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[1]

Europe

Equinor and TSO Fluxys have announced they have agreed to go ahead with a pipeline project transporting CO₂ [2] from Belgium and surrounding countries to depleted fields offshore Norway for storage. The project, for which a final investment decision (FID) is expected in 2025, may link up with other industrial port areas in North West Europe including Dunkirk in France.

France – The CEOs of France's largest energy companies have called for the public to reduce energy consumption amid lower gas supply from Russia and high price levels [3]. The open letter, signed by the CEOs of TotalEnergies, Engie and EDF, comes amid extended outages across France's nuclear power fleet and as the country's dependence on LNG imports is on the rise.

Asia Pacific

Japan – Businesses and residents in Tokyo have been urged to cut power use by Japan's government [4], which warned electricity supply would be tight on 27 and 28 June due to severe heat and the closure of some thermal power plants. Meanwhile, Asian Tigers South Korea and Taiwan announced they will hike power prices due to soaring fuel prices, with both countries having cranked up LNG imports H1'22.

Philippines – Prime Infra, an infrastructure company headed by the second-richest man in Philippines,

Enrique Razon, is in “extensive talks” to buy a majority stake in the maturing Malampaya gas field from [5] compatriot Udenna Corporation, owned by businessman Dennis Uy. Prime Infra’s proposed entry could help Udenna close a deal for Shell’s stake in the field, which has been put on hold due to a government probe into Udenna’s technical and financial capacity to extend the life of Malampaya.

International

Coal, oil and natural gas accounted for more than four-fifths of global primary energy consumption last year [6] despite rapid growth in wind and solar power, according to the latest edition of BP’s Statistical Review of World Energy. Primary energy demand bounced back strongly in 2021 after the sharp fall of 2020 – when much of the world was in lockdown because of the Covid-19 virus – ending up 5.8% higher than in 2020 and 1.3% higher than the pre-pandemic level of 2019.

The leaders of the Group of Seven (G7) countries said during the group’s 48th summit that they “have agreed to explore” implementing price caps on imports of Russian oil and gas [7] in order to limit revenues Russia gets from energy exports and stabilise global energy markets. The proposal has raised questions over whether a price cap on oil could be adopted in a timely manner to make a difference, given the G7 has already pledged to phase out Russian crude imports.

US-based energy and infrastructure investor EIG has announced the appointment of ex-Shell executive VP De la Rey Venter as CEO [8] of its newly-created LNG division MidOcean Energy, as well as a managing director of EIG.

The leaders of the Group of Seven (G7) countries last Tuesday committed to a goal of a “fully or predominantly” decarbonised power sector by 2035 [9]. At the same time, however, leaders agreed that publicly supported investment in the gas sector can be appropriate as a temporary response due to the “exceptional circumstances” following the war in Ukraine.

Gazprom on 30 June saw its share price fall by almost 30% [10] after the company announced it will not pay dividends to shareholders for the first time since 1998. Running parallel, German energy company Uniper saw its share price plunge last Thursday after announcing late on Wednesday that it expects earnings for H1’22 to be “significantly below” prior-year figures due to Gazprom throttling flows to the firm, with the German firm also stating it is holding talks with Berlin over possible support measures.

Central & South America

Uruguay – Uruguay’s state-owned oil company ANCAP has awarded three of the six offshore blocks on offer as part of the 2022 upstream licensing round [11], with the blocks awarded to Shell and APA Corporation, formerly Apache. The awards mark the return of “leading companies” to Uruguay’s upstream sector following a 10-year hiatus, ANCAP said, adding that Shell and APA were lured by recent discoveries offshore West Africa– with the geology of the three blocks said to be similar to discoveries made off Namibia’s coast.

Australasia

Australia – LNG exports from Shell’s Prelude FLNG facility off the coast of Western Australia could grind to a halt later on 1 July due to a worsening industrial dispute [12], with the move set to tighten LNG supply at a time when demand in Asia is soaring due to a heatwave.

Western Australia's Environmental Protection Authority (EPA) has backed a proposal to extend the life of the Woodside-led 16.9 mtpa North West Shelf (NWS) LNG plant [13], the country's largest and oldest plant, by 50 years – on the condition that it achieves net zero emissions by 2050. The Conservation Council of WA (CCWA) has said it will appeal the EPA's recommendation, highlighting the fact that the proposal does not cover Scope 3 emissions, with some market observers questioning whether the plant will still be operational by 2050 given its age and the need to secure more feed gas.

Canadian investment firm Brookfield Asset Management has bought a 2.56% stake in AGL Energy, prompting speculation that the firm could be preparing another takeover bid for the Australian company alongside Grok Ventures [14], a private investment firm controlled by Australian billionaire Mike Cannon-Brookes. The billionaire recently snapped up an 11% stake in AGL through Grok Ventures, with Cannon-Brookes recently blocked a demerger of the firm that would have seen its fossil power plants spun off to a separate company.

Venice Energy has signed a memorandum of understanding (MoU) with Japanese trading house Marubeni to create a joint venture partnership [15] for its proposed AUD 260 million (USD 176.5 million) floating LNG terminal project at Port Adelaide in South Australia. Marubeni's entry into the project comes less than two years after it abandoned the proposed Port Kembla LNG terminal project in New South Wales (NSW), which is seen as the front-runner in the race to import first LNG into Australia.

UK

Curtailling gas exports on the interconnectors with the Netherlands and Belgium is one of the options should the UK experience gas shortages this winter [16], according to National Grid's emergency plan. If implemented, this could have severe knock-on effects on the European gas market and prompt a diversion of Norwegian flows from the UK to the European continent.

North Africa

US – US midstream giants Williams and Kinder Morgan have reached final investment decisions on key pipeline projects which will boost supply to the growing liquefaction capacity [17] on the US Gulf Coast. Oklahoma-based Williams announced last Wednesday that it had reached a final investment decision on its Louisiana Energy Gateway (LEG) pipeline, which will transport 1.8 Bcf/d of gas from the Haynesville basin to “premium markets” including US Gulf Coast LNG plants.

Freeport LNG has pushed back the restart of partial operations at the facility [18] by a month after the US Pipeline and Hazardous Materials Safety Administration (PHMSA) ruled that the plant cannot restart until a series of corrective actions are taken. The announcement sent US gas benchmark Henry Hub tumbling, while European gas prices rallied on the news.

US President Joe Biden's ambitious climate policy agenda suffered a setback last Thursday when the Supreme Court ruled that the Environmental Protection Agency does not have authority under the 1970 Clean Air Act to curb carbon emissions from power plants [19]. The ruling raises question marks over Biden's pledges to cut greenhouse gas emissions by at least 50% from 2005 levels by 2030 and to have a carbon-neutral electricity generation sector by 2035.

Russia & CIS Region

Russia – A decree signed by Russian President Vladimir Putin has ordered the transfer of all rights from

the ~11.5 mtpa Sakhalin 2 LNG project in the Russian far east to a new state-owned entity [20]. Shell had already announced its intention to withdraw from Sakhalin 2, however the apparent nationalisation of the project casts doubt over its ability to sell its stake, with the future participation of Japanese firms Mitsui and Mitsubishi also in doubt.



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