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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
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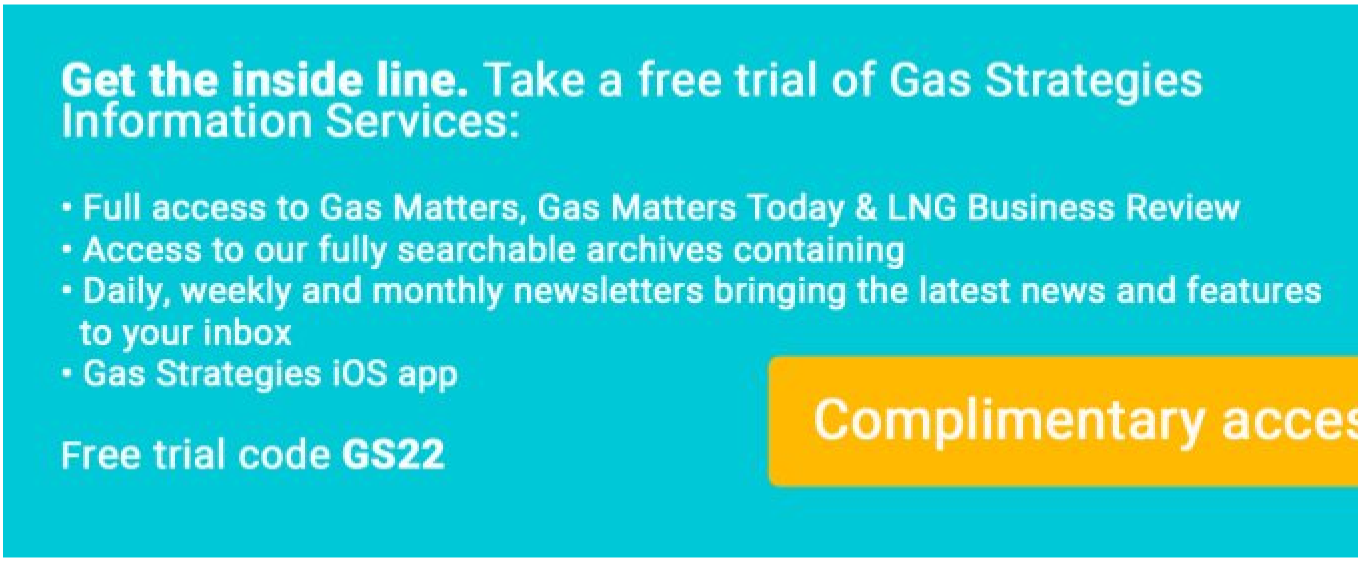

[1]

International

Saudi Aramco last Tuesday reported net income of USD 32.6 billion for Q3'23 [2], down from USD 42.4 billion in the same quarter last year. The company noted that 'ongoing economic' uncertainty resulted in lower prices for hydrocarbons and lower refining and chemicals margins compared with 2022. Saudi Aramco said net income for the first nine months of 2023 stood at USD 94.54 billion, down 27.5% year-on-year.

US LNG company Excelerate Energy has signed a long-term sale and purchase agreement (SPA) [3] with the Bangladesh Oil, Gas & Mineral Corporation (Petrobangla) for a total volume of 14.7 mt. Excelerate will deliver 0.85 mtpa of LNG in 2026 and 2027, rising to 1 mtpa from 2028 to 2040. The agreement builds on a relationship established with Excelerate which goes back to when Bangladesh was working to become an LNG importer during the 2010s.

US company New Fortress Energy (NFE) expects its first Fast LNG (FLNG 1) liquefaction asset offshore Altamira, Mexico to begin commercial operations by the end of December [4], the company said in its Q3'23 results. Running parallel, NFE's management board said during an earnings call that it had filed an appeal against the decision of regulators in Ireland not to grant planning approval to the proposed Shannon LNG import terminal.

Sinopec's second decades-long LNG megadeal with QatarEnergy [5] in less than a year signals strong

conviction among Chinese energy officials over domestic gas demand growth in the long run. T
he deal means Sinopec will receive 9 mtpa in total from QatarEnergy after the North Field East (NFE) and North Field South (NFS) projects are up and running by 2025 and 2028 respectively.

