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Contents

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Middle East

Saudi Arabia – Oil demand will continue to grow for the rest of the decade despite growing global market volatility and economic uncertainty, Saudi Aramco CEO Amin Nasser suggested when presenting the firm's Q2'22 results last Monday [2]. While Aramco – which posted a record quarterly profit – has painted a rosy picture for oil demand and has subsequently called for industry to step up upstream spending, the firm said it is keeping capital spending at the lower end of its USD 40-50 billion guidance for the year.

Israel – Israeli oil and gas firm NewMed Energy – formerly Delek Drilling – has advanced its goal of becoming a renewables player after penning a memorandum of understanding (MoU) with compatriot Enlight Energy [3]. Under the terms of the agreement, the parties have agreed to establish a joint venture to develop renewable energy projects across the Middle East and North Africa.

Europe

Gazprom will suspend Nord Stream 1 flows completely for three days [4] at some point between late August and mid-September, citing the need to conduct maintenance on a compressor unit at the Portovaya compressor station.

Hungary – Hungary has started importing 2.6 MMcm/day of extra Russian gas [5] via the TurkStream

pipeline in a move to boost storage levels ahead of the winter months, its government has confirmed. This forms part of a plan to import 700 MMcm of additional Russian gas on top of the volumes already contracted with Gazprom.

Germany – Germany’s gas storage facilities are over 75% full, with the country achieving the target two weeks ahead of schedule despite Russia curbing Nord Stream 1 flows [6] in recent weeks. In a bid to maintain strong injection rates and subsequently attempt to ensure stable supplies this winter, Germany’s minister of economic affairs and climate protection (BMWK) last Monday announced a temporary gas price levy.

The German Ministry of Economy and Climate Action has signed a memorandum of understanding (MoU) with Uniper, RWE and EnBW subsidiary VNG [7] concerning LNG supply to the two floating storage regasification units (FSRUs) planned in Brunsbüttel and Wilhelmshaven, the ministry said. The goal is to use the FSRUs to their full capacity as soon as they go into operation in winter 2022/23, according to the statement.

Norway – Norway may be forced to ration electricity next spring [8] owing to low hydro levels and production. The oil and gas industry, although not expected to be the hardest hit by the measures, is not immune to the impact of rationing and political intervention.

France – Building a third gas pipeline between France and Spain, the project formerly known as MidCat, would take years to complete and would not address the current energy crisis, the French ministry of energy transition has reportedly said [9]. Floating LNG terminals, as currently being implemented in Germany, is a faster and better alternative to strengthen security of supply, according to the ministry.

North America

Canada – TC Energy has reiterated that its work on the Coastal GasLink pipeline – which will feed the Shell-led LNG Canada plant – is “lawful, authorized” and “fully permitted” [10] after hereditary chiefs from the Wet’suwet’en First Nations clan rallied in Vancouver last Monday and said they have not given their consent for the construction of the 670 km pipeline.

US – US President Joe Biden last Tuesday signed the Inflation Reduction Act (IRA), designed to speed up the energy transition [11] and put the country on the trajectory for significant emission cuts by 2030. The bill will, among other things, offer more generous tax credits to carbon capture technologies, a move that is expected to boost investment in the sector.

Australasia

Australia – Australia Pacific LNG (APLNG) has increased supply to the gas-starved east coast, [12] the LNG player announced last week. The announcement comes days after the energy ministers of New South Wales (NSW) and Victoria called on Australia’s LNG exporters to boost supply to the domestic market in a bid to avoid forecasted supply shortfalls, however APLNG’s additional volumes are unlikely to significantly dent the projected shortfall.

Santos has surprised the market by announcing a final investment decision (FID) on the Pikka oil field in Alaska [13], with the greenlight for the project coming after Santos' failed attempt to sell its stake in the project. The greenlight for Pikka was not the only surprise announcement as Santos confirmed during its Q2'22 results on Wednesday that it is deferring FID on one of its core assets – the Dorado oil and gas project in its home market.

Workers on the Shell-led Prelude FLNG vessel offshore Australia have voted to extend industrial action, union Offshore Alliance announced last week, [14] adding that Prelude union members will extend strike action until “bargaining claims are resolved”. Industrial action has cost Shell over USD 1 billion in earnings, according to Offshore Alliance, with the union demanding better pay for workers and that Shell cease the employment of temporary contractors at the world's largest floating LNG plant.

Russia & CIS Region

Russia – The Kremlin will allocate RUB 1 billion (USD 16.3 million) to fund research and development (R&D) of domestic LNG production technologies [15], Russia's Prime Minister Mikhail Mishustin said at a government meeting last Wednesday. Mishustin suggests the funding will help ensure Russia's liquefaction production capacity continues to grow in line with its target of taking a 20% share of the global LNG market, however experts have questioned whether the level funding will aid the goal.

Russia forecasts that its average export gas price will more than double this year to USD 730/Mcm [16] and then gradually fall until the end of 2025, an economy ministry forecast seen by Reuters showed. Separately, fresh data from Gazprom showed that gas production fell by about 13% or 42 Bcm in the first seven and a half months of 2022 compared with the same period last year.

Kazakhstan – The President of Kazakhstan, Kassym-Jomart Tokayev, announced last Thursday that he welcomed the decision of the partners in the Tengiz oil field to direct an additional 2.6 Bcm of gas to the domestic market [17]. His remarks were made after a meeting with Chevron's CEO Michael Wirth where the parties discussed further investments by the US supermajor in Kazakhstan's petrochemicals and oil sector.

South Asia

India – India's Oil and Natural Gas Corporation (ONGC) has signed a heads of agreement (HoA) with ExxonMobil for deepwater exploration [18] off the east and west coasts of the South Asian nation. Efforts to increase domestic oil and gas production in India come amid a backdrop of high LNG and crude prices on global markets, with India's LNG imports declining year-on-year as a result.

Africa

Nigeria – The Nigerian National Petroleum Corp (NNPC) is hoping to unlock the country's deepwater oil and gas riches [19] after settling long-running disputes with the oil majors and penning revised production sharing contracts (PSC) covering five deepwater blocks. Notably, four of the five PSCs were concluded under terms pre-dating the country's Petroleum Industry Act (PIA), passed in 2021.

Mozambique – Mozambique looks set to join the LNG exporters club imminently, with an LNG carrier set to arrive at the Eni-led Coral South floating LNG plant [20] this week, according to ship tracking data.

UK

Great Britain's electricity system operator National Grid ESO has agreed to pay Drax, EDF and possibly Uniper up to GBP 420 million (USD 496.6 million) [21] for extending the lifetimes at their coal-fired units in winter 2022/23. The move comes amid concerns over possible gas supply shortages in mainland Europe which could have an impact on the UK's large fleet of gas-fired power stations.



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