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International

The Group of Seven (G7) countries plus the EU and Australia – collectively, the Price Cap Coalition – have set a USD 60/barrel price cap on Russian crude traded by firms shipping oil to third countries [2]. The cap – effective as of Monday – is designed to stave the Kremlin off from vital revenues used to fund its invasion of Ukraine, however Russia has warned it will not adhere to the cap and that the move will destabilise the global energy market.

The global energy crisis precipitated by Moscow's invasion of Ukraine has “turbocharged” investment in renewable electricity capacity so much that renewables will be the biggest generator of power by 2025 [3] – pushing coal into second place, according to a report released last Tuesday by the International Energy Agency (IEA). The agency also estimates that global renewable capacity dedicated to producing hydrogen could increase 100-fold in the next five years, offering opportunities to decarbonise industry and transport.

Europe will need to import “huge volumes” of LNG in 2023 [4] because of a massive reduction in flows from Russia and should expect to pay “elevated prices” to attract cargoes away from other demand centres, said commodities trader Trafigura last Thursday during the presentation of the company’s financial results. The company more than doubled profits in 2022 compared with the previous financial year owing to a strong performance from its oil and petroleum division which includes gas, it said.

Europe

The European Commission’s president Ursula von der Leyen has signaled that Brussels wants to relax EU state aid rules and increase funding for green energy [5] in a move to address potentially adverse impacts of US tax breaks and subsidies under the Inflation Reduction Act (IRA). In her speech, von der Leyen highlighted concerns that industries may relocate investments from Europe to the US owing to a more attractive investment environment there.

Spain, France and Portugal have outlined more details about the planned Barcelona-Marseille pipeline for the transport of green hydrogen [6] from the Iberian Peninsula to France. The pipeline, which will cost an estimated EUR 2.5 billion (USD 2.6 billion), will be able to transport 2 mt/year of hydrogen by 2030, however a previous plan to temporarily transport natural gas via the route appears to have been scrapped.

Germany – The cost pressures and supply uncertainties surrounding Germany’s efforts to replace natural gas imports from Russia have eased a couple of notches in recent weeks following separate announcements by commodities trader Trafigura and the German natural gas importer VNG [7]. The federal government has agreed to compensate VNG with several hundred million euros owing to Russian supply cuts while Trafigura has said it will supply Europe’s grid with substantial gas volumes following the conclusion of a USD 3 billion loan.

RWE last week became the second German firm to file arbitration proceedings against Gazprom [8] over gas supply curtailments. More European firms are expected to take legal action in the coming months following Gazprom’s move to cut pipeline exports to Europe by over 80% this year.

German utility EnBW has booked 3 Bcm/y of LNG import capacity at the planned onshore terminal in Stade [9] in northern Germany for a duration of 25 years with the option of substituting LNG for ammonia at a later stage. This marks EnBW’s first capacity booking at an LNG terminal and appears to take the Stade project one step closer to a final investment decision (FID) which is expected in 2023.

Ukraine – Representatives from the North American oil and gas industry have met at the White House last Thursday to discuss a support package for Ukrainian energy infrastructure [10]. This comes as an estimated 30-50% of Ukraine’s energy infrastructure has reportedly been damaged since October due to shelling by the Russian army.

North America

US – French utility Engie has entered into a 15-year sales and purchase agreement (SPA) with Sempra [11] for just under 0.9 mtpa of LNG from Phase 1 of the planned Port Arthur LNG project in Texas. The deal complements a recent offtake agreement between Sempra and chemicals giant INEOS from Port Arthur and appears to take the project one step closer to a Final Investment Decision (FID) which is expected in the first quarter of 2023.

ExxonMobil has unveiled its corporate plan for the next five years which includes a 15% increase in low-emissions investments to USD 17 billion through 2027 [12]. The plan is expected to double Exxon's earnings and cash flow potential by 2027 versus 2019 and support the company's strategy to reduce greenhouse gas (GHG) emissions intensity by investing in technologies such as carbon capture and storage (CCS).

Caribbean

Trinidad and Tobago – The partners in Trinidad and Tobago's Atlantic LNG last Tuesday said they had agreed to restructure the facility's ownership after four years of negotiations [13], resulting in Trinidad's National Gas Company (NGC) expanding its ownership in all four trains while Chinese Investment Co (CIC) will no longer have an active participation in the first train which has been idle since 2020. The deal consolidates the Atlantic LNG's joint ventures into one entity and will allow the government to get more revenue from LNG exports, according to plans.

North Africa

Morocco – The Israeli company NewMed Energy last Tuesday signed an agreement for oil and gas exploration and production activities in the Atlantic Ocean offshore Morocco [14], along with Moroccan company Adarco and the National Office of Hydrocarbons and Mines of Morocco (ONHYM). At the same time, ONHYM announced it had signed another flurry of Memorandums of Understanding (MoUs) for a long-proposed but yet to materialise gas pipeline from Nigeria.

UK

SSE Thermal and Equinor have announced that planning consent has been granted for their proposed Keadby 3 power station [15] with Carbon Capture and Storage (CCS) in North Lincolnshire. This is the first CCS power plant in the UK to receive planning permission, according to SSE, and follows an "extensive period of consultation" with the Secretary of State for Business, Energy and Industrial Strategy (BEIS) Grant Shapps.

Russia & CIS Region

Russia – TotalEnergies last Friday announced that it has walked away from its near 20% stake in Russia's largest independent natural gas and LNG producer Novatek [16]. The French major will report an impairment charge of USD 3.7 billion, is withdrawing its directors from the Novatek board and will cease booking proved reserves applicable to its stake in the company.

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