

18 April 2024

Contents

Gas Matters Today | news roundup | w/c 4 April 2022

Publication date: 11 April 2022

Gas Strategies Group

10 Saint Bride Street
London UK
EC4A 4AD

ISSN: 0964-8496

T: +44(0) 20 7332 9900
W: www.gasstrategies.com
Twitter @GasStrategies

Editorials

+44(0) 20 7332 9957
editor@gasstrategies.com

Subscriptions

+44(0) 20 7332 9976
subscriptions@gasstrategies.com



Gas Matters Today | news roundup | w/c 4 April 2022

Get the inside line. Take a free trial of Gas Strategies Information Services:

- Full access to Gas Matters, Gas Matters Today & LNG Business Review
- Access to our fully searchable archives containing
- Daily, weekly and monthly newsletters bringing the latest news and features to your inbox
- Gas Strategies iOS app

Free trial code **GS22**

Complimentary access

[1]

UK

The UK government has signalled that it could lift the country's moratorium on fracking [2] after commissioning the British Geological Survey (BGS) to advise on the latest scientific evidence around safe shale gas extraction. Business and Energy Secretary Kwasi Kwarteng announced the review and said it is "absolutely right that we explore all possible domestic energy sources" in light of Russia's invasion of Ukraine.

The UK government has promised to cut the red tape [3] in order to accelerate the deployment of renewables, nuclear power and the production of oil and gas as part of its energy security strategy. The plan – developed in response to soaring energy bills and in a bid to reduce the UK's reliance on Russian oil and gas – says 95% of Great Britain's electricity could be low carbon by 2030, although this appears to include natural gas in the mix.

Europe

The European Commission (EC) proposed a new round of sanctions on Russia [4], which included a ban on Russian coal imports. Russia supplies around 70% of Europe's thermal coal and a ban on imports could see gas and power prices in Europe soar further. The proposal to ban coal exports from Russia marks the first time Brussels targets Russian energy exports directly.

The EU has adopted its fifth sanctions package against Russia [5] which includes a ban on Russian coal imports from August this year. Running parallel, the European Commission (EC) said it had established with member states an EU Platform for common purchase of gas, LNG and hydrogen in a move to pool demand and secure favourable prices.

Hyundai Heavy Industries Holdings (HHI) has launched an appeal with the European Court of Justice (ECJ) [6] concerning the European Commission's decision to block the planned acquisition of fellow South Korean shipbuilder Daewoo Shipbuilding & Marine Engineering (DSME). The EC blocked the planned merger in January due to concerns over reduced competition and rising prices in the global market for building large LNG carriers.

The European Hydrogen Backbone (EHB), an initiative comprising most of Europe's gas TSOs, has scaled up its vision for a hydrogen network [7] in response to the European Commission's RePowerEU communication on reducing Russian gas imports. EHB now targets an on- and offshore hydrogen network of 28,000 km in 2030 and 53,000 km in 2040 across 28 European countries.

Lithuania – Authorities and gas operators in Lithuania and Latvia announced they are no longer importing natural gas [8] from Russia, becoming the first in the EU to do so amid the bloc's target to wean itself off Russian energy sources after the invasion of Ukraine. However, questions remain over how long Latvia will halt Russian gas supplies for given long-term supply contracts with Gazprom run until 2030.

Slovenia – Slovenia is exploring possible gas imports through the Krk LNG terminal [9] in neighbouring Croatia, Slovenia's infrastructure minister said last week, adding that first imports could start before next winter. Slovenia's gas demand is ~0.8 Bcm/year, according to Eurostat data, with Krk able to supply ~300 MMcm of gas.

Germany – The German government has instructed the federal regulator Bundesnetzagentur (BNetzA) to seize control of Gazprom Germania [10], which owns key transmission and storage assets in Europe as well as London-based Gazprom Marketing & Trading (GM&T). The arrangement will remain in force at least until 30 September 2022, but uncertainties hang over the long-term plans for these assets and companies.

Sweden – Norway and Sweden agreed to "intensify" collaboration [11] on carbon capture and storage (CCS) on the Norwegian Continental Shelf (NCS) with the aim of agreeing a framework for import and export of CO₂ "as soon as possible." Running parallel, the Norwegian government has awarded two exploration licenses for CO₂ storage, in the North Sea and Barents Sea respectively, with Equinor awarded operatorship for both licenses.

Hungary – Hungary's prime minister Viktor Orban has indicated that the country it is willing to bow [12] to Russian President Vladimir Putin's demand that Russian gas be paid for in rubles, with Orban's announcement dealing a blow to the European Commission's hopes of a united front against the payment request.

Estonia – Finland and Estonia have announced that they will lease a floating storage and regasification unit (FSRU)

[13] for shared use and aim to install the facility by the start of next winter in a bid to end imports of Russia gas. Estonia's government suggests the proposed terminal is an opportunity for the wider Baltic region, which raises questions over the need for a proposed terminal in Latvia.

North America

The US – Sempra has firmed up plans for the proposed expansion of the Cameron LNG plant [14] after penning a heads of agreement (HoA) with the plant's stakeholders, with the deal setting a commercial framework for offtake from the proposed fourth liquefaction train, and for additional volumes from debottlenecking the existing trains.

NextDecade announced its first supply and purchase agreement (SPA) since April 2019 [15] after confirming China's ENN has agreed to take 1.5 mtpa from the proposed Rio Grande LNG plant in Texas. The deal means Chinese buyers have signed contracts for over 15 mtpa of US LNG since October last year – when ENN penned the first term deal for US volumes since Washington and Beijing kicked off a trade war in 2018.

Mexico – Mexico's supreme court handed president Andrés Manuel López Obrador (AMLO) [16] a win concerning the proposed changes to the Electric Industry Law (LIE) that appears to benefit state-owned electricity company Comisión Federal de Electricidad (CFE). The ruling represents a set-back for Mexico-US relations in energy and possibly also Mexico's energy transition, but the reformed LIE will be legally challenged by private actors in the energy sector.

Central & South America

Panama – The Panama Canal Authority (ACP) has proposed sweeping changes to the toll structure [17] for LNG vessels transiting the waterway, with transit costs set to increase starting next year under the proposal.

Argentina - Argentina has secured much-needed gas volumes [18] ahead of the southern hemisphere winter, with Bolivia agreeing to supply up to 18 MMcm/d. The supplies from Bolivia will help stave off fuel shortages and reduce Argentina's LNG import needs at a time when prices are soaring.

Asia Pacific

China – Reports suggest Chinese LNG importers are looking to take advantage [19] of cheaper Russian spot cargoes that are unwanted elsewhere. Russia imported around 0.4 million tonnes of Russian LNG in March this year, which is double the levels in March 2020 and 1.5 times higher than in March 2021, according to data from one industry source.



Consulting

+44 (0) 20 7332 9900
consult@gasstrategies.com



Alphatania Training

+44 (0) 20 7332 9910
training@gasstrategies.com



Information Services

+44 (0) 20 7332 9976
subscriptions@gasstrategies.com