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Weekly news roundup (12-16 November)
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Analysis

An unlikely confluence of factors including high shipping rates, an imminent cold snap in western Europe, flat Asian LNG prices and Yamal's premature ramp-up appears to be driving unusual movements in LNG [1] trade, with one carrier vessel performing a U-turn after picking up a transshipment cargo originating from Yamal.

A US government plan to bankroll development of modular flexible coal-fired plants [2] threatens to steal market share from gas in balancing output from renewables, but the technology is destined to fail unless it addresses a host of environmental, technical and economic challenges.

International

Japanese contractor Chiyoda has been plunged into crisis and is seeking a financial saviour after losing nearly USD 1 billion [3] on its contract to build the Sempra-led Cameron LNG project in Louisiana.

GE has struck a series of agreements to accelerate with "urgency" the sale of its stake in Baker Hughes [4] to raise USD 4 billion to chip away at the troubled conglomerate's mountain of debt.

The rapid rise of renewables is putting a premium on flexibility in electricity systems [5] that policy makers need to reward with new market designs "to keep the lights on", which could be good news for gas-fired plant, according to the latest IEA World Energy Outlook.

North America

US – The sudden surge in Henry Hub prices above USD 4/MMBtu has left exports from Dominion's Cove Point LNG priced "out of the money for January and February" in Europe and risks shutting in further US LNG [6], Goldman Sachs warned last week.

Africa

Mozambique – Anadarko will allocate USD 200 million to [7]the Mozambique LNG project [7] in 2019 ahead of a planned final investment decision.

Asia Pacific

China – CNPC plans to more than double shale gas production from the Changning field [7] in Sichuan province this winter.

Australasia

Australia – Two proposed petrochemicals plants in Western Australia [8] have filed for review with the

state's environmental watchdog, a week after Woodside provisionally secured additional gas volumes for its Burrup hub that will supply one of the plants.

Santos, in a 50-50 joint venture with Shell, won new acreage in Queensland [7] last week covering 400 sq km.

New Zealand – New Zealand Oil & Gas and Mitsui failed to find commercial volumes of gas [7] after drilling the Kohatukai-1 well in the onshore portion of the Taranaki basin.

Papua New Guinea – Total's proposed Papua LNG project has received a boost [7] after the government agreed to set financial terms in early 2019 for the export plant that, along with Exxon's additional train at PNG LNG, would double Papua New Guinea's liquefaction capacity to ~16 mtpa.

Europe

Croatia – Golar Power has emerged the winner of LNG Croatia's tender for a floating storage regasification unit (FSRU) [9] and will supply a 2.6 Bcm/year vessel, despite LNG Croatia having cancelled a May tender for a vessel of equal size after claiming the capacity was too large.

France – Engie has raised the curtain on a 23 GWh biogas plant [10] in France that will make a small contribution to the country's ambitious target for 10% of grid gas to come from renewable sources by 2030.

Spain – Spain's government has launched an ambitious target of fully decarbonising its electricity sector by 2050, raising questions around the future of Spain's LNG terminal fleet [11] – the largest in Europe.

UK – The UK's Oil and Gas Authority has said it was encouraged by the response to the latest licensing round [12] – which closed in early November – despite receiving bids for only 164 of the 1,779 blocks on offer in frontier offshore areas.

Power generators are digesting a ruling by the European Court of Justice that the UK capacity market is unlawful [13], which prompted the UK government to immediately freeze payments to holders of capacity agreements.

Central & South America

Argentina – Flagging domestic gas demand has prompted YPF to shut-in conventional gas wells and focus [14] on shale oil projects [14], while hiking pipeline gas exports to Chile and pursuing LNG exports in 2019 to provide an outlet for growing shale gas production.

Middle East

United Arab Emirates – Abu Dhabi National Oil Company (ADNOC) has brought in Total to help unlock the country's shale potential [15], with the French major taking a 40% stake in Ruwais Diyyab, an area it claims could rival the most prolific North American shale plays.

Separately, ADNOC has secured the future of the ageing ADGAS LNG plant [16] after agreeing in principle to extend a gas supply agreement to 2040 and signing seven mid-term supply contracts.

South Asia

Bangladesh – The cancellation of a third floating LNG project [17] in Bangladesh and an apparent cut

to LNG subsidies raises questions about the reliability of booming gas demand in south Asia, where consumers and governments struggle to pay premium prices for LNG imports.

Pakistan – Developers of Pakistan's third LNG import project have downplayed a one-year delay to the floating terminal [18] amid reports of slow pipeline buildout, regulatory friction and ongoing corruption investigations.



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