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[1]

## Europe

The UK Ministry of Defence (MoD) has hit back at the Kremlin after the Russian MoD accused the British Royal Navy of “planning, provision and implementation of the terrorist act” [2] that resulted in leaks on both Nord Stream gas pipelines. Meanwhile, the Nord Stream 1 operator has sent a survey vessel to investigate the damages in the Swedish exclusive economic zone (EEZ).

Europe is not “home free” this winter and should “buckle up” for further pain next winter, Sweden’s SEB bank warned last week [3]. Europe’s brimming storage levels will not be enough to meet demand during a normal winter, SEB bank said, adding that there is “severe risk” that Russia will cut the remaining gas pipeline flows through Ukraine and sabotage European energy infrastructure.

European oil and gas majors’ shift to low-carbon investments bears significant risks not least because many future energy markets have yet to evolve and reach scale [4], ratings agency Moody’s said in a report released last week. Moreover, the role of natural gas in the transition remains uncertain and the credit implications of a growing LNG business are potentially mixed over the longer term, according to Moody’s.

**Lithuania** – Lithuanian fertiliser producer Achema, the country’s largest gas consumer, has reportedly partially resumed production this month after a two-month hiatus [5], following a sharp drop in gas prices. However, with the prices expected to start rising again in the coming weeks as Europe enters peak gas

storage withdrawal period, questions remain over how long production at Achema's plant and other fertiliser plants across Europe will last.

**Germany** – Germany's energy expert commission has presented its final report to the government concerning gas price caps this winter and next [6] and the government has said it aims to quickly implement the caps. Price caps for industry are expected to take effect from January 2023 while for households the scheme will apply from March the same year and remain in place at least until the end of April 2024.

Uniper posted a net loss of about EUR 40 billion (USD 39.1 billion) in the first nine months of 2022, citing curtailments in Russian gas supply and replacement spot gas purchases as the main factor [7]. Negative operating cash flows, on the back of curtailments of Russian gas, pushed economic net debt to almost EUR 11 billion, up from EUR 324 million at the end of 2021.

Germany is considering continuing funding gas projects abroad which could put it at odds with its pledge last year to stop funding fossil fuel projects overseas [8], according to a report in the FT. Running parallel, in the run up to the COP 27 climate summit in Egypt, a report by a government-appointed climate expert group concluded that Germany is lagging its 2030 climate targets by a wide margin.

**Poland** – The 10 Bcm/year Baltic Pipe linking Norway, Denmark and Poland started flowing gas [9] last Tuesday morning, data from Norwegian pipeline operator Gassco shows. The pipeline is expected to be fully operational by late November this year which should help boost security of supply in Poland and neighbouring countries.

## Middle East

**Qatar** – ConocoPhillips is set to add 1 mtpa of LNG to its books as the firm has become the latest and final international partner to join QatarEnergy's North Field South (NFS) [10] expansion project. QatarEnergy confirmed Conoco's NFS entry last Sunday, with the firm becoming the only US firm to join the two-train 16 mtpa capacity expansion project. Conoco will hold a 6.25% interest in the project, with TotalEnergies and Shell each holding 9.375% stakes. QatarEnergy will hold the remaining 75% stake

## Mediterranean

**Lebanon** – QatarEnergy (QE) is in talks with the Lebanese government about taking a 30% stake in an offshore exploration project and is also negotiating with TotalEnergies and Eni [11] on this matter, CEO Saad al-Kaabi confirmed last Sunday, according to media reports. QatarEnergy would ostensibly replace Novatek in the consortium with Eni and TotalEnergies as the Russian firm is expected to withdraw from Lebanon later this year.

## UK

BP became the latest oil major to announce further share buybacks after a solid Q3 performance driven by "an exceptional gas marketing and trading results" [12] and higher gas prices. The British major's USD 8.2 billion profit came despite the loss of Freeport LNG volumes, however the firm's CFO said the US LNG plant is expected to resume exports later this month.

## International

India's largest gas distributor GAIL has penned a memorandum of understanding with ADNOC [13], under which the pair have agreed to explore opportunities in lower carbon LNG supplies. The pair have also agreed to examine joint investments in renewables projects, with the announcement coming hot on the heels of the UAE's energy minister reportedly confirming the Gulf state is aiming to increase the share of clean energy projects to 50% of its energy mix by mid-century.

## North America

**US** – Equitrans Midstream has signalled that its Mountain Valley pipeline project may face further delays, with the project's lead developer stating that the "best path" to complete the 303-mile gas pipeline by H2'23 is for federal energy infrastructure reform legislation to be enacted "expeditiously" [14]. However, hopes of speedy reforms faded in September after US senator Joe Manchin withdrew proposals for energy permitting reforms under a US funding bill, following strong opposition in the Senate.

The US administration has announced a support package of USD 4.5 billion to help lower income families pay their energy bills [15] this winter. Running parallel, the government also announced a USD 9 billion funding package under the Inflation Reduction Act (IRA) in a bid to make homes more energy efficient.

Oil and gas companies have asked the Biden administration to exempt the country's smallest wells from methane leak containment rules coming into force next year [16], the Independent Petroleum Association of America (IPAA) has confirmed in an email to Gas Matters Today. A coalition of trade associations insists that the regulation should apply to wells depending on their size, economics and emissions profile, as opposed to the existing one-size-fits-all approach.

US LNG projects have dominated global supply deals penned so far this year, with the first nine months of 2022 seeing a record volume of US LNG contracted, Cheniere's CCO Anatol Feygin said during the firm's Q3'22 results call. Looking ahead, Feygin expects Asia to be the primary growth driver and primary long-term contracting opportunity [17], despite stalling regas projects and falling demand in the region due to soaring prices.

**Mexico** – Mexico's energy regulator last week approved Pemex's revised plan for developing the Lakach deepwater gas field [18] in the Gulf of Mexico. US company New Fortress Energy (NFE) may partner Pemex in the project and plans to export the gas as LNG to world markets while Pemex would ostensibly supply smaller volumes to the domestic market.

## North Africa

**Egypt** – Shell could set up its first LNG bunkering base in Africa [19] after the firm penned a letter of intent with Egypt's state-owned energy firm EGAS and other companies to examine establishing a joint venture to provide bunkering services.

## Asia Pacific

**China** – Shell has signed a non-binding memorandum of understanding (MoU) with Sinopec, Baowu and BASF to explore the feasibility of developing what it calls an “open-source” carbon capture, utilisation and storage (CCUS) project in the East China region. If successful, the project could be China’s first large-scale open-source CCUS project [20] with a potential capacity of “tens of million tonnes of CO<sub>2</sub>” per year, according to Shell.



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