Gas Strategies
Information Services

30 April 2024

Gas Strategies Information Services

Contents

Gas Strategies Group

10 Saint Bride Street
London UK
EC4A 4AD

ISSN: 0964-8496

T: +44(0) 20 7332 9900
W: www.gasstrategies.com
Twitter @GasStrategies

Download on the App Store

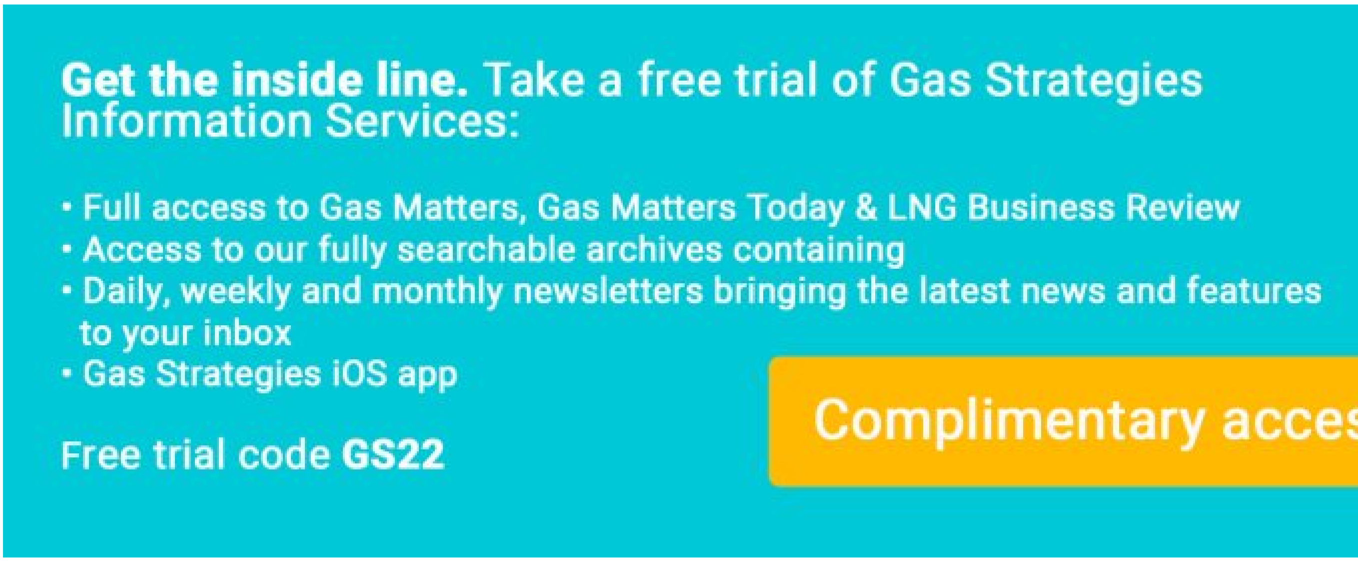
Editorials

+44(0) 20 7332 9957
editor@gasstrategies.com

Subscriptions

+44(0) 20 7332 9976
subscriptions@gasstrategies.com

Gas Matters Today | news roundup | w/c 01 August 2022



[1]

Australasia

Australia – The Australian government will extend legislation permitting Canberra to force east coast LNG exporters to divert gas to the domestic market [2] in order to avert supply shortfalls, the country's Resources Minister Madeleine King confirmed last Monday. King's confirmation came after the Australian Competition and Consumer Commission (ACCC) warned that the southern states could face a gas supply shortfall next year and recommended that LNG exporters increase gas supply to the domestic market.

Australia's lower house of parliament has passed the Climate Change Bill (CCB) – binding the nation to cut greenhouse gas (GHG) emissions by 43% from 2005 levels by 2030 [3]. If passed in upper house of parliament, the "overdue" legislation will begin a "new era" of commitment to tackling climate change, according to the country's climate change and energy minister Chris Bowen.

Europe

Higher wholesale energy costs in Europe should be passed on to households and businesses [4] in order to encourage demand reduction albeit with exemptions for low income households, the International Monetary Fund (IMF) said in a report last week. This comes as a number of European nations are, or planning to, intervene in energy retail and wholesale markets in order to shield customers from soaring prices.

Netherlands – **[5]**Gasunie has sold the remaining capacity at its proposed Eemshaven LNG terminal [5] in the Netherlands to Engie. The French firm snapped up the remaining 1 Bcm of capacity, meaning the total 8 Bcm of capacity at the floating terminal is now sold following earlier deals with Shell and CEZ.

BP reported its highest quarterly profit since 2008 [6] last Tuesday, with the British energy major posting underlying earnings of USD 8.5 billion for Q2'22 on the back of strong refining margins, an exceptional oil trading performance and higher liquids realisations. The strong earnings, which led to BP hiking share buybacks and its dividend, were partially offset by the gas marketing and trading contribution, which the company described as "average".

Denmark – The start-up of the TotalEnergies-operated Tyra ll field in the Danish North Sea has once again been pushed back, this time from June 2023 to winter 2023/24, dealing a blow to Denmark's energy security [7] and simultaneously having knock-on effects on Ørsted's supply contract with the trading arm of Poland's PGNiG. The Danish Energy Agency has kept the 'early warning' mechanism announced in June unchanged, but warned that the delay means the country will be more exposed to a potential reduction in gas supplies from Germany.

