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Weekly news roundup (19-23 August 2019)

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Analysis

US LNG projects have narrowly escaped being shut-in [1] by persistently low global prices thanks to the collapsing feedgas prices, and shut-in risk will likely evaporate later this year as European and Asian forward curves indicate a modest recovery is coming.

International

Shell has agreed to charter a fleet of new LNG-fuelled crude oil and products tankers [2], as part of a drive to decarbonise shipping that suggests a new wave of dual-fuelled oil tanker orders may be about to break.

The Export-Import Bank of the US is lining up its largest loan in four years – a USD 5 billion package to support the Mozambique LNG project [3] – in a deal expected to net US taxpayers a projected USD 600 million.

Africa

Mozambique – State oil company ENH is reportedly turning to Russia to help finance the Mozambique LNG project [4], in a deal that, if agreed, would eschew Mozambique's limited access to western financing and remove a major impediment to building a first onshore liquefaction plant.

Asia Pacific

China – China's coal demand will peak in 2025 [5] and consumption will fall 39% over 2018-2050 as the country pivots toward gas and renewables, state oil major CNPC has said, despite Beijing continuing to approve and build new coal mines and coal-fired power plants.

Philippines – The race to build the country's first LNG import terminal [6] has taken another twist after the Department of Energy granted more time to the delayed Tanglawan LNG project and reportedly gave a competing scheme by Excelerate Energy notice to proceed.

Australasia

Australia – Shell is advancing its quest to become the world's largest electricity supplier [7] in the 2030s after offering USD 417 million for Australia's second biggest energy retailer ERM Power – a move aligning with the Anglo-Dutch firm's marketing and trading operations in the country.

Europe

Hungary – Hungary is no longer worried about supply disruption [8] stemming from a potential ‘no deal’ scenario between Gazprom and Naftogaz over a new transit contract as the country has secured its gas supplies for 2020, Hungary’s foreign minister announced last week.

UK – Cuadrilla has hit out at a study suggesting the country’s economically recoverable shale gas reserves are significantly smaller [9] than thought, with the company’s CEO stating those involved in the study “should be embarrassed”.

Mediterranean

Cyprus / Turkey / US – The US State Department issued its strongest statement to date over Turkey’s drilling [10] in the territorial waters of Cyprus, with a spokesperson telling the Cyprus News Agency that the presence of a Turkish drillship is provocative and unlawful.

Cyprus – Public gas company Defa has chosen a Chinese-led consortium to build and install a FSRU-based LNG terminal [11] at the island’s energy centre at Vassilikos.

Middle East

Saudi Arabia – Yemen’s Houthi rebels have hit an NGL plant [12] at Saudi Aramco’s critical Shaybah oil field using bomb-laden drones in an audacious attack that underscores the Iranian-backed militia’s growing ability to hit remote targets inside the Saudi border.

North America

Mexico / US – The delayed Sur de Texas-Tuxpan gas pipeline [13] could start operations imminently after Mexico’s president last week indicated that contract disputes between the government and several pipeline operators were nearly settled.

Canada – Liquefaction project developer Woodfibre LNG has been thrown onto the back foot after a potential Chinese customer quit talks [14] to buy almost half the plant’s annual output, but the bad news was offset by an exemption for LNG projects in British Columbia to steel tariffs.

US – Venture Global LNG has closed the project financing for [15]the Calcasieu Pass LNG facility [15] and associated pipeline in Louisiana, indicating that its flagship 10 mtpa liquefaction project has achieved a positive final investment decision.

Certarus has won its first contract to source compressed natural gas from captured flared gas [16] in the prolific Permian shale basin – where flaring hit a record high in Q1 – with the CNG to power the electric hydraulic fracturing operations of an unnamed US “energy supermajor”.

A second utility-scale gas-fired power project in Ohio has fallen victim to the state’s controversial decision to bail out uneconomic nuclear and coal-fired generators, after Clean Energy Future blamed “political tampering” for its decision to kill a 1170 MW CCGT development [17].

A federal court has potentially set a fresh legal precedent after denying a TC Energy subsidiary eminent domain rights to public land [18] for the construction of a proposed gas pipeline running across Maryland to West Virginia.

Russia & CIS

Ukraine – Ukraine is boosting its import capacity by upgrading a 50 km pipeline to transport 1.5 Bcm/year from Romania [19] through neighbouring Moldova, in a bid to mitigate the worst impacts arising from an anticipated halt to Russian gas transits on 1 January 2020.

South Asia

India – India's largest hydrocarbon producer ONGC has launched its Energy Strategy 2040 [20] outlining fundamental aims that remain the same as the previous Perspective Plan 2030 – which set a target of doubling oil and gas production and a three-fold increase in refining capacity.



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