Asia Pacific

China – China has released a long-awaited policy on establishing a capacity mechanism [6] for the country's enormous fleet of coal-fired power plants. The move comes as Beijing looks to coal to back up its increasing generation of intermittent renewable energy and ensure stable electricity supply going forward. The capacity mechanism is intended to ensure power plants are available for generating electricity when needed by paying them to stay online.

South Korea – Korea Electric Power Corporation (KEPCO) will downsize its workforce and sell more assets out of "desperation" [7] to pay down a multibillion-dollar debt pile that accrued after coal and LNG prices soared in the wake of the Russia's war on Ukraine. Fuel costs reached almost 50% of KEPCO's sales last year, the company said this week. "KEPCO's financial crisis, which began with soaring international energy prices, has reached a limit financially that is difficult for a company to withstand," CEO Kim Dong-cheol said.

North America

US – Kinder Morgan has said it reached an agreement with NextEra Energy Partners [8] to purchase a portfolio of natural gas pipelines in the US state of Texas for USD 1.82 billion. The transaction is the latest in a wave of consolidations underway in the US oil and gas pipeline sector – as output continues to grow amid narrowing permissions for new pipeline projects.

Electricity consumers across large swathes of North America could again face shortages during extreme weather this winter because of vulnerabilities in the Bulk Power System (BPS) [9] and associated fuel supply systems, especially for natural gas. So says the North American Electric Reliability Corporation (NERC) in its 2023-2024 Winter Reliability Assessment (WRA). The NERC is consequently calling on grid operators and the owners and operators of generating plant to take urgent action to prepare for the kind of bitter weather.

Central & South America

Argentina – Argentina's YPF reported EBITDA of USD 926 million for Q3'23 [10], down 8% quarter-on-quarter, mainly due to a decline in local fuel prices in dollars which was partially offset by seasonal higher natural gas sales, it said last Wednesday. The company also reported a ~500 million impairment on gas assets in the Neuquén Basin primarily on the back of lower long-term expected prices. EBITDA fell by 38% compared with the previous year.

Brazil – Brazilian oil and gas major Petrobras last Thursday upgraded its production guidance for the full year 2023 [11] – despite trimming back capital expenditure for this year to USD 13 billion from USD 16 billion. The revisions came as the company reported third-quarter net profit down 37% year-on-year. Better-than-expected operational performance prompted the company to raise total own oil and gas production guidance to 2.8 million barrels of oil equivalent per day (mboe/d) from 2.6 mboe/d previously.

UK

The contribution made by battery energy storage projects to electricity supply in England and Wales is set to expand dramatically, [12] following an announcement by National Grid that it is to accelerate grid connections for up to 20 GW of clean energy projects. The move to support a faster roll-out of battery storage could reduce demand for electricity from natural gas-fired power plants that act as backup for intermittent renewables, such as wind and solar power.

The industry body representing the UK has welcomed the government's plan to bolster new oil and gas field exploration [13] through "the churn of new licences to ensure no cliff edge in domestic production". Data shows 20 fields in the UK North Sea are set for closure this year, while only two will start producing. The latest measure, trailed days before the announcement in the King's speech, would require the North Sea Transition Authority (NSTA) to tender applications annually for new production licences.

Europe

European Parliament politicians last week called for tougher sanctions on Russia including an outright ban on Russian LNG imports [14] and transit through European waters. The move, shortly after the US imposed sanctions on Novatek's Arctic LNG 2 project, comes ahead of a Brussels meeting between EU foreign where a 12th package of sanctions reportedly will be on the agenda.

Finland – Finland's Gasum two weeks ago delivered its second LNG cargo to the Inkoo floating storage regasification unit [15] (FSRU) since the Balticconnector linking Finland and Estonia was damaged last month. Finland is now fully dependent on LNG to cover its gas needs and all slots at the Inkoo LNG terminal are booked for the current gas year, according to state-owned TSO GasGrid Finland. Gasum said the cargo arrived at the 40 TWh/y (~4 Bcm/y) Inkoo terminal in southern Finland on Sunday.

Gas Strategies

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