

The Dragon LNG terminal in West Wales in new ownership deal

A deal to acquire part ownership in one of the world's biggest liquefied natural gas (LNG) regassification terminals has been confirmed.

Infrastructure manager Ancala has agreed to sell its 50% stake in Milford Haven-based Dragon LNG Group (Dragon) to VTTI, a global leader in energy storage and developer of energy infrastructure. The value of the deal, which is expected to be finalised in Q3 of this year, has not been disclosed. It comes as LNG volumes through the terminal have seen a threefold increase.

Dragon is one of three LNG terminals in the UK with a gas send out rate of up to 9.9 billion cubic meters per annum – enough to supply 10% of the UK's gas needs.

Ancala acquired a 50% interest in Dragon in 2019. The other 50% stake is held by Shell who will remain a shareholder following the transaction.

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Since Ancala's acquisition, the infrastructure manager has worked closely with the business to invest in the terminal, develop and execute its net zero strategy, and enhance its operations. It supported Dragon to install an at peak 10 megawatt solar park on site which was commissioned in 2023. This has reduced Dragon's scope 2 carbon emissions by around 2,500 tonnes per year, as well as provides renewable energy to local businesses.

Dragon has also submitted a planning application for an at peak 13 megawatt wind farm. Together the renewables projects will supply a significant part of the terminal's demand for power with self-generated green electricity. Dragon is also currently working in partnership with RWE, the largest power generator in Wales, on a Multi-Utility Services Transit (MUST). The MUST will connect industry across the Milford Haven Waterway which will support the decarbonisation ambitions of the South Wales Industrial Cluster.

The transaction marks Ancala's sixth exit from its first flagship infrastructure fund which continues to outperform.

Simon Ames, managing director, Dragon LNG, said: "The Ancala team has been a valued partner and played a critical role in our work to enhance our terminal operations and accelerate our energy transition strategy. They have brought fresh thinking to unlock new opportunities and make improvements across the business.

"The terminal is in an exciting position to expand its role in contributing to the UK's energy security and affordability whilst decarbonising our own scope 1 and scope 2 emissions. We are also well positioned to be part of the wider decarbonisation within the Milford Haven industrial cluster and as the UK's leading energy port. We work closely with the port, other industries and the local community to ensure we maximise the benefit we bring to the local economy and the broader UK pathway to net zero. We're looking forward to what we can achieve in the future with Shell and VTTI."

Lee Mellor, partner, Ancala, said: "Dragon has been another successful investment for Ancala and evidences our proactive approach to create value whilst delivering downside protection for our investors. Our investment thesis was based upon the growing importance of LNG to the UK's energy mix and in delivering further improvements to the site's operations and to Dragon's sustainability journey.

“We’re pleased to have helped the team deliver on this while providing a step-change in Dragon’s capabilities and developing exciting new opportunities for the business.

“We would like to thank the Dragon team and Shell for the excellent collaboration and partnership over the past five years and wish them, together with VTTI, every success on the exciting journey ahead.”

Ancala was advised by Travers Smith (legal) and Alvarez & Marsal (tax).