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[1]

## Europe

Europe must cut gas consumption by ~12 Bcm between now and the start of the heating season [2] in order to ensure storage sites are 90% full for the coming winter, the head of the International Energy Agency, Fatih Birol said last Monday. Birol issued five concrete actions that he said European leaders need to take, with the IEA executive director suggesting the 90% target is “still possible” provided Europe takes immediate action to cut consumption.

The European Union is looking to roughly double gas imports from Azerbaijan by 2027 [3], according to a memorandum of understanding penned by European Commission president Ursula von der Leyen and Azerbaijan president Ilham Aliyev in Baku last week. The move is in line with the bloc's target of phasing out Russian gas imports before the end of the decade, however a lot of work needs to be done in order to roughly double flows in the next five years.

The European Commission (EC) on Wednesday last week tabled regulatory proposals for both mandatory and voluntary demand reduction of gas [4] between August 2022 and March 2023. If adopted by the Council of the EU, EU member states could be obliged to reduce gas demand by 15% in emergency situations.

**Germany** – As Germany's gas crisis worsens, the country may be forced to allow its last nuclear reactors to run beyond the end-2022 phase out date [5]. The government has initiated a second security of supply

'stress test' for power TSOs which is expected to bring more clarity on possible lifetime extensions of reactors.

A 'stranded' turbine for the Nord Stream 1 (NS1) pipeline repaired by Siemens in Canada has reportedly been shipped to Germany following a recent approval by the Canadian government [6]. Running parallel, German utility Uniper has reportedly received a letter from Gazprom concerning force majeure on the NS1 pipeline meaning supply obligations may not be fulfilled after annual maintenance on the pipeline.

Germany's third and fourth floating storage regasification units (FSRUs) will be located in Stade in Lower Saxony and Lubmin in Mecklenburg–Vorpommern [7] respectively, the Ministry for Economy and Climate Action announced last week. This means Germany could have five FSRUs installed by the end of 2023 as a fifth FSRU will be installed by a private consortium in Lubmin by the end of 2022, the ministry said.

Gazprom resumed gas flows through the Nord Stream 1 (NS1) pipeline to Germany [8] on 21 July after a 10-day maintenance-related outage, with the restart relieving some supply concerns in Europe. However, flows restarted at 40% of the pipeline's capacity – in line with pre-maintenance volumes – meaning Europe must continue with plans for gas rationing in order to ensure sufficient supplies for winter, with Russian President Vladimir Putin hinting NS1 flows may be curbed further this week.

Germany has increased its gas storage targets for 1 October and 1 November by five percentage points to 85% and 95% respectively [9]. The target appears difficult to achieve as piped gas supply coming from Russia are still at low levels despite the restart of the Nord Stream 2 pipeline after maintenance.

Germany's government has reached a deal to bailout beleaguered utility Uniper [10], with Berlin agreeing to take a 30% stake in the firm and provide EUR 15 billion (USD 15.2 billion) in guarantees and equity. Uniper, which has been hit hard by curtailments of Russia gas imports, will now work with parent company Fortum and the German government to reform its "wholesale gas contract architecture" by the end of next year.

**Albania** – US-based floating LNG solutions pioneer Excelerate Energy has firmed up interest for its planned Vlora LNG terminal in Albania [11] after penning a memorandum of understanding with Bulgaria's Overgas. The Bulgarian firm has agreed to examine the purchase of 1 Bcm of gas via the terminal, which will firm up bookings at the facility, however the Excelerate and its terminal project partners will most likely need to secure further bookings in order to launch the project.

**Hungary** – Hungarian minister of foreign affairs Peter Szijarto travelled to Moscow last week to discuss securing an additional 700 MMcm of gas from Gazprom [12]. Szijarto suggested that Hungary needs the additional volumes from Russia to ensure sufficient supply, however the move goes against the EU's policy to wean the bloc off Russian energy supplies after its invasion of Ukraine.

## North Africa

**Algeria** – Algeria's Sonatrach and partners TotalEnergies, Oxy and Eni last Tuesday signed a 25-year extension of the Production Sharing Contract (PSC) [13] concerning two onshore blocks in the Berkine basin, in Eastern Algeria. Although predominantly an oil field, the companies say they will study the opportunity to develop associated gas with an eye on exports to Europe.

## UK

The UK's High Court has ruled that the government's 2050 Net Zero emissions plan lacks sufficient details

[14] on how to reach interim targets. The government now has eight months to come up with a more detailed plan including a quantitative assessment on how its policies will help reach 78% emissions reductions by 2035.

Centrica has moved a step closer to reopening Britain's biggest gas storage site after the North Sea Transition Authority (NSTA) awarded the firm a gas storage licence [15] for the site off the east coast of England.

EDF is trying to alter a key subsidy contract with the UK government after the Covid-19 pandemic caused further delays to the 3.2 GW Hinkley Point C project in Somerset, the FT has reported. Running parallel, EDF's plans for a new nuclear power plant in Suffolk [16], the Sizewell C plant, took a step forward last week after the project was granted planning consent by the government.

## North America

**US** – PetroChina has penned a second long-term sales and purchase agreement (SPA) with the US' largest LNG producer Cheniere [17], with the deal marking Cheniere's "first LNG contract that crosses over into the second half this century". The deal supports Cheniere's push to expand its Corpus Christi plant beyond the seven-train Stage III expansion – which the company greenlit last month.

A fund managed by BlackRock Real Assets has bought renewable natural gas (RNG) producer Vanguard Renewables [18] for USD 700 million from Vision Ridge Partners. The plan is to scale up production of RNG to supply the transport sector in California as well as to corporations looking for ways to decarbonise their energy use.

**Mexico** – Sempra and state-owned Mexican utility Comisión Federal de Electricidad (CFE) said last week that they have expanded on collaboration agreements concerning energy infrastructure projects in Mexico [19]. This includes re-routing of the Guaymas-El Oro pipeline in Sonora, developing the proposed Vista Pacífico LNG project in Topolobampo, Sinaloa, and an LNG project in Salina Cruz, Oaxaca.

## Australasia

**Papua New Guinea** – The Papua LNG project partners have launched the first phase of front-end engineering and design studies [20] for the project's upstream production facilities, TotalEnergies announced last Wednesday. The French energy major, operator of the planned Papua LNG plant, also revealed that the project will incorporate a carbon capture storage (CCS) facility for upstream emissions.



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