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## Analysis

The Northern Sea Route has reopened with the departure of the first vessel of the year from Yamal LNG heading for China, several weeks earlier than usual. With north-west European gas hubs at record lows and slightly higher netbacks available in Asia, there is now a small incentive to send Yamal spot cargoes eastwards [1].

## International

Shell is preparing for voluntary redundancies, deep cuts in external recruitment and a review of expatriate staff employment contracts as part of a wider revamp to shore up its flagging finances [2], according to a note to staff from CEO Ben van Beurden.

The world's lowest-cost LNG producer Qatar Petroleum has indicated its willingness to cut the sales price of its LNG [3] to retain or expand market share during the commodity price downturn, saying it is best positioned to win any 'race to the bottom' that might ensue.

## Africa

**Algeria / Ghana** – Total has scrapped a deal to buy assets in Ghana and Algeria [4], but struck a separate EUR 515 million deal to acquire Energias de Portugal's gas and power assets in Spain.

**South Africa** – Energy and petchems firm Sasol is reportedly considering selling its 50% stake in the Rompco gas pipeline [5], its 49% stake in Oryx GTL and potentially some of its E&P business in a bid to tame its USD 10 billion debt pile.

## Asia Pacific

**China** – Turkmenistan has reportedly signed a contract for work on 30 wells designed to boost production, but it remains unclear where this gas would go, as China is negotiating smaller central Asian volumes [6] in favour of cheaper LNG and domestic production.

**Malaysia** – Petronas has signed an "unconventional" SPA with Shanghai-based Tiger Clean Energy, under which the Malaysian firm will supply LNG to an ISO tank filling facility [7] located in Sarawak – from which the Chinese firm will export to its home market.

**Thailand** – Independent power producer Gulf Energy has become only the country's second firm to secure the right to import LNG [8] after the government approved two licences to import a total of 1.7 mtpa of the fuel.

## Australasia

**Australia** – The federal government has accepted recommendations from a landmark review [9] of CCS [9] calling for funding the technology through the AUD 2 billion Emissions Reduction Fund and expanding the remit of agencies to drive investment.

Separately, the government has published a long-awaited “technology investment roadmap” [10] that evaluates 140 technologies to lower the country’s carbon emissions over the next 30 years, which highlighted crucial roles for gas and LNG.

## Europe

**Norway / UK** – Two major North Sea deals have run into difficulties [11]: Oman’s Petrogas pulled out of an asset acquisition with Total, while Neptune Energy scrapped a deal to buy Edison E&P’s UK and Norwegian assets, prompting Energean to renegotiate its own purchase of Edison E&P.

**EU** – The European Commission is drawing up plans for a new financing mechanism and fresh funding to ramp up renewables [12] and help “green” hydrogen compete with H2 derived from gas, according to a leaked draft of Brussels’ post-virus economic recovery plan.

**Germany** – German TSOs have unveiled plans to roll out a 1,294 km hydrogen network [13] connecting “green” and “blue” H2 production centres in Germany and the Netherlands to demand centres mainly in western Germany for as little as USD 725 million by 2030.

**Poland** – Russian gas will continue to flow [14] through the Polish section of the 33 Bcm/year Yamal-Europe pipeline despite the 17 May expiration of the Yamal transit contract between Gazprom and Polish transmission system operator Gaz-System.

## North America

**Mexico** – The government has pushed through a sweeping set of measures aimed at boosting the reliability of Mexico’s national grid, which strengthen the government’s control over the national power system [15] and reverse reforms introduced in 2015 to the detriment of wind and solar generation.

**US** – NextDecade has become the latest North American LNG developer to defer [16] FID due to the eroding price environment [16] caused by the Covid-19 pandemic, with the firm announcing that it will not pull the trigger on its Rio Grande LNG project until next year.

New York governor Andrew Cuomo has seemingly downed a second pipeline proposed by Williams after regulators rejected the firm’s third application for a critical permit for the Northeast Supply Enhancement pipeline [17] project, with Williams saying it will not refile.

Equitrans Midstream, the third largest US gas gatherer, will take a hit to its bottom line in Q2’20 after its largest producer customer curbed upstream gas volumes [18] flowing on the company’s network in the north-east.

US LNG cancellations are mounting [19], with reports suggesting as many as 45 cargoes could be culled in July as the economics of exporting gas from the US Gulf Coast continue to deteriorate and brimming storage levels limit Europe’s ability to absorb LNG volumes.

FERC has granted approval to the Alaska Gasline Development Corporation [20] to construct its proposed 20 mtpa capacity Alaska LNG plant, but construction will not kick off any time soon as AGDC looks for help to fund the USD 45-65 billion development.

## **South Asia**

**India** – Gas demand has increased ~50% this month [21] compared to April as the government eased Covid-19 related lockdown measures for fertiliser producers, the largest consumers of gas in the country, according to reports.

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