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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



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[1]

International

Energy outlook reports published by the Gas Exporting Countries Forum (GECF) and energy major BP chart a divergent and uncertain future for the trajectory of natural gas demand [2] out to 2050. However, both reports stress how the impacts of Russia's invasion in Ukraine highlight the need for policymakers to address the security and affordability of energy alongside efforts to mitigate climate change through decarbonisation. Bullish on the long-term prospects of gas, the GECF predicts that as world population grows to almost 10 billion by 2050, global GDP will "more than double", pushing primary energy demand up by 22% from today's levels, with natural gas and renewables leading the energy mix.

Elsewhere, US major ExxonMobil on Tuesday reported fourth quarter 2022 (Q4'22) earnings [3] of USD 12.8 billion, bringing the full-year revenue to a record USD 55.7 billion. The result was driven by favourable market conditions and record high fuel prices, however Exxon reiterated its concerns over European windfall taxes which CEO Darren Woods described as "illegal". With earnings up 142% year-on-year to USD 55.7 billion, and cash flow from operating activities up by 60% year-on-year to USD 76.8 billion, Exxon has achieved its best-ever refining throughput in North America and the highest globally since 2012.

Anglo-Dutch energy company Shell last Thursday reported adjusted earnings of USD 39.87 billion for the full year of 2022 [4], with profits boosted by LNG trading, the company said. Running parallel, US major

ConocoPhillips reported full year earnings of USD 18.7 billion on the back of higher energy prices and production.

South Asia

India – India's GAIL is getting closer to securing at least one additional long-term LNG import contract [5] as the company looks for additional supplies following the disruptions to the contract with Gazprom last year, company officials said last week. This comes as the company's quarterly financial results were hit by volatile LNG prices on world markets. GAIL is actively looking to sign additional long-term LNG supply deals as supplies from Germany's Securing Energy for Europe (SEFE), formerly Gazprom Germania, have been disrupted since May last year.

Also in India, the country has said it will set aside IND 35,000 crore (USD 4.3 billion) for "priority capital investments" [6] to support the energy transition and energy security, finance minister Nirmala Sitharaman said in a 2023/24 budget speech last Wednesday. Although few details about the proposals are known, the announcement signals that India – which targets net zero emissions by 2070 – is beginning to shore up more support for renewables including hydrogen and energy storage.

Middle East

Oman – Oman LNG last Monday extended its recent run of LNG offtake contract agreements [7] by signing a 1 mtpa binding term sheet with Turkey's Botas. The ten-year deal starts in 2025 and takes the cumulative total of offtake contracts signed by Oman LNG in recent weeks to 5.8 mtpa. Oman LNG currently has long-term contracts in effect totalling 8.4 mtpa, two-thirds of which are with Asian buyers and the rest with portfolio players. However, these contracts are nearing their expiry dates, with all due to reach the end of their terms between 2024 and 2026.

North America

US – US president Joe Biden last Wednesday criticised Texas-headquartered ExxonMobil for the USD 56 billion profit it reported [8] in its full year 2022 results on Tuesday, a historical record not only for Exxon but for any oil and gas company. The US government has directed much criticism towards oil and gas companies over the past year, saying companies have used their profits to repurchase shares and distribute dividends to shareholders, instead of increasing production capacity to lower energy prices. Biden said on Twitter: "The only thing stopping Big Oil from increasing production is their decision to pay shareholders billions instead of reinvesting profits."

Mediterranean

Lebanon – TotalEnergies last Sunday confirmed that QatarEnergy (QE) has joined a consortium which plans to start drilling for gas at two blocks offshore Lebanon [9] later this year, thus replacing Novatek which previously owned a stake in the project. The development could boost energy security in Lebanon, which grapples with power and fuel shortages, while gas exports remain a possibility in the long term. TotalEnergies – which is the operator – and Eni will each retain a 35% interest in Block 4 and Block 9 with QE holding the remaining 30%.

Europe

The European Commission last Wednesday revealed further details concerning the Green Deal Industrial Plan for Europe

[10] in a move to boost funding and regulatory support for clean technologies. Embedded in the plan is a proposal to temporarily relax state aid rules in order to enable member states to offer tax breaks and more direct subsidies for clean technologies including hydrogen and carbon capture utilisation and storage (CCUS). A communication released by the EC last Wednesday sets out a number of ideas on how Europe can stay competitive in relation to green technologies amid strong competition from the US and China.

While Europe's energy crisis seems to have been averted this winter, owing to mild weather and plentiful stocks, challenges are likely to continue next winter [11] as competition for LNG intensifies amid China's anticipated economic recovery. Energy savings and additional LNG import capacity will be key to withstand a tight supply and demand balance in gas markets, according to analysts.

The EU's commissioner for energy, Kadri Simson, last Friday said she has "no doubt" that the capacity of the Trans Adriatic Pipeline (TAP) could be doubled to 20 Bcm/y by 2027 [12] but that this is subject to the level of demand in Europe, strengthening of EU infrastructure and sufficient gas production in the Caspian Sea. Speaking at a press conference in Baku, Simson also highlighted the possibility of bringing gas from Turkmenistan to Europe via TAP and the proposed Trans-Caspian pipeline.

Norway – The Barents Blue clean ammonia project under development in northern Norway announced a change of partnership structure last week, [13] with Spanish fertiliser company Fertiberia assuming a 50% interest alongside the Norwegian company promoting the project, Horisont Energi. Former participants Equinor and Vår Energi have decided not to renew their co-operation agreements, which expired last Tuesday, and the timeline for the project has now been extended.

Asia Pacific

Japan – Japanese power company JERA last Monday said it now expects a net profit of JPY 100 billion (USD 769 million) for the financial year to 31 March [14], compared with a previous expectation of a JPY 200 billion net loss, due to lower-than-expected LNG procurement prices. However, the outlook for prices on the global LNG market is uncertain, with Dutch bank ING saying in a new report that much will depend on the strength of demand from China.

Africa

Mozambique – The CEO of TotalEnergies, Patrick Pouyanné, last Friday announced an independent mission to assess the humanitarian situation in the Mozambican province of Cabo Delgado [15] with a view to re-starting construction work on the stalled Mozambique LNG project. A report is due at the end of this month, when the partners in the project "shall decide whether the conditions are met for resuming project activities".

North America

Canada – The latest cost estimate for the troubled Coastal GasLink pipeline – which will transport natural gas to the LNG Canada project under construction on the west coast of British Columbia – has risen to CAD 14.5 billion (USD 10.9 billion), more than double the initial estimate of CAD 6.6 billion [16]. The project continues to face material cost pressures that include shortages of skilled labour and underperformance by contractors, according to TC Energy Corporation which is behind the project.



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