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Asia Pacific

Asian LNG buyers completed a busy year of long-term supply contracting with a flurry of deals in the final week of 2022, totalling close to 4 mtpa, with liquefaction projects in the US and Oman. The US deals suggest there could be more final investment decisions (FIDs) on new supply projects in the early months of 2023.

Indonesia – Indonesia's regulator SKK Migas has approved the development plan for the Harbour Energy-operated Tuna gas field [1] which is located between Indonesia and Vietnam in the South China Sea. The field could reach peak production in 2027 with Vietnam as a potential export market, according to plans.

Russia & CIS Region

Russia – In a move to hit back against western sanctions, a Russian arbitration court has ruled to freeze all of Linde's assets in Russia [2], citing the European gas firm's failure to fulfil its contractual obligations to RusChemAlliance. Running parallel, the start-up of Novatek's Arctic LNG 2 plant has been cast into doubt after the French company GTT this week said it would suspend a shipbuilding contract for ice-breaking LNG vessels by the end of the week owing to EU sanctions.

North America

US – The proposed Port Arthur LNG export project in the US received a boost in the final week of 2022 when German energy company RWE signed a long-term sales [3] and purchase agreement (SPA) for 2.25 mtpa. Project sponsor Semptra Infrastructure now hopes to reach a final investment decision (FID) on the 13.1 mtpa first phase of Port Arthur in the first quarter of this year, with first cargo deliveries expected in 2027.

Europe

Lithuania – Klaipėdos Nafta (KN) has announced that, together with transmission system operator (TSO) Amber Grid, it seeks to evaluate the possibility of expanding the current regasification capacity of the Klaipėda LNG terminal [4] by launching a non-binding market survey. A decision on whether to proceed to a binding open season is expected in March 2023.

Norway – Norwegian grid operator Statnett has forecast a potential deficit in the country's power supply over the coming years [5] partly because of rising electricity demand from the petroleum industry. The TSO sent a letter to Norway's energy ministry before the turn of the year to highlight many of the challenges ahead in the country's electricity sector.

Norway's Equinor and Germany's RWE signed a memorandum of understanding (MoU) last Thursday concerning a strategic partnership to transport blue and green hydrogen to Germany [6], contingent on the construction of a hydrogen pipeline between the countries. The main focus will also be on replacing coal-fired power plants with hydrogen-ready plants in Germany, as well as building up production of low carbon and renewable hydrogen in Norway.

Germany – Gas shortages in Germany this winter are becoming increasingly unlikely although a deficit situation can still not be ruled out [7], the German energy regulator Bundesnetzagentur (BNetzA) said last week. Running parallel, the German government is in discussions about paving the way for up to 21 GW of new gas-fired power plant capacity to be built by 2031 in order to compensate for the anticipated loss of coal-fired power stations.

Mediterranean

UK-based oil and gas independent Capricorn Energy last Thursday squared up to activist investor Palliser Capital Master Fund, accusing it of destroying value [8] in opposing the proposed merger with Israel's NewMed Energy, and once again putting its case for the transaction to proceed. Capricorn expects the merged entity to double production by 2030, with growth driven by fields in Israel and Egypt.

Egypt – Egypt took the latest step in reconciling its dilemma of meeting rising domestic demand for natural gas with a desperate need to boost gas export revenues by launching an exploration licensing round in the final days of 2022 [9]. The bidding round mainly targets offshore and onshore gas resources in the Mediterranean Sea and the Nile Delta respectively.

International

In an update to the company's fourth quarter 2022 outlook last Friday, Shell disclosed that it will pay tax in the UK for the first time since 2017 [10] as a result of an updated tax regime. Shell also said that the accounting fee from the UK's energy profits levy and the EU solidarity contribution – the so-called windfall tax on energy companies' excess profits – will amount to ~USD 2 billion.

South Asia

India – India's Cabinet last Wednesday approved the country's National Green Hydrogen Mission [11] which foresees 5 mtpa of green hydrogen production capacity in the country by 2030. The government is hopeful that the USD 2.3 billion plan will reduce the cost of fossil fuel imports and help decarbonise key sectors including heavy industry.

UK

The share of renewable energy sources in Great Britain's electricity generation fuel mix [12] looks likely to overtake that of natural gas this year, according to data published last Friday by National Grid Electricity System Operator (ESO). Several notable records were set during 2022, said ESO, as trends continued the shift from carbon-intensive to low and zero-carbon sources.



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