

3 May 2024

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Weekly news roundup (17-21 December)

Publication date: 02 January 2019

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2018 in Review

Chinese natural gas demand continued its run of spectacular growth throughout 2018 [1], defying fears that last winter's severe shortages would derail coal-to-gas switching and underpinning growth in LNG and pipeline imports impacting worldwide markets.

Strong growth in US LNG export capacity in 2018 is set to be eclipsed by record deployment and commissioning of new trains in 2019 [2] – but the outlook into the early 2020s is less clear amid a lack of progress on 'second wave' projects that are struggling to reach final investment decisions (FIDs).

Brazil is poised to take an uncertain turn following the election of far-right populist president Jair Bolsonaro [3], who has already reneged on a pledge to quit the Paris climate accord and mooted wide-ranging energy reforms and further Petrobras divestments upon taking office on 1 January.

Risks of methane emissions undermining the role of gas in a decarbonising world [4] were thrown into stark relief in 2018, as environmental groups clashed with the Trump administration in the US over regulations and oil majors started to take matters into their own hands.

The eastern Mediterranean witnessed an eventful 2018 that promises to maintain interest in upstream gas exploration and new commercial arrangements that could lead to liquefaction [5] of regional resources for export to global markets.

The last hard coal mine in Germany [6], Prosper Haniel, is due to be formally closed today in the presence of President Frank-Walter Steinmeier, but Europe's largest economy still faces the blunt reality of being the continent's largest consumer of coal.

International

UN climate talks in Poland broke up on Saturday with nations unable to agree a set of rules [7] governing voluntary emissions trading that could assist the global shift from coal to gas and other cleaner fuel sources.

Japanese shipping company Mitsui OSK Lines has reached agreement with Germany's Uniper to own, operate and finance a floating storage and regasification unit (FSRU) [8] in the port of Wilhelmshaven.

Global demand for coal is forecast to remain stable [9] over the coming five years, casting a pall over efforts to mitigate anthropogenic carbon emissions, the IEA said in its latest market report – which makes for grim reading in the wake of the latest UN climate talks.

US LNG producer Cheniere Energy and Malaysian state-owned company Petronas have agreed a 1.1 mtpa 20-year sales and purchase agreement [10] (SPA) that marks a significant step forward for the strategies of both companies.

Australia's Woodside has signed an agreement with RWE for the mid-term supply of LNG [11] commencing in Q4'20 and in effect until December 2022.

Africa

Mauritania / Senegal – BP and partners have taken a positive final investment decision (FID) on phase one of Greater Tortue Ahmeyim [12] integrated gas and floating liquefaction (FLNG) project in west Africa, after the British major agreed to absorb the project's entire LNG output. The move closely follows BP authorising Golar LNG to start work on the liquefaction vessel conversion [13].

Asia Pacific

Indonesia – Eni has made a fresh gas discovery in Offshore Kalimantan [11], just days after approving the investment plan for the nearby Merakes Development Project.

Caribbean

Trinidad and Tobago – BP has given the go-ahead for two new offshore gas developments [11] – Cassia Compression and Matapal – that will help BP meet current supply commitments to Trinidad's National Gas Company and Atlantic LNG.

Central & South America

Brazil – Outgoing president Michel Temer has passed a decree to regulate third party access to natural gas pipelines [11], after failing to win congressional approval for new legislation.

Brazil cut the volume of gas imported from Bolivia [11] in November to 17.86 MMcm/d, according to local press reports citing pipeline operator TBG.

Europe

Bulgaria – The European Commission has fined Bulgaria's national energy firm BEH nearly USD 90 million for blocking third-party access to gas infrastructure [14], as Brussels ramps up pressure on member states it believes have failed to correctly implement EU energy laws.

Poland – Polskie LNG has added LNG-to-rail and ISO container transshipment facilities [11] to its expansion of the Swinoujscie LNG terminal.

Romania – OMV Petrom has blasted Romania's proposal to introduce a three-year cap on the price of domestically produced gas [15], warning that it will deter investment in Romania's large upstream sector and threaten security of supply.

Spain – Shell has fuelled the world's first LNG powered cruise ship AIDANova [11] in Tenerife via its LNG bunker vessel Cardissa.

UK – Energy infrastructure operators have pleaded for clarity on the UK's now-suspended capacity market [16] and, separately, reacted with dismay to Ofgem's recent cost of capital ruling.

Infrastructure investors advised by JP Morgan Asset have signed an agreement to buy a 43% interest in North Sea Midstream Partners [11] from Wren House, part of the Kuwait Investment Authority.

North America

Canada – ExxonMobil has shelved plans for [17]its West Coast Canada LNG project [17] in British Columbia in a move widely perceived as a decision to refocus on more cost-competitive liquefaction projects making strides in the US and other parts of the world.

US – Poland's state-backed energy company PGNiG has boosted its exposure to US LNG by signing a definitive 20-year sale and purchase agreement (SPA) for 2 mtpa from the Sempra-owned Port Arthur [18] LNG project [18], starting when the Texas export facility fires up in 2023.

ExxonMobil has written to federal environment watchdog, the EPA, in favour of Obama-era methane emission rules [11] that US President Donald Trump wants to roll back.

US LNG exporters no longer need to report the definitive 'end use' location [19] for their cargoes after reaching an initial delivery point abroad, according to a new rule released by the Department of Energy.

Russia & CIS

Russia / Lithuania – Lithuania and Russia are both betting [20]heavily on floating storage and regasification units (FSRUs) [20] as a means of reducing their energy co-dependence.

Novatek hired a joint venture led by Italy's Saipem to build the Arctic LNG 2 facility, and teamed up with Italian export credit agency SACE to maximise Italian involvement in [21]Russian LNG projects [21] now and in the future. Days later, Novatek hired Italy's Nuovo Pignone [11] to supply a variety of gas turbine equipment for Arctic LNG 2.



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