

28 November 2022

Contents

Gas Matters Today | news roundup | w/c 13 June 2022

Publication date: 20 June 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 13 June 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]

Middle East

Qatar – TotalEnergies has become the first oil major to be awarded a stake in QatarEnergy's North Field East (NFE) expansion project [2], with the deal effectively giving the French energy major a 6.25% stake in the 32 mtpa project.

Europe

A number of MEPs in the European Parliament are pressing for hydrogen and ammonia to be included in the proposed carbon border tax or Carbon Border Adjustment Mechanism (CBAM [3]). A levy on blue hydrogen imports from overseas could give European hydrogen producers a competitive advantage.

The EU target of reaching 20 million tonnes of green hydrogen supply in Europe by 2030 will be very challenging to achieve as it requires massive investments in electrolyser capacity [4], speakers told the Eurogas conference in Brussels last week. Europe will need large volumes of hydrogen in order to decarbonise hard-to-abate sectors and hit long-term climate targets.

Gazprom cut gas supplies to Italy by approximately 15% [5], Eni said last Wednesday, with the Italian firm stating that the Russian company has not provided a reason for the curbed flows. Separately, Gazprom said it would reduce available capacity on Nord Stream 1 further on Thursday 16 June, with the

announcement sending European gas prices soaring.

The CEO of Ukrainian gas company Naftogaz has called on the European Union to implement sanctions on Russia's exports of oil and gas [6] with a transfer cap mechanism that would starve Putin's war machine of funds, giving Russia a strong incentive to end the war and pay compensation.

Available capacity on the Nord Stream 1 (NS1) will be cut further on Thursday 16 June, Gazprom confirmed on Wednesday, with capacity having been slashed on Tuesday due to disruptions to delivery of gas turbine parts to key compression stations [7], the Russian firm said. However, Germany's economy minister Robert Habeck has challenged Gazprom's reason for curbing flows and suggested the move is politically motivated.

Gas flows through the Nord Stream 1 (NS1) pipeline to Germany were slashed by 60% last week [8], in line with Gazprom's earlier announcements citing technical issues. Market observers suggest NS1 flows may fall further before planned maintenance on the pipeline next month, however some suggest flows may not restart after maintenance has been completed. Following Gazprom throttling flows on Thursday, the German government called on its citizens to conserve energy.

Africa

Tanzania – The proposed 10 mtpa Tanzania LNG project appears to have taken a step forward after Shell and Equinor signed a framework agreement with the government of the East African nation [9]. The first cargoes from the USD 30 billion project may be exported around 2030 if a final investment decision (FID) is taken in 2025 as planned.

North America

Canada – BP has agreed to sell its 50% interest in the 50,000–60,000 barrels/day Sunrise oil sands project [10] in Alberta, Canada, to Calgary-based Cenovus Energy and, at the same time, buy Cenovus's interest in the offshore Bay du Nord project in Eastern Canada. The transaction marks a full withdrawal by BP from oil sands production in Canada as the company says it will shift its focus to offshore oil and gas projects in the country.

Ukraine's Naftogaz has penned a memorandum of understanding (MoU) with Canadian energy developer Symbio Infrastructure's subsidiary GNL Quebec to purchase LNG and green liquid hydrogen from the stalled Énergie Saguenay project in Quebec [11]. With Europe currently scrambling for alternatives to Russian gas, the developers seem to be counting on the revival of interest in its project to bring it back to life.

US – The Freeport LNG plant in Texas is not expected to return to full operations until late 2022 [12], Freeport confirmed last Tuesday. The outage is much longer than the three-week estimate Freeport first suggested following a fire at the plant on 8 June, with the outage set to deprive an already tight LNG market of much needed volumes.

US oil companies have responded to a letter sent by President Joe Biden [13] concerning the sharp rise in fuel prices by saying they are making efforts to increase production and supply. Running parallel, reports suggest the Biden administration is also considering restrictions on fuel exports overseas after Washington previously refused to rule out an oil export ban.

South Asia

India – TotalEnergies has entered into an agreement with Adani Enterprises Limited (AEL) to buy a 25% interest in Adani New Industries Limited (ANIL) for an undisclosed sum [14]. ANIL will target 1 mtpa of green hydrogen production by 2030, both for the domestic market and exports, underpinned by around 30 GW of new renewable power generation capacity.

Pakistan – Pakistan LNG Limited (PLL) has launched a tender seeking four spot cargoes [15] for July delivery. The tender came amid an ongoing power crisis in Pakistan, however a source at the company indicated to Gas Matters Today that any decision to purchase will be difficult given soaring LNG prices.

UK

The North Sea Transition Authority (NSTA) announced the launch of the UK's first-ever carbon storage licensing round [16] with 13 potential areas on offer. The move is in line with the UK's push to become "global leader" in the space, with the country banking on the technology in order to hit its climate goals.

Centrica and Equinor have signed an agreement [17] for the Norwegian company to deliver an additional 1 Bcm of gas to the UK for each of the next three winters. The announcement comes shortly after Centrica applied for a licence to reopen the Rough storage facility offshore Yorkshire, and as market sources suggest Centrica has increased withdrawals of cushion gas from the facility in order to cash in on higher gas prices.

Australasia

Australia – The Asian Renewable Energy Hub (AREH) hydrogen project in Western Australia has received a boost after BP announced it will take a 40.5% stake [18] and operatorship in the project from InterContinental Energy. The goal is to produce 1.6 mtpa tonnes of green hydrogen and 9 mtpa of green ammonia for domestic use and exports, however the project is pending environmental approvals from the government that have previously been rejected.

New South Wales residents have been urged by Australia's energy minister to cut power consumption [19] as the country faces an energy crisis. Wednesday saw the country's electricity market regulator take the unprecedented step of suspending the power spot market in a bid to keep the lights on.

Asia Pacific

Malaysia – Malaysia's Petronas has launched a new entity, under the name Gentari [20], in a move to accelerate green energy projects including renewable electricity and hydrogen, Petronas said last week. The new company aims to develop 30-40 GW of renewable power, with particular focus on solar power, and aims to supply up to 1.2 mtpa of hydrogen.

Philippines – Filipino power producer First Gen has pushed back the start date of its LNG terminal project [21], with the firm having requested the government to extend the validity of the permit to construct the project. Additionally, BW Gas has agreed to defer the delivery of a floating storage regasification unit (FSRU) for the project. The delay could cost First Gen first-mover advantage in the race for first LNG imports into the Philippines.

Russia & CIS Region

Russia – Saudi Aramco has reignited its interest in the Novatek-led Arctic LNG project, with the firm eyeing TotalEnergies' stake in the project [22], according to sources speaking to Upstream. Sources speaking to Gas Matters Today suggest Aramco could be trying to seize the opportunity to gain a foothold in the stalled LNG project, however TotalEnergies' CEO has suggested that European sanctions and Russian law would prevent the firm from finding a non-Russian buyer for its interests in Russian projects.



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