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[1]

## **International**

Korean Southern Power Company (Kospo) last Tuesday signed a long-term sales and purchase agreement for 0.4 mtpa of LNG from Cheniere Energy [2], the largest exporter in the US. Most of the LNG will come from the proposed 20 mtpa expansion of the Sabine Pass Liquefaction (SPL) project on the US Gulf Coast, according to plans. Under the terms of the agreement – signed with Cheniere subsidiary Cheniere Marketing International – LNG will be supplied on a delivered ex-ship (DES) basis from 2027 until 2046, with a smaller unspecified annual quantity starting from next year.

## **Asia Pacific**

**Philippines** – The President of Philippines Ferdinand Marcos Jr last Monday signed an agreement to extend the production contract of the Malampaya gas field offshore Palawan for a ‘final’ 15 years [3], the country’s Department of Energy (DoE) said in a statement. The partners in the field, which is expected to be depleted by 2027, will be required to conduct studies and drill at least two deepwater wells in hope of incremental gas production. The renewal agreement for the Malampaya Service Contract 38 (SC38), which is currently meeting up to 20% of the country’s energy requirements, will replace the previous 25-year contract, which is to expire on 22 February 2024.

**Vietnam** – The Vietnamese government has approved the national Power Development Plan 8 (PDP8) which sets out ambitious green targets [4] for the electricity sector to 2030 and beyond. The plan targets

to increase the share of renewables in power generation to 30.9-39.2% by the end of the decade but also highlights a significant role for LNG in the power mix. Under the latest power plan, offshore wind power capacity is expected to reach at least 6 GW by the end of this decade and 70-91.5 GW by 2050.

Elsewhere, Vietnam's energy transition will take time despite the government's efforts to increase the share of renewables and gas [5] including LNG in the power mix. The country's recently adopted Power Development Plan 8 (PDP8) suggests there will be over 30 GW of installed coal plant capacity by 2030, compared with over 37 GW of gas-fired capacity and over 40 GW of wind and solar capacity. The Vietnamese government last week approved the national PDP8 which sets out green targets for the electricity sector to 2030 and beyond.

## **Middle East**

**Qatar** – QatarEnergy has awarded the engineering, procurement, and construction (EPC) contract for the onshore facilities of the North Field South expansion project [6] to a Technip-led consortium with Greek engineering company Consolidated Contractors Company (CCC). The USD 10 billion price tag for two LNG “mega trains” with a combined capacity of 16 mtpa and associated facilities underscores the competitiveness of Qatar LNG at a time when US projects are facing mounting costs.

## **Russia & CIS Region**

Russian finance minister Anton Siluanov said in a meeting with President Vladimir Putin last Wednesday that the country's non-energy revenues are growing as planned, but that oil and gas revenues lag behind the annual budget plan [7]. At the same meeting, government officials also said that Rosatom and Novatek will start year-round shipments on the Northern Sea Route (NSR) from 2024 onwards in a move to boost the economy. According to the Russian ministry of finance, preliminary oil and gas revenues in January-April 2023 have contracted by 52% year-on-year, to RUB 2.3 trillion (USD 28.4 billion).

## **North America**

**US** – The US Forest Service last Monday granted Equitrans Midstream clearance for construction of the proposed 300-mile Mountain Valley Pipeline [8](MVP) through the Jefferson National Forest after years of litigation. The latest approval means the project looks more likely to be completed on time, by late 2023, although other key permits have not yet been granted. The Forest Service's new Record of Decision (ROD) approved construction across a 3.5-mile corridor of the Jefferson National Forest in Monroe County, West Virginia and Giles and Montgomery Counties, Virginia.

A US appeals court last Tuesday rejected a lawsuit filed by environmental groups that challenged federal approvals needed to construct the proposed 20 mtpa Alaska LNG plant. [9] The court said the Federal Energy Regulatory Commission's (FERC's) review of plans for the project satisfied the National Environmental Policy Act (NEPA) requirements and that the approvals complied with other laws. A three-judge panel on the US Court of Appeals for the DC Circuit said in a decision: “FERC's decision to authorize the Alaska Liquid Natural Gas Project was lawful and reasonable. We dismiss the petition in part and deny it in part.”

Electricity customers in two-thirds of North America could face power shortages this summer during periods of extreme heat [10], according to a 2023 Summer Reliability Assessment published last Wednesday by the North American Electric Reliability Corporation (NERC). The warning comes as the share of renewables in the US power mix is growing while a number of coal power plants are being

retired. The regulatory authority's report also cautions that "weather officials are expecting above-normal temperatures for much of the US" and that drought conditions persist across the western half of North America.

ONEOK, one of the largest natural gas midstream service providers in the US, two weeks ago announced it would acquire Magellan Midstream Services [11] in a transaction that will create a USD 60 billion energy infrastructure company. The rationale behind the deal is that it will create an entity better able to withstand natural gas and oil commodity cycles and a platform to build "sustainable fuel and hydrogen corridors" as the energy transition gains pace.

**Canada** – Wildfires across western Canada – the centre of the country's energy production – have forced shale producers to pull back on production [12] of both oil and natural gas as blazes approach key infrastructure. Analysts suggest that some of Canada's most productive shale plays are currently under high threat of wildfire spread. Since 16 May, when the wildfires started, the fires have scorched 478,000 hectares in Alberta, British Columbia, and Saskatchewan, which is 10-times the average burned for this time of year, revealed the NASA Earth Observatory.

## Europe

The European Commission (EC) has revised upwards its GDP forecast for 2023 and 2024 [13] with lower gas and energy prices contributing strongly to the improved outlook, the EC said in its spring economic forecast. Lower energy prices could also help curb headline inflation, the report said, however the EC emphasised the price outlook for wholesale energy markets remains "highly uncertain". The EU's GDP growth has been revised upwards to 1% in 2023, up from 0.8% previously, and from 1.6% to 1.7% in 2024 with lower energy prices being a major contributor to the improved outlook, the EC said in its spring forecast.

A total of 25 gas suppliers have submitted bids equaling 13.4 Bcm [14] under the EU's first joint purchasing auction, the European Commission (EC) announced last Tuesday. This means contractual negotiations between buyers and sellers can now begin but this will take place without involvement of the EC. Speaking to journalists in Brussels, Maroš Šefčovič, the EC's vice-president for interinstitutional relations, said the bids in the auction covered 18 out of the 21 virtual trading points for pipeline gas in the EU and both virtual LNG points, north and south.

## UK

The North Sea Transition Authority (NSTA) has awarded 20 carbon storage licenses at offshore sites in the North Sea [15], including some near Aberdeen, Teesside, Liverpool and Lincolnshire, it said last Thursday. Out of 19 companies bidding for licenses, 12 companies had placed successful bids, the NSTA said. The license award follows the government's pledge to support carbon capture, usage and storage (CCUS) projects with GBP 20 billion (USD 24.81 billion), announced in the Spring Budget in March.

## Africa

**Tanzania** – The long-stalled Tanzania LNG project could be up and running by the end of this decade [16] following a breakthrough announced last Friday by Equinor and Shell, two of the companies involved in negotiating the project with the Tanzanian government. However, news has also emerged this week that the estimated capital cost of the project has risen by more than a third – from USD 30 billion to USD 42 billion – according to a government official. "Negotiations on key agreements between the international

energy companies (IECs) and the Tanzanian government are concluded,” said Unni M.S. Fjær, managing director for Equinor Tanzania.



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