

Growth in US ethylene capacity building momentum for exports

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With the US Gulf Coast primed for significant expansion in ethylene production capacity, ethylene exports increasingly look like they could play an important role in the market, speakers at the S&P Global Platts Petrochemicals Seminar in Houston said.

"We believe ethylene exports are important to satisfy global demand and growing US supply," said Brian Sinn, Enterprise Products Partners petrochemicals marketing and supply manager.

US Gulf Coast ethylene capacity will grow by approximately 12 million mt/year in the next few years, with concerns that not enough downstream capacity will come online in time to utilize the ethylene.

"We do not think the US can consume all the ethylene coming online," said Kim Davies, Navigator Gas head of corporate development.

Targa Resources currently operates the only US ethylene export terminal, but Enterprise Products has considered an ethylene export facility at the company's Morgan's Point, Texas, facility that currently houses an ethane export terminal.

Enterprise Products will need to finalize additional contracts before moving forward with an ethylene export terminal but could have it ready in less than 24 months, Sinn said.

"Ethylene producers will need to clear their supplies, and not everyone can turn their ethylene into pellets," Sinn said, addressing industry concerns about the need for ethylene terminals in addition to ethane terminals.

Additionally, the US cost advantage in producing downstream products is not always as strong as the cost advantage in producing natural gas-based ethylene.

Ethylene terminals and ethylene vessels represent significant investments, Davies said.

Terminals must invest in technology to cool the ethylene to speed loading times, and ship owners must secure contracts to move forward with orders for ethylene ships.

Ethylene-carrying vessels require at least 18 months to build and need experienced crews and ship owners comfortable with shipping the volatile product.