

8 May 2024

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Weekly news roundup (16-20 September 2019)

Publication date: 23 September 2019

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Analysis

Cheniere has secured more feed gas supplies for a proposed expansion of its Corpus Christi LNG plant, signing a long-term supply agreement with an LNG price link [1] that highlights onshore operators' eagerness to diversify away from flatlining US benchmark Henry Hub.

International

Australia-listed developer LNG Limited has agreed a tentative supply deal with an LNG-to-power project in Vietnam [2], meaning LNG's Magnolia LNG project in Louisiana has provisionally contracted around 25% of its 8 mtpa capacity.

Mozambique state-owned ENH has taken a major step to build its LNG trading capabilities [3] ahead of a major liquefaction buildout in the east African country by launching a joint venture commodity trading house with Geneva-based trader Vitol.

Qatar Petroleum has cut its outlook for LNG demand growth in the global maritime industry [4] by at least a third, amid growing disquiet that the once-promising LNG bunkering sector will struggle to expand beyond niche status due to competition from other fuels.

Prominent US LNG developers at Gastech in Houston last week claimed global LNG demand will far outstrip industry forecasts [5], in a bid to reverse the narrative that more investment in greenfield liquefaction is not required following a recent wave of FIDs.

The European Commission has hailed as a breakthrough Gazprom's agreement that EU law will govern future Ukraine transit contracts [6], but market observers suggest the decision was no compromise as the Russian firm could benefit from the move.

Australasia

Australia – Woodside has lined up a potential customer for a proposed expansion of Pluto LNG, signing a preliminary agreement to supply Uniper with up to 1 mtpa [7] for 13 years [7], but 50% of the volume depends on the Australian firm taking FID on the Scarborough feedgas development.

ExxonMobil's latest attempt to sell its 50% stake in the Gippsland [8] JV [8] got off to an un auspicious start, after potential buyer Mitsui placed a 'for sale' sign on its own 40% stake in the nearby BassGas project, also located offshore south-eastern Australia.

Central & South America

Argentina – Argentina has hiked regulated oil prices and scrapped a freeze on [9] retail fuel prices [9] that had threatened to undermine the economics of drilling in the burgeoning Vaca Muerta shale in response to “price volatility” following the drone strike in Saudi Arabia.

Colombia – SPEC LNG, the operator of Colombia’s sole LNG terminal, has roped specialist small-scale supplier Avenir LNG to help provide additional services [10] at the chronically underutilised floating import facility.

Europe

Bulgaria / Turkey – A Bulgarian court has reinstated Saudi Arabia’s Arkad Engineering as the firm to build a 480 km pipeline across Bulgaria to connect Russia’s TurkStream pipeline to Serbia [11], paving the way for flows into the EU as soon as 2021.

France – EDF has downplayed the risk of its nuclear power fleet in France [12] being brought offline for repairs over winter after stating the welding faults found in its fleet “do not require immediate action”, with the news sending European gas and power prices sliding.

Netherlands – LNG-fuelled trucks have similar or worse emissions profiles to diesel-fuelled trucks [13], according to research commissioned by the Dutch government that seeks to warn against tax breaks and subsidies for the supposedly lower-emissions vehicles.

UK – Electricity generation from offshore wind farms hit record low prices [14] in the UK’s latest power tender, with Contracts for Difference for newbuild turbines clearing 66% lower than the first tender in 2015 and undercutting government price forecasts for the first time.

Mediterranean

Cyprus – Cyprus has awarded gas-rich offshore Block 7 to an Eni-Total joint venture [15] and adjusted the shareholdings in other blocks to accommodate their exploration partnership.

Middle East

Iran – The Islamic Republic of Iran has signed a USD 440 million deal with state-run upstream company Petropars to develop the Balaal gas field in the Persian Gulf [16], in a show of defiance against US sanctions and rising Middle East tensions.

Saudi Arabia – A drone attack on key facilities has cut Saudi Arabia’s oil production by 5.7 million barrels/d, eliminating most of the world’s spare production capacity [17], causing prices to spike and raising doubts over the mooted Saudi Aramco IPO.

North America

Canada – Power producer TransAlta is to convert its coal-fired power fleet in Alberta to run on gas [18] by 2024, six years ahead of Canada’s planned coal power phase-out, as part of the company’s USD 2 billion Clean Energy Investment plan.

US – San Jose has become the largest US city to ban gas infrastructure in new homes after voting in measures to “rapidly reduce greenhouse gas emissions”, continuing the trend of Californian [19] public authorities turning the screw on gas

[19] consumption.

Creditors to engineering outfit McDermott International were left sweating after the firm's share [20]s plummeted last week on reports that it hired a chapter 11 specialist [20] advisory firm, a fact later confirmed. Days later, McDermott said it was considering selling its Lummus Technology unit [21] to bolster liquidity.

LNG player NextDecade is looking to rope in one North America's leading midstream outfits to jointly develop [22]the Rio Bravo pipeline [22] that will feed its planned Rio Grande LNG plant, after signing an MoU with Canada's Enbridge.



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