affordable costs.

**Lynlee Foo (MONEY FM 89.3)**

Alan, before we let you go, as GasCo scales up, not just for today's needs, but also for the fuels of tomorrow, what kinds of capabilities are you looking to build within the organisation? Is there a shift in the types of expertise needed?

**Alan Heng (Singapore GasCo)**

It starts with the clear mission and vision of the company and the sort of values we expect from our employees. Those are foundational. We will then have to go out there and hire people with the right set of skills to manage the business in front of us. Our business skill sets are quite widely available in Singapore today, but finding the right people with the right mindset and the right interest is a slightly different story. At this point in time, we're building up a team. We're quite fortunate to have reached out and hired people we feel meet those values, and we'll keep building that organisation going forward.

Once we have the people in place, it's also very important for us to continue to invest in our people. Part of that is through training, but a large part of that is through experience they gain on the job, working on different supply contracts, different downstream sales contracts. And it's really critical for our people to also develop the external relations with our suppliers, because we want our international suppliers to be on speed dial, and that takes time to cultivate. So that's one of the goals that GasCo will also work on.

**Lynlee Foo (MONEY FM 89.3)**

Very encouraging to hear that the transition isn't just about infrastructure, it's also about investing in people, talent, and capabilities that will carry this transformation forward.

**Lynlee Foo (MONEY FM 89.3)**

Alan, thank you so much for sharing your perspective and giving us a clear view of how Singapore GasCo is not only anchoring today's energy needs but also preparing for the next chapter in Singapore's energy journey.

**Alan Heng (Singapore GasCo)**

Thank you.

**Lynlee Foo (MONEY FM 89.3)**

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