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[1]

International

US-based LNG and electricity supplier New Fortress Energy (NFE) has updated the schedules for its first three Fast LNG liquefaction projects [2], with the first now due to receive first gas in September and the other two in March 2025. News of the delays – which contributed to a reduction in earnings guidance for 2023 – came last Tuesday as the company announced financial results for the second quarter of the year. NFE reported adjusted EBITDA of USD 246 million for Q2, 13% lower than in Q2, 2022, with the fall attributed primarily to lower cargo sales.

The CEO of Danish energy company Orsted, Mads Nipper, has warned that uncapped concession payments in offshore wind auctions – as seen in a recent German auction where BP and TotalEnergies were the sole winners – risks delaying projects and pushing up prices for power consumers. Speaking at a Q2 earnings call last Thursday, Nipper said he remained confident of the scalability of the offshore wind industry [3] despite the fact that Vattenfall and Iberdrola recently have revised major projects.

Norwegian LNG player Golar LNG has upgraded its memorandum of understanding (MoU) with Nigerian state-owned NNPC [4] to a heads of terms (HoT) for joint development of gas fields using a floating LNG vessel (FLNG), the company said last Thursday at a Q2 earnings webcast. Golar also announced that it has initiated a contract interpretation dispute with vessel charterer BP related to the Greater Tortue Ahmeyim LNG development in West Africa. Golar LNG CEO Karl Fredrik Staubo said that the HoT with

NNPC was signed on 1 August in Abuja and that it is a next step in the development of the project.

Middle East

Saudi Arabia – Saudi Aramco said last Monday that Q2'23 revenue totalled USD 30.1 billion, a 40% plunge on year-ago levels [5], on the back of lower oil prices and lower refining margins. However, the state-owned oil giant expects a strong recovery in oil demand for the second half of the year and also noted progress on its gas and blue ammonia expansion plans. Group net income in Q2'23 was USD 30.1 billion, similar to Q1's USD 31.9 billion, leading to a H1'23 net income of USD 62 billion. That was down 40% compared with the USD 87.9 billion achieved last year.

South Asia

Bangladesh – Bangladesh is reportedly set to bolster its portfolio of long-term LNG sales and purchase agreements (SPAs) with two new deals that will see the country import an additional 2.5-3 mtpa for a term of 15 years [6], starting in 2026. The proposed SPAs are further evidence of renewed appetite for LNG on the part of price-sensitive South Asian nations, following a steep decline in spot LNG prices from the startling peaks of 2022 that curtailed imports and led to gas and power shortages.

Asia Pacific

China – The industrialised province of Zhejiang near Shanghai on China's eastern seaboard is adding more LNG import infrastructure online in support of broader ambitions for the province [7] to serve as an LNG gateway for hinterland markets. A fourth LNG terminal in the province became operational week, in the city of Wenzhou, and more import projects are at the planning stage. Provincial government-controlled Zhejiang Energy Group (ZEG) received a 68,047-tonne cargo from Indonesia onboard the YARI LNG carrier at the 3 mtpa Wenzhou LNG terminal on Monday at noon local time, marking the start of operations, the Zhejiang Port and Shipping Management Centre said.

Australasia

Australia – The partners in the Bayu-Undan joint venture, led by Australia's Santos, have signed a memorandum of understanding (MoU) with Timor Gap [8], Timor-Leste's national oil and natural gas company, to explore partnership opportunities for the proposed Bayu-Undan carbon capture and storage (CCS) project offshore Timor-Leste. The MoU outlines the possibility of equity participation for Timor Gap in Bayu-Undan CCS. Santos says the project is well positioned to provide carbon management services to customers across Asia-Pacific, potentially reducing absolute emissions.

Australia's Woodside Energy has entered into a sales and purchase agreement (SPA) with LNG Japan Corporation [9] for a 10% stake in the Scarborough field offshore western Australia for USD 500 million, the companies announced last Tuesday. LNG Japan – which is a 50:50 joint venture between Sumitomo Corporation and Sojitz Corporation – has also entered into a non-binding heads of agreement (HoA) with Woodside to offtake 12 LNG cargoes per year for 10 years commencing in 2026.

North America

US – Uncertainty continued to surround the proposed 27.6 mtpa Driftwood LNG project [10] in the US last week as developer Tellurian reported financial results for the second quarter of 2023 as well as progress on construction. A corporate presentation shows the expected start-up date for the first 11 mtpa phase

has slipped from 2026 to 2027. Tellurian's share price was down 11.5% in early trading despite assurances from President and CEO Octávio Simões.

The Edison Electric Institute (EEI), the association for power companies in the US, has warned that carbon capture and storage (CCS) and hydrogen blending technologies for gas and coal-fired power stations may not reach maturity soon enough to contribute to the country's decarbonisation targets for the 2030s. In a public response to draft rules aimed at regulating carbon emissions from the power sector, the EEI noted that CCS was costly and unproven technology [11] and that tax incentives under the Inflation Reduction Act (IRA) may not be enough to address the cost issues.

The Energy Information Administration (EIA) said in its monthly Short-Term Energy Outlook (STEO) report released last week that a heatwave in the US's southern states has increased the country's total electricity sales to the equivalent of the level seen in July and August 2022 [12]. EIA also noted that natural gas production continued growing in the first half of the year despite lower prices and operators announcing a lower rig count. In the August edition of STEO, the EIA said that the growth in production was driven by higher oil production on the back of higher prices, with the increase driven by the Permian Basin.

Central & South America

Bolivia – Bolivia's state-owned oil and gas company YPFB has announced a new natural gas discovery in the Santa Cruz province [13] with resources estimated at 700 Bcf. The new discovery comes amid concerns that the country may lose its status as a net exporter of gas by around 2030 due to declining domestic production. The new discovery is located in the Remanso geological structure in the Chaco-Beniana Plain area, in the levels of the Los Monos formation. Hydrocarbon resources are estimated at 0.7 Tcf of gas and 52 million barrels of liquids, according to YPFB.

Europe

Natural gas flows from EU countries and Moldova to Ukraine are on the rise [14] as traders take the opportunity to inject gas into the country's storage tanks ahead of winter. Data from Ukraine's transmission system operator (TSO) showed that EU nominations to flow gas to Ukraine last Tuesday amounted to about 37 MMcm/d, which is close to the volumes of Russian gas entering Europe via Ukraine. Nominations from shippers in Slovakia, Hungary, Poland and Romania amounted to 37 MMcm/d for last Tuesday's deliveries to the Ukrainian network, for both physical and virtual flows, the TSO data showed.

Germany – Deutsche ReGas, the operator of a privately-owned LNG terminal in Germany's port of Mukran, said last Wednesday that third party companies have booked all of the offered regasification capacities at the planned Phase II of the Deutsche Ostsee LNG project [15]. The announcement comes shortly after German environmentalist group Deutsche Umwelthilfe (DUH) filed a lawsuit with the federal court in an attempt to revoke the company's terminal operation license. The capacity booking announcement comes after the conclusion of the Phase II binding open season that ran from 29 June to 4 August this year.

German utility EnBW last Friday reported adjusted EBITDA of around EUR 3.5 billion (USD 3.8 billion) for the first half of 2023 [16], up 65% compared with the same period last year with earnings boosted by the company's thermal generation and trading business. However, the earnings trend will not continue at the same level in the second half of 2023, the company said. EnBW said H1'23 net profit for the group was EUR 2.5 billion, compared with EUR 564 million in the same period last year.



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