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Weekly news roundup (25-29 March)

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Analysis

The global LNG price crash and bearish sentiment around a 2019 recovery has prompted renewed talk of liquefaction plant shut-ins [1], with suggestions that US LNG projects are particularly exposed to what is increasingly being described as a global supply 'glut'.

International

BP has launched a new USD 100 million fund for projects to reduce methane emissions [2] from its upstream oil and gas operations and called on businesses and employees "to come up with ideas and propose projects".

Global energy demand grew at its fastest pace in more than a decade last year, making 2018 a "golden year" for natural gas [3] as it met almost half the increase, the International Energy Agency has said.

BP's board of directors has supported a proposal by institutional investors that would require greater clarity on how the company's strategy is consistent with goals in the Paris Agreement [4] on climate change.

GasLog has signed a 12-year charter contract "at attractive returns" with an arm of JERA for the 180,000 cm Mark III Flex Plus new-build vessel [5].

Australasia

Australia – Shell has shipped its first condensate cargo from Prelude [6] – the world's biggest FLNG vessel.

Investment in gas pipelines and additional supply sources will be needed to avert a forecasted supply-demand gap from 2024 [7] on Australia's east and south-east coasts, Australia's market regulator has said.

Central & South America

Bolivia – Bolivia has started to quantify the volume of natural gas contained in a new ultra-deep onshore petroleum system [8] that, if proved, could boost the country's reserves by more than 10%.

Brazil – Petrobras has signed a revolving credit facility with 18 banks [5] for USD 3.25 billion, with a possibility for additional funds in the future.

Europe

Bulgaria / Turkey – Turkey is reportedly seeking more Iranian gas [9] amid a sharp decline in flows from Russia through Bulgaria to Ankara and rising LNG imports in Turkey, market sources told Gas Matters Today last week.

EU – The European Parliament has approved emission standards for new cars and vans [5] by 2030 that require vehicles to emit 37.5% less CO₂ and new vans 31% less.

Belgium – Fluxys Belgium reported a drop in full-year profits [5] in 2018, with net profit dropping by more than EUR 15 million compared to 2017 despite high terminal activity, results have shown.

Denmark – Construction of Gazprom's controversial Nord Stream 2 pipeline [10] – which would connect Russia with Germany, circumventing Ukraine – could be disrupted by the Danish Energy Agency demanding an environmental study of a third possible route.

Germany – Uniper has started producing methane from wind power [6] at its power-to-gas plant in Falkenhagen.

Italy – Snam has joined forces with Hitachi Rail and Italian state-owned rail company FS Italiane for a pilot project that will see diesel trains converted to run on LNG [11] or compressed natural gas.

UK – National Grid expects sustained low global LNG prices will drive [12] strong imports [12] into the UK this summer, resulting in excess gas that will clip Norwegian pipeline flows and boost Interconnector exports into mainland Europe.

An influential committee of British MPs has warned of uncertainty over the cost to taxpayers of decommissioning offshore oil and gas assets, and a “poor understanding” in Whitehall of fracking [13] decom liabilities.

Environmental campaigners are calling for a new carbon tax and a “polluters must pay” principle [14] to force fossil fuel businesses to fund the decarbonisation transition, claiming the industry has caused over a trillion pounds in damage in the last 30 years.

Middle East

Saudi Arabia – Saudi Aramco has signed a USD 69 billion deal for a 70% stake in Saudi Basic Industries Corporation [5] from the Public Investment Fund of Saudi Arabia.

North America

Canada – The government of British Columbia is overhauling fiscal policy to introduce a LNG tax credit [15] to incentivise project development [15] and purportedly send a message that the province “wants LNG”.

US – California's ambitions to replace three ageing natural gas-fired power generators with utility-scale battery systems have come under threat [16] from the bankruptcy of Pacific Gas and Electric (PG&E).

Shell is creating an opportunity to substantially increase its exposure to US LNG, after laying the groundwork to launch a construction tender for the 16.45 mtpa Lake Charles LNG conversion [17] project in Louisiana in the coming weeks.

Dominion Energy is retiring 10 of its generating units [6] in Virginia that were powered by a mix of fossil fuels including coal and gas.

The DoE has given Australia-based Liquefied Natural Gas Limited approval to expand export capacity at the Magnolia LNG project [6] in Lake Charles by 0.8 mtpa.

US oil producers enduring short-term associated gas evacuation constraints [18] in the booming Permian shale play in Texas are set for more pain before the situation improves later this year, according to market observers.

Russia & CIS

Russia – The Ministry of Economic Development has published a draft law that would give the government powers to set greenhouse gas emissions targets [19] for companies, create incentives for meeting these targets and establish cap-and-trade carbon markets.

South Asia

Bangladesh – Bangladesh's second FSRU is due to arrive on 20 April [6] in the Bay of Bengal loaded with a commissioning cargo from QatarGas, reports suggest.

Pakistan – Pakistan is closing in on a major offshore oil and gas find [20], prime minister Imran Khan has said, just days before another militant attack on a gas pipeline raised questions over the investment climate in the country.



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