24 February 2024

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ISSN: 0964-8496

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Gas Matters Today | news roundup | w/c 19 June 2023

[1]

International

QatarEnergy last Tuesday announced it has agreed to supply state-owned China National Petroleum Corporation (CNPC) with 4 mtpa of LNG [2] for a period of 27 years from its large scale North Field East (NFE) expansion project. In addition to the sales and purchase agreement (SPA), CNPC will also take a 5% equity stake in one of the 8 mtpa trains included in the NFE expansion plans. The agreement was signed seven months after a deal on the same terms was agreed with the project's first Chinese offtaker, Sinopec, in November 2022.

Cheniere and Equinor have entered into a long-term sales and purchase agreement [3](SPA) whereby the Norwegian firm will buy 1.75 mtpa of LNG from Cheniere over a 15-year period. Delivery of half of the volume under the SPA will begin in 2027, while delivery of the remaining half is subject to a Final Investment Decision (FID) for the first train of the Sabine Pass Liquefaction (SPL) expansion project. The agreement announced last Wednesday brings the total volumes that Equinor has contracted with Cheniere up to around 3.5 mtpa,

Eni has agreed to buy Neptune Energy [4] – an independent exploration and production company with assets in Western Europe, North Africa, Indonesia and Australia – in a series of transactions worth USD 4.9 billion. Reportedly the largest cash deal in Europe's oil and gas sector in a decade will help the Italian energy major meet strategic energy transition and financial objectives, it said. Neptune's main attractions for Eni are its heavy weighting towards natural gas, its low carbon-intensity output and its "exceptional" geographic complementarity with Eni's existing assets.

Germany's nationalised energy company Securing Gas for Europe (SEFE), formerly Gazprom Germania, has signed a sales and purchase agreement (SPA) with Venture Global [5] (VG) to offtake 2.25 mtpa (3 Bcm) of LNG from the planned Calcasieu Pass 2 (CP2) facility. The deal – which marks SEFE's first long-term SPA – is set to boost Germany's energy security and puts VG on track to take a final investment decision (FID) on the project later this year.

Australasia

Australia – Transgrid, the power grid operator for New South Wales (NSW) in Australia, has unveiled an ambitious investment strategy to prepare the state for a transition from coal [6] to a future in which the grid can operate with periods of 100% electricity supply from renewables. The "energy roadmap" calls for investment of AUD 16.5 billion (USD 11.2 billion) over the coming decade in new transmission lines, system-strength technologies and advanced control systems. The strategy is likely to be watched closely by electricity network operators around the world because moving from centralised, synchronous power plants to a distributed system with variable renewables and two-way energy flows presents formidable challenges.

South Asia

Pakistan – With energy prices still above historical averages, and energy suppliers wary of credit risk, South Asian nations – Bangladesh, India and Pakistan – are suffering more than most [7]. This is especially the case in Pakistan, where fraught politics, an ailing economy and crisis in the energy sector are being compounded by an inability to source much-needed LNG. Last week, Pakistan LNG Limited (PLL) had to confront the harsh reality that one of two tenders issued last week – for six cargoes to be delivered from October to December – failed to attract a single bid.

North America

US – US oil and gas producer Civitas Resources is to invest USD 4.7 billion in acquiring oil and gas production assets in the prolific Permian Basin [8] from private equity firm NGP Energy Capital Management. The company said last Tuesday that the "transformative" acquisitions would add around 100 million barrels of oil equivalent (boe) to its existing production – a 60% increase – rising to 105 million boe/d by the end of this year. The transactions are the latest in a growing list of US M&A and asset acquisition deals so far in 2023, as cash-rich producers seek to augment depleting assets.

Europe

EU negotiations on reforms of the single electricity market are being held back [9] due to a lack of consensus on the design of Contracts for Difference (CfDs) for renewables and on possible derogations concerning national capacity payments to coal-fired plants beyond 2025. Running parallel, there are also signs of progress, including on changes to the EU market abuse regulation for power and gas markets and on the revised Renewable Energy Directive (RED). Energy ministers from the 27 EU member states met in Luxembourg last week with the goal of reaching a common position on an overhaul of the single electricity market.

Temporary EU laws that enable member states to cap revenues on power generation from renewables, nuclear and lignite – that were set to expire on 30 June – may be extended for at least another year [10] under proposed reforms to the single electricity market. This comes despite strong opposition from the power industry and a recommendation by the European Commission (EC) not to prolong the measure. A revenue cap on power generators for up to EUR 180/MWh (USD 196/MWh) may be extended until June 2024 under reforms to the single electricity market which are currently being negotiated in the EU institutions.

Romania – Romanian state-owned TSO Transgaz announced last Friday that it has signed the order to start building the EUR 500 million (USD 546.3 million) Tuzla-Podisor pipeline [11] linking Romania's Neptun Deep Black Sea offshore natural gas field to the corridor Bulgaria-Romania-Hungary-Austria (BRUA) via the country's national transmission system. The pipeline could also be needed to bring gas to Romania from LNG terminals in Turkey and Greece. The contract was signed with Turkey-based infrastructure company Kalyon Group and paves the way for works on the 308.3-kilometre natural gas pipeline linking Neptun Deep offshore resources to the BRUA corridor.

OMV Petrom and Romgaz announced last Wednesday that they have taken a final investment decision (FID) and approved the development plan of the Domino and Pelican South fields [12] that are located within the Neptun Deep Block, the largest natural gas project in the Romanian Black Sea. The project, which has been subject to a number of delays over the years, is now expected to be operational in 2027. The plan for the Neptun field will be submitted to the National Agency for Mineral Resources for endorsement.

Elsewhere, OMV Petrom confirmed it had launched arbitration proceedings against the Romanian government [13]over the country's offshore law. At a webcast held last Thursday, CEO of OMV Petrom, Christina Verchere, said that despite the legal proceedings launched against the Romanian state, the pace of the Neptune project remains unaffected. Verchere said: "We have been working hard to get clarifications on the offshore law, working over a year. We haven't got the necessary confirmation. However, this is not affecting the pace of the [Neptun] project."

Africa

Mozambique – Eni has submitted a preliminary environmental impact assessment (EIA) to the authorities in Mozambique [14] with the aim of building a second floating LNG plant in the country. Eni's first FLNG project in Mozambique, the 3.4 mtpa Coral South project, exported its first LNG cargo in November last year, however the Italian major and its partners are looking to boost export capacity relatively quickly in a move to further monetise the vast resources in the Rovuma Basin. A spokesperson for Eni confirmed to Gas Matters Today that plans for a second Coral South FLNG offshore northern Mozambique are progressing

Mediterranean

Israel – The Israeli government last Sunday gave the Palestinian Authority and Egypt a green light to develop the long-delayed natural gas field off the Gaza Strip's shore [15] on the condition that Israel's national interests are safeguarded. If developed, the Gaza Marine field could help tackle energy shortages in the Gaza Strip and potentially enable gas exports. The announcement concerning the Gaza Marine field was made by the office of Israel's Prime Minister Benjamin Netanyahu on Sunday.

Russia & CIS Region

Uzbekistan – Uzbekistan has announced that it has concluded an agreement with Gazprom to import 2.8 Bcm/year of Russian gas for a period of two years

[16] to cover winter shortages. The export of Russian gas to Uzbekistan through the territory of Kazakhstan will begin in the fourth quarter of this year, according to Uzbekistan's energy ministry. The gas sales contract was concluded between state operated UzGastrade and Gazprom Export and signed by Uzbekistan's energy minister Jurabek Mirzamahmudov and the chairman of the board of Gazprom Alexey Miller.

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