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Contents

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International

Algeria and the EU last Thursday agreed to establish closer collaboration concerning methane emissions reductions [1] from gas production and working to develop Algeria's potential for producing and exporting renewable hydrogen. Algeria's energy minister Mohamed Arkab also said the North African nation would make efforts to increase gas production to meet European demand.

Middle East

United Arab Emirates – Energy services company Petrofac has been awarded a USD 600 million engineering, procurement and construction (EPC) contract [2] by ADNOC Gas for its Habshan Carbon Capture, Utilisation and Storage (CCUS) project, one of the largest such projects in the Middle East and North Africa (Mena) region. The Habshan project will triple ADNOC's installed carbon capture capacity to 2.3 mtpa and support the company's goal of reaching 5 mtpa of capacity before the end of the decade.

ADNOC last Thursday announced final investment decision [3] (FID) on what it says will be the world's first large-scale natural gas development to operate with net-zero emissions of carbon dioxide. The 1.5 Bcf/d Hail and Ghasha Offshore Development will incorporate 1.5 mtpa of carbon capture, taking ADNOC's committed carbon capture capacity to nearly 4 mtpa. The project's output will contribute to natural gas self-sufficiency in the United Arab Emirates (UAE) as well as ADNOC's gas growth and export expansion plans.

Asia Pacific

Indonesia – Italian energy major Eni last Monday announced a significant discovery of natural gas [4] in the North Ganal production-sharing contract (PSC) area in Indonesia, 85 kilometres off the coast of East Kalimantan. Eni said that, because of its location and size, the discovery has the potential to contribute to creating a new production hub in the northern part of the Kutei Basin to supply the Bontang LNG facilities.

China – Inter RAO, Russia's electricity import-export monopoly, started restricting power exports to China [5] last Monday as the state-controlled company remained in negotiations with Chinese customers over price increases to factor in a new export duty that took effect on Sunday. The curbs on power exports comes amid energy shortages in Russia's Far East due to low hydro levels.

China may need to invest more than RMB 100 trillion [6] (USD 13.9 trillion) from 2020 to 2060 to promote its power sector's transition to "new power and new energy systems" in order to stay on track for medium and long-term climate targets, according to research released recently by the State Grid Corporation of China (SGCC), one of the country's duopoly power grid operators. Less than one-tenth of China's technically exploitable renewables resources have so far been developed, according to SGCC.

China's government has criticised an investigation formally launched by the European Commission [7] (EC) last Wednesday into subsidies for battery electric vehicles (EVs) exported from China to Europe, calling the probe not factual or supported by evidence. Meanwhile, European automakers fear the spat could draw retaliation from Beijing.

Australasia

Australia – Australia's revenues from the export of LNG are forecast to drop sharply [8] over the coming two years after hitting a record peak in 2023, according to a resources outlook published by the federal government. The primary driver will be the steep fall in commodity prices since 2022 but declining output will also play a role. LNG earnings increased by almost a third in fiscal year 2022-23 – July 2022 to June 2023 – reaching a record of AUD 93 billion (USD 59 billion), up from AUD 71 billion in 2021-22.

North America

US – ExxonMobil is reported to be in talks to acquire Pioneer Natural Resources [9] in what would be its biggest merger since the acquisition of Mobil in the late 1990s. There has been speculation of such a move for months, but the Wall Street Journal reported last Thursday that talks over what would be a USD 60 billion deal have reached an advanced stage, meaning an agreement could be announced within days.

Europe

The transitional phase of the EU's Carbon Border Adjustment Mechanism (CBAM) came into effect two

week's ago, which means importers of several products such as electricity, hydrogen, fertilisers and steel will have to start reporting associated greenhouse gas (GHG) emissions [10]. Running parallel, there are rising concerns that UK exporters will have to pay large sums in border taxes when CBAM takes effect in 2026 as UK carbon prices have fallen sharply in recent months.

The European Commission (EC) last week invited international gas suppliers to submit bids [11] in the third EU tender for joint purchasing. The aggregated gas demand for the third round amounts to 16.5 bcm based on requests submitted by 39 European companies, the EC said. The third tendering round ended on Wednesday 4 October and saw offers totalling 18.1 Bcm from suppliers [12], which was almost 3 Bcm more than in the previous round. Šef?ovi? also confirmed the EC wants to extend joint purchasing to cover other commodities including hydrogen and raw materials.

The negative impact of the energy crisis on European industry is increasingly likely to be enduring [13], ratings agency Moody's said in a research note last Thursday. Gas prices will likely remain higher in Europe than elsewhere, including the US, making energy-intensive sectors like chemicals less competitive, it said. Moody's noted that gas prices have fallen from the highs seen last year, but that they are still much higher than historical levels and five times the level of Henry Hub prices.

Norway – Norway-based renewables company Hystar said last Monday it plans to set up a 4 GW electrolyser factory in the Oslo area [14] that would be fully operational by 2026. The company also announced plans to set up large-scale electrolyser factories in the US and Canada as it sees the regulatory framework in those countries as supportive.

Italy – ExxonMobil said last week that it has chosen asset manager BlackRock as a potential buyer for its majority interest in the Adriatic LNG terminal [15] offshore Italy. ExxonMobil has been testing market interest in its stake in the terminal since March and said there has been interest from several buyers. ExxonMobil said a final agreement with BlackRock – which is one of the largest shareholders in the company – had not yet been reached concerning the acquisition of the majority stake.



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