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Weekly news roundup (10-14 June 2019)

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International

BP reiterated the need for natural gas to play a greater role [1] – alongside renewables – in the world's energy systems after warning energy demand and carbon emissions grew at their fastest rate for years in 2018, despite growing pressures to meet climate goals set in the Paris Agreement.

US Republican senators have upped their efforts to sanction Gazprom's Nord Stream 2 pipeline [2] after introducing the ESCAPE Act, which its sponsors claim will eliminate Russia's alleged use of energy as a geopolitical weapon and bolster US LNG exports.

The latest worldwide push to deliver a much-vaunted hydrogen economy [3] is less likely to falter than previous attempts thanks to growing political momentum and a more urgent need to decarbonise hard-to-abate sectors of the energy system, the International Energy Agency has said.

Russia is looking to get the ball rolling on Rosneft's long-delayed gas projects offshore Venezuela [4] after Vladimir Putin approved support measures that could eventually lead to LNG exports from the troubled South American nation.

Australasia

Australia – The first LNG cargo to be produced [5] by the world's largest floating structure – the Prelude FLNG facility located offshore Australia – is on its way to buyers in Asia, after a cargo departed last week aboard the Valencia Knutsen LNG carrier, Shell has confirmed.

Australian E&P industry association APPEA has hit out at Queensland's government after it slapped a 25% increase on the petroleum royalty rate, warning that the move could threaten investment in the state's gas sector [6] and leave much needed gas grounded.

Central & South America

Argentina – Shell is reportedly hoping a tax on hydrocarbon exports will expire by end-2020 [7] to help reduce production costs in the Vaca Muerta shale play.

Brazil – Petrobras has closed the sale of its 90% stake in the TAG pipeline network [7] to Engie and Canadian pension fund Caisse de Depot et Placement du Quebec for USD 8.7 billion, with some funds destined to settle TAG's debt with national development bank BNDES.

Europe

EU – European Investment Bank financing of fossil fuel projects [7] – in particular, gas pipelines and LNG terminals – is incompatible with EU climate commitments and the aims of the Paris Agreement, according to research by advocacy group Oil Change International.

Cyprus / Greece / Turkey – Turkey has threatened to retaliate against Cyprus following the issuance of 25 arrest warrants by the Greek-Cypriot government [8] for the crew of the Turkish drillship Fatih and top executives of Turkish Petroleum's partner companies.

Finland – The largest LNG terminal in the Nordic region – Tornio Manga LNG [9] – was inaugurated this week.

Eesti Gaas subsidiary Elenger has started LNG bunkering in the port of Helsinki [7] using the shuttle Megastar, which will be truck-to-ship bunkered in the port of Helsinki once a week.

Norway – PGNiG has agreed to purchase Total's 22.2% stake in the King Lear gas and condensate field [9], located in Norway's portion of the North Sea.

The country's sovereign wealth fund will have to divest holdings in ConocoPhillips and Hess [7] after both US oil companies were added to a list that effectively bars them from Norway's portfolio.

UK – An influential committee of MPs has slammed national export credit agency UK Export Finance for its continued support for fossil fuels and called for a ban on support for new fossil fuel projects [10] from 2021 – a move that could damage the prospects of large LNG export projects.

North-west England is leading the front to become the UK's first low-carbon economy by 2030 [11], with a series of new initiatives including plans by the leading gas distribution operator Cadent to introduce hydrogen into its network to heat homes and supply the transport sector.

Production has begun at the Culzean field in the North Sea, operator Total said last week, with the largest [12]UK gas project in the last 25 years [12] expected to account for approximately 5% of the country's gas consumption when it hits plateau production.

Outgoing prime minister Theresa May confirmed that the UK will legislate a new climate target [9], committing the country to reach net zero greenhouse gas emissions by 2050.

Middle East

Attacks on two tankers in the Gulf of Oman last Thursday have reignited concerns over the risk of potential disruptions to seaborne crude and LNG [13] exports from Middle Eastern producers along the Strait of Hormuz.

North Africa

Egypt – The Ministry of Petroleum has approved Eni and BP to export natural gas via the Idku LNG facility [14] once domestic demand has been met and there is surplus supply, according to reports.

North America

US – Former New York City mayor Michael Bloomberg is upping his climate fight after pledging USD 500 million to establish a new climate initiative [15] – Beyond Carbon – which will aim to close remaining US coal-fired plants and stop construction of new gas-fired units.

Major shale producer Devon Energy has announced a more stringent voluntary methane emissions reduction target [16], amid reports that increasing numbers of shale players in Texas are using associated gas to bolster oil recovery and reduce gas flaring.

Shale player Comstock Resources is set to become the largest producer in the Haynesville basin [17] after agreeing to purchase compatriot Covey Park in a deal worth US 2.2 billion, with the acquisition continuing the trend of consolidation in the US shale sector.

PGNiG has agreed to purchase an additional 1.5 mtpa of LNG [9] from Venture Global's proposed Plaquemines LNG plant, taking the Polish firm's total volumes from the plant to 2.5 mtpa.

A judge of the US Bankruptcy Court in San Francisco ruled that the Federal Energy Regulatory Commission has no jurisdiction [9] over whether Pacific Gas & Electric Company can cancel USD 42 billion in power purchase agreements as part of its Chapter 11 bankruptcy proceedings.

Strong growth in US gas production will continue to put downward pressure on prices this year and next [18], despite the growth of exports as new LNG liquefaction plants ramp up output, says the Energy Information Administration in its latest short-term outlook.

Houston-based Commonwealth LNG has lined up trader Gunvor as its foundation customer after the pair penned a heads of agreement that anticipates the finalisation of a 15-year sales and purchase agreement for 1.5 mtpa [19] from the proposed LNG plant in Louisiana.

A bipartisan group of US senators have reintroduced the Waterway LNG Parity Act that requires excise taxes on LNG for transport on inland waterways [7] be levied at a rate consistent with energy output relative to diesel and gasoline.

Cheniere has started LNG production from the second train [7] at its Corpus Christi liquefaction facility in Texas slightly ahead of schedule.

South Asia

India – Reliance Industries and BP have sanctioned the MJ [9] offshore project [9] in block KG D6, off the east coast of India, marking the third new project in the block's integrated development plan.

Sri Lanka – Sri Lanka is stepping up long-stalled plans to import LNG after receiving funding from the Asian Development Bank which will support a feasibility study [20] for an LNG facility and new gas-fired power plants [20] in the South Asian nation.



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