Italy – The Italian energy regulator ARERA has announced a number of reforms to the way household bills for protected customers are calculated, including a decoupling from forward prices on the benchmark TTF hub [8]. By linking consumer prices to spot PSV instead of TTF forward prices, and updating prices monthly instead of quarterly, the regulator appears to have changed the methodology so that it is more responsive to potential price caps in wholesale markets.

North America

Canada – Canadian midstream player Enbridge made its first investment in the LNG sector [9], taking a 30% stake in Pacific Energy's Woodfibre LNG plant in British Columbia. The investment could be the company's first of many in North America's LNG sector, Enbridge CEO Al Monaco suggested during the firm's Q2'22 results call on Friday.

US – Chesapeake Energy is set to ditch its Eagle Ford assets as part of a plan to return to its roots as a pure-play gas producer [10], the company confirmed during its Q2'22 results last week. Chesapeake will hike spending on its Haynesville shale assets as part of its gas push, with the firm this week revealing that it has penned a gas supply agreement with Golden Pass LNG – which will be fed gas from the aforementioned shale basin in Louisiana.

Equitrans Midstream is sticking with a H2'23 in-service date for its long-delayed Mountain Valley Pipeline (MVP) project [11], despite highlighting legislation spearheaded by US Senator for West Virginia, Joe Manchin, which could expedite needed permits. On Monday, Manchin secured backing for his bill from several US government representatives, including president Biden, which includes permitting reform for energy projects.

Freeport LNG sent US natural gas benchmark Henry Hub soaring last Wednesday after announcing that it expects to have all three trains at the Texas plant back in operation in October [12]. The news surprised the market, which was expecting a more gradual restart following a fire at the facility in June, with Freeport also announcing it has reached an agreement with a federal regulator regarding corrective actions that must be taken before the facility can restart.

Mexico – Canadian midstream giant TC Energy Corporation and Mexico's state-owned utility Comisión Federal de Electricidad (CFE) have taken a final investment decision (FID) to jointly build the Transportadora de Gas Natural de la Huasteca (TGNH) Southeast Gateway Pipeline [13], which is a USD 4.5 billion offshore natural gas pipeline project to supply gas to the central and southeast regions of Mexico. The companies have also decided to terminate the currently suspended international arbitrations related to Tula-Villa de Reyes (TVDR) and Tuxpan-Tula (TXTL), and, subject to a FID, complete the TXTL pipeline.

International

The Maritime and Port Authority of Singapore (MPA) and the Port of Rotterdam have signed a memorandum of understanding (MoU) to establish what they say would be the world's longest 'Green and Digital Corridor' [14] to enable low and zero carbon shipping. The aim is for the first sustainable vessels to embark on the route between the two ports in 2027.

A total of 38 mtpa of LNG was snapped up under firm long-term contracts during H1'22, marking the highest level of contracting since at least 2016 [15], Cheniere's chief commercial officer Anatol Feygin said during the firm's Q2'22 results call last Thursday. As for the US' largest LNG exporter, the first seven months of 2022 alone have marked its most productive year for long-term contracting since 2011.

Russia & CIS Region

Russia – US oilfield services and technology firm Baker Hughes has agreed to sell its oilfield services business in Russia to its local management team [16], the company said last Monday. This follows a suspension of new investments for its Russia operations in March which Baker Hughes says was in line with Western sanctions imposed on the Kremlin.

Japanese duo Mitsui and Mitsubishi cut the value of their stakes in the Sakhalin-2 LNG project in Russia [17], citing the Kremlin´s move to establish a new Russian entity to own the plant. Running parallel, project operator Sakhalin Energy has reportedly requested that Japanese buyers change their settlement bank ahead of the project´s transfer to a new company.

The Russian government has issued a decree ordering the establishment of the new operator for the Sakhalin-2 LNG project [18], according to a corresponding decree published on the Kremlin's official internet portal of legal information on 3 August. Foreign shareholders in Sakhalin Energy – Shell, Mitsubishi and Mitsui – will have one month after the new entity's creation to apply for a stake proportionate to their current holding.

South Asia

India – GAIL has chartered additional LNG carriers to lift more LNG from the US [19] in order to help mitigate a shortfall in deliveries from Gazprom Marketing and Trading Singapore (GMTS), the Indian firm's head of finance Rakesh Kumar Jain said during the company's quarterly results call last week. Jain said Gazprom's former unit had failed to deliver eight cargoes since the end of May and warned that GAIL's profits will be hit if the situation remains the same going forward.

UK

The total estimated cost of decommissioning upstream oil and gas infrastructure on the on the UK Continental Shelf (UKCS) fell by 2%

[20] or GBP 1.5 billion (USD 1.82 billion) to GBP 44.5 billion in 2021, based on 2016 prices, and by 25% or GBP 15 billion since 2017, according to a report by the North Sea Transition Authority (NSTA). However, decommissioning expenditure is forecast to ramp up over the 2022–2024 period and the 35% cost reduction target by end-2022 will be challenging to meet amid the inflationary environment, NSTA said.

Gas Strategies

Consulting

+44 (0) 20 7332 9900
consult@gasstrategies.com

Alphatania Training

+44 (0) 20 7332 9910
training@gasstrategies.com

Information Services

+44 (0) 20 7332 9976
subscriptions@gasstrategies.com