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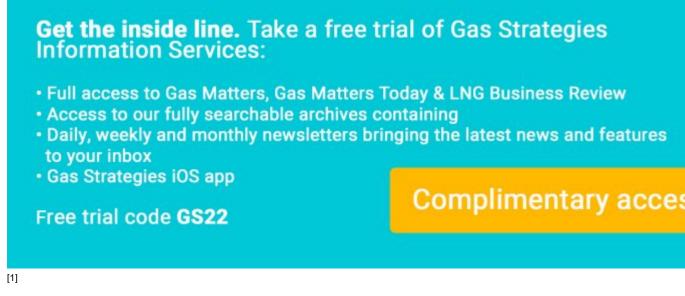
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Gas Matters Today | news roundup | w/c 12 December 2022



Australasia

Australia – The Australian government has announced it will introduce a temporary price cap of AUD 12/GJ (USD 8.12/GJ) on new domestic wholesale gas sales [2] by east coast producers for a period of 12 months. The price regulation has been met with skepticism from the Australian oil and gas industry which is saying it will have a negative impact on new investment.

Australia's parliament has adopted a bill that will set a temporary price cap of AUD 12/GJ (USD 8.1/GJ) on new domestic wholesale gas sales [3] by east coast producers – despite opposition from the oil and gas industry. The price regulation comes as Australia, a major exporter of LNG and coal, faces multiple energy security challenges in its power and gas sector.

Europe

The European Commission (EC) and the International Energy Agency (IEA) have proposed measures to ensure that Europe closes a looming natural gas supply-demand gap of 30 Bcm in 2023 [4]. They include a stronger push on energy efficiency, faster deployment of renewables and heat pumps and persuading consumers to save energy and gas producers to monetise flared gas.

Negotiators in the Council of the EU and the European Parliament (EP) have in principle reached an agreement on a carbon border tax, known as the Carbon Border Adjustment Mechanism (CBAM) [5],

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which will apply to imports of carbon intensive goods from third countries. Both hydrogen and electricity imports from non-EU countries are included within the scope of the regulation, but a clear timeline for its implementation is still missing.

EU energy ministers failed to reach an agreement on TTF price caps at a summit in Brussels last Tuesday following diverging views from member states on the level of the cap [6]. Running parallel, the EU reached a preliminary agreement on the financing framework for its RePowerEU plan which will see EUR 20 billion (USD 21.3 billion) worth of additional grants disbursed to EU member states to support the energy transition.

Norway – A partnership led by Germany's Wintershall Dea is to invest EUR 780 million (NOK 8 billion) in developing the Dvalin North field in the Norwegian Sea [7], the largest discovery in Norway in 2021. The field is due to start up in late 2026, potentially boosting the volumes of gas supplied to Europe from the Norwegian Continental Shelf (NCS).

Norwegian explorer Aker BP last Friday presented a NOK 200 billion (USD 20.3 billion) investment plan [8] for the development of four oil and gas projects in the North Sea and the Norwegian Sea. The total estimated recoverable resources for the fields is about 1 billion Boe and they could all be operational by 2027, according to Aker BP.

Central & South America

Guyana – Guyana has formally launched its first ever licensing round [9] for offshore oil and gas exploration and production with 14 blocks up for tender. The government said the bidding window would close on 14 April 2023 with contracts to be awarded by 31 May 2023.

Africa

UK-listed Savannah Energy has expanded its African oil and gas portfolio [10]with the conclusion of a USD 407 million deal to acquire ExxonMobil's Chad and Cameroon operations. This was followed by a sale and purchase agreement (SPA) with Petronas on Monday which will see Savannah take over the Indonesian firm's South Sudan portfolio in a deal valued at USD 1.25 billion.

North America

US – The US Department of Energy (DOE) and DOE's National Nuclear Security Administration (NNSA) last Tuesday said scientists had achieved a major scientific breakthrough concerning fusion ignition [11] that could pave the way for advancements in the future of clean power. US Energy Secretary Jennifer Granholm said US President Joe Biden has a "decadal vision" to get the first commercial fusion reactor up and running in just 10 years, but industry observers see this timeline as too ambitious.

Mediterranean

Egypt – The Egyptian government is facing a trilemma as it seeks to meet the energy needs of its people, boost foreign revenues through LNG exports and ramp up the ambition of its climate action commitments [12]. These challenges have been starkly highlighted by reports that the country has increased its use of heavy fuel oil to generate electricity ostensibly in a move to save gas for exports.



Russia & CIS Region

Russia – The prospects for a restart of the Nord Stream pipelines got even bleaker last Wednesday when the Canadian government revoked a sanctions waiver allowing essential maintenance on gas turbines to be conducted in Montreal [13]. Running parallel, a Kremlin spokesman said on Thursday that no decision had yet been made on whether to repair the damaged pipelines or to proceed with bringing the remaining intact string of Nord Stream 2 into operation.

Asia Pacific

Vietnam – Leaders from Vietnam and the International Partners Group (IPG) – which includes the EU, US, UK, France, Germany and Japan – last Wednesday announced a Just Energy Transition Partnership (JETP) to help speed up Vietnam's phase out of fossil fuels [14] and investment in clean energy. The partners say JETP will mobilise an initial amount of USD 15.5 billion of public and private finance over the next three to five years to support the green transition away from coal.

International

Coal used in power generation globally will rise to a new record in 2022 driven by strong growth in India and the EU [15] and by small increases in China, the International Energy Agency (IEA) said in its annual coal report published last Friday. Global growth comes despite a decline in coal consumption in the United States, the IEA noted.

Middle East

Oman – Hungary has started talks on imports of oil and LNG from Oman [16], the country's Foreign Minister Peter Szijjarto said last Thursday after he met his counterpart from Oman Sayyid Badr Albusaidi in Budapest. The announcement has raised eyebrows among industry observers who say several obstacles remain before Hungary can start imports of regasified LNG into its gas grid.

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