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Weekly news roundup (17-21 June 2019)

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Analysis

Shell has sold its first two “carbon neutral” LNG cargoes [1] to Asian buyers, in a move designed to burnish the environmental credentials of its portfolio and cement the company’s perceived status as the only supermajor at the vanguard of the energy transition.

Turkey has sent two drillships to explore for gas within the exclusive economic zone of Cyprus armed with at best dated, rudimentary seismic data – suggesting Ankara’s confrontational move is motivated more by geopolitical objectives [2] than a desire to discover hydrocarbons.

International

The shipping sector is facing a clampdown on emissions by the finance sector [3] after Western banks representing around 20% of the global ship finance portfolio agreed to integrate climate considerations into lending decisions as part of a push to decarbonise the maritime sector.

Swaths of Argentina and Uruguay plunged into darkness last week after a massive electrical failure [4], which Argentine electricity supplier Edesur later described as “unprecedented”.

Serbia and Hungary have signed an agreement to cooperate on the construction of a gas interconnector [4] that will run across both nations and connect to the TurkStream pipeline.

Singapore’s Pavilion Energy has taken a “critical step” in its quest to become a leading global LNG player after agreeing to purchase Iberdrola’s portfolio of LNG assets [5], including US LNG contracts that appear to be loss-making in the current price environment.

Oil service companies are starting to charge more [6] following years of lost pricing power during the oil downturn, with the uptick largely due to industry consolidation, according to Norwegian research company Rystad Energy.

LNG trading marketplace Global LNG Exchange has received its first bid [7] after launching its digital bid-offer system in the European market last week.

Africa

Mozambique – Anadarko and partners have confirmed final investment decision on their Mozambique LNG project [8] at a ceremony, where the country’s president Filipe Nyusi described it as “truly one of the most important and transformational projects in our country’s history”.

Asia Pacific

Hong Kong – A joint venture between utilities Castle Peak Power Company and Hongkong Electric Co –

Hong Kong LNG Terminal Ltd – has signed a deal to lease a floating storage and regasification unit (FSRU) [7] from Mitsui OSK Lines.

Indonesia – Japan's Inpex has signed a new agreement with the Indonesian government that could ensure the economic competitiveness of the Abadi LNG project [9], but the proposed onshore liquefaction facility is not expected to start operations until 2027 at the earliest.

Days later, Inpex submitted a revised development plan for the Abadi LNG project [7] to the Indonesian government based on an onshore LNG development with a liquefaction capacity of 9.5 mtpa.

Malaysia – Credit ratings agency Moody's has downgraded Malaysian national oil company Petronas [10], citing concerns of potential for government interference that could hit the company's business profile or cash flow.

Australasia

Australia – Transborders Energy has lured Kyushu Electric Power to its floating liquefaction business after the Japanese firm signed a joint study agreement to develop FLNG solutions [11], as part of a wider plan to send an FLNG vessel in stranded fields offshore Australia from 2026.

Central & South America

Bolivia / Peru – Bolivia is looking to benefit from the delayed construction of a major gas pipeline in Peru by signing deals with the two largest private power producers in Peru over the possible sale of a combined 10 MMcm/d of gas [12], as part of Bolivia's drive to diversify exports.

Europe

Germany – Germany could install 7.5 GW of power-to-gas facilities by 2030 [13], according to plans released by a group of TSOs, while reports suggest Berlin could join a growing list of EU members aiming for carbon neutrality by 2050.

Poland – Warsaw is expecting Gazprom to take part in planned capacity auctions [7] on the Yamal gas pipeline after its current transit deal with the Russian firm ends in 2022.

UK – Exploration firm Rathlin Energy claims to have unearthed UK's largest conventional onshore gas field [14] following recent appraisal drilling at its site in West Newton, Hull, and is planning an extended well test to establish flow rates in Q3.

Production efficiency on the UK Continental Shelf [7] improved for a sixth consecutive year in 2018, according to the Oil and Gas Authority.

Mediterranean

Cyprus / Turkey – Turkey's Fatih drillship last week started drilling in [15]Cyprus' exclusive economic zone [15], prompting a war of words between Cyprus' European allies and Ankara. Days later, Turkey launched a second drillship into the [16]EEZ [16], further aggravating regional tensions and prompting warnings of sanctions from the European Union.

Middle East

Iran / Iraq – Russia took steps to enhance its energy cooperation with Iran [17] while also making friendly

diplomatic overtures towards Iraq last week, as part of a strategy that seems designed to rile hawks in Washington and capitalise on the deepening Gulf crisis.

Meanwhile, the US has extended a sanctions waiver allowing Iraq to continue importing gas and power from Iran [18] for another four months, in an uncharacteristic display of realpolitik by Washington as the Trump administration ratchets up diplomatic pressure elsewhere on Tehran.

Iraq – A rocket attack has been reported [4] at site of the residential and operational headquarters of several energy majors – including ExxonMobil – in the southern city of Basra.

Oman – The E&P arm of Thailand's state-owned PTT has increased its liquefaction footprint after agreeing to purchase Lisbon-based Partex Holding for USD 662 million, with the deal giving the Thai firm a 2% stake in the Oman LNG project [19].

North America

US – New York state lawmakers have launched a two-pronged attack on gas- [20]fired power generation and gas infrastructure [20], as part of a wide-ranging climate bill that has passed both legislative houses and now awaits sign-off by anti-fossil fuels governor Andrew Cuomo.

The Environmental Protection Agency has thrown a life-line to coal-fired plants [21] after implementing the Trump administration's Affordable Clean Energy rule, but the impact of the policy is questionable given the ongoing growth of gas and renewables and next year's presidential election.

US crude production reached a new all-time high [7] of 12.2 million barrels/d in May, driven by productivity gains and new pipeline capacity, according to the latest monthly report by the American Petroleum Institute.

South Asia

Bangladesh – Petrobangla's tender for a land-based LNG terminal [7] in the south of the country has reportedly received expressions of interest from 12 companies.



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