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Analysis

China has agreed to absurdly ambitious purchases of US energy [1] under a vaunted phase one US-China trade deal that will prove both extremely challenging to realise and, if achieved, highly disruptive to global energy flows, analysts and observers say.

The probability of US Gulf LNG projects being shut-in [2] is rising once again, with the forward curve for Asian spot supply indicating an imminent crash that could render the cost of lifting US LNG greater than the marginal cost of turning plants down.

International

BlackRock CEO Larry Fink, in his annual open letter to clients, has said the world's largest fund manager will divest from some coal companies [3] and place “sustainability at the center” of its investment approach.

Africa

Shares in struggling Africa-focussed E&P outfit Tullow Oil nose-dived last week after the company warned it would take USD 1.5 billion in impairments and write-offs [4] in its 2019 results, prompted by a lower oil price forecast and reduced reserves in Ghana.

Asia Pacific

China – The focus of China National Offshore Oil Corporation (CNOOC) remains firmly on conventional crude production, with the firm aiming to bring 10 projects online in 2020 [5] – six of which are crude-based, located offshore China.

Indonesia – The country has netted what could become the largest foreign investment in its history after the United Arab Emirates signed a series of agreements outlining proposed investment of ~USD 23 billion to fund infrastructure and energy [6] projects.

Central & South America

Bolivia / Brazil – The Brazilian energy ministry has given the green light to Bolivian state-owned YPFB to sell gas directly to Brazilian buyers [7] via the 3,150 km Gasbol pipeline, allowing the Bolivian firm to circumvent Brazil's state-owned Petrobras for the first time.

Europe

EU – Gazprom’s Nord Stream 2 pipeline will be completed by Q1’21 [8], according to plans outlined by Russian president Vladimir Putin, but market observers suggest that deadline will not benefit US LNG sales to Europe or materially affect the EU gas market.

France – LNG terminal operator Elengy is poised to ramp up investment in the Fos Tonkin regas plant [9] after the facility filled its entire capacity out to 2028 in a recent open season, marking the latest European LNG import facility to tap into skyrocketing demand.

Germany – Exports of carbon-heavy electricity slumped in 2019 as a higher EU carbon price and cheap gas conspired to push coal and lignite-fired stations down the economic merit order in favour of gas-fired generators [10] in neighbouring countries.

A German lobby group has reignited the debate over a [11]remunerative scheme for gas-fired plants [11], in the wake of a landmark agreement that clears the way for the country to implement its vaunted exit from coal-fired generation.

Norway – Offshore TSO Gassco has suggested that building a new pipeline would be more cost-effective [12] than a second LNG train to develop resources in the Barents Sea, though consensus among licence holders could be difficult in either case.

Mediterranean

Egypt / Israel / Jordan – Israel has begun exporting gas from [13]the offshore Leviathan field to Egypt [13], underscoring Israel’s transformation into a major regional energy exporter after initiating flows to Jordan on New Year’s Day.

Greece – State-run Hellenic Hydrocarbon Resources Management has revealed that offshore seismic work off the island of Crete indicates the existence of gas resources [14] that resemble major discoveries in the east Mediterranean.

Middle East

Israel – The Ministry of Energy has reportedly instructed state-run TSO Israel Natural Gas Lines to plan for a new pipeline to the Gaza Strip [15], but numerous hurdles exist – not least ongoing violence between Israel and the Palestinian enclave.

North America

Canada – British Columbia premier John Horgan has brushed aside calls by a UN committee to halt the construction of TC Energy’s Coastal GasLink pipeline [16], vowing the project will be completed despite First Nations groups remobilising protests.

US – New management at US shale giant EQT has come under renewed pressure to reverse the firm’s fortunes by selling more assets, warning that upcoming Q4’19 results will include a USD 1.8 billion hit prompted by low gas prices [17].

The decline of coal-fired power generation in the US is set pause in 2021 as a forecast decline in shale gas production [18] pushes prices higher, improving the competitiveness of coal in the power sector, according to the EIA's latest Short-Term Energy Outlook.

Attorneys general from 15 states have opposed the Trump administration's proposal to allow rail shipments of LNG [19] in a move that raises questions for New Fortress's proposed LNG export project in New Jersey, which has a permit to receive LNG by rail.

New oil and gas infrastructure along the US Gulf and south-west could generate as much CO₂e as 131 coal-fired plants by 2030, according to research from the University of Texas, which ignores potential benefits from coal-to-gas switching [20] in Europe and Asia.

Fracking has made the US the world's top oil and gas producer, launched the US LNG export industry and created thousands of jobs, but that could change if a Democrat wins the 2020 general election [21] and outlaws the technique.



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