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[1]

International

Finnish state-owned utility Fortum last week announced a EUR 1.7 billion (USD 1.8 billion) write-down of its Russian assets in Q2 2023 [2], following a decree passed by Russian authorities against "unfriendly" nations, the company said. While Fortum and other companies are incurring significant financial losses, the broader impact on the energy industry remains uncertain as Russia continues to tighten its grip on foreign assets. Fortum plans to deconsolidate its Russian segment, after losing control of its subsidiary PAO Fortum, the company said on Thursday.

Europe's largest banking group BNP Paribas has doubled down on its commitment to continue withdrawing from the financing of oil and natural gas exploration and production [3] activities, saying it will no longer provide financing for new field development, "regardless of the financing methods". The bank says that by 2030 its residual exposure to oil exploration and production will be less than EUR 1 billion (USD 1.09 billion). Last Wednesday BNP Paribas detailed its strategy to withdraw from oil and gas exploration and production activities in an updated policy for the sector, alongside the publication of its 2023 Climate Report.

Australasia

Australia – Australia's natural gas and LNG producers have responded positively to reforms announced last weekend to the Petroleum Resource Rent Tax

[4] (PRRT) by Treasurer Jim Chalmers, aimed at raising an additional AUD 2.4 billion (USD 1.6 billion) over four years to ease budgetary pressures. The announcement marks the culmination of two long-running reviews of upstream taxation that have generated considerable uncertainty for LNG investors.

Middle East

Saudi Arabia – Saudi Aramco last Tuesday reported net income of USD 31.9 billion for Q1 '23 [5], a drop of over 19% compared with the same quarter last year. Earnings in the quarter were affected by lower oil prices, however the company reiterated that it intends to increase investment in oil and gas projects to capture “unique growth opportunities” and create long-term value for shareholders.

North America

US – Gas consumption for electricity generation in the US is set to hit highs [6] of 38 Bcf/d between May and September of this year, as coal-fired electricity declines and gas prices remain relatively low, the Energy Information Administration (EIA) said in its May Short-term Energy Outlook. However, more electricity generation from renewables will prevent gas burn in power from reaching the record levels set last summer, the EIA said.

The US Environmental Protection Agency (EPA) last Thursday issued a proposed rule to drastically cut carbon and other emissions from electricity generation [7], claiming it would deliver USD 85 billion in climate and health benefits over the coming two decades and avoid more than 600 million tonnes of carbon dioxide pollution. The draft rule would also cut harmful emissions of particulate matter (PM2.5), sulphur dioxide and nitrogen oxide.

Central & South America

Brazil – Equinor, Repsol and Petrobras have approved the final investment decision (FID) to develop the BM-C-33 field [8] in Brazil, the companies announced in separate statements last Monday. BM-C-33 is located in the pre-salt layer of Campos Basin in Rio de Janeiro state, with operations expected to start in 2028. The total investment in the Equinor-operated project is around USD 9 billion and the shareholder structure is Equinor (35%), Repsol (35%) and Petrobras (30%).

Elsewhere, Petrobras reported an 11.4% year-on-year decrease in net revenue from natural gas sales in Q1 [9] 2023, attributing the slump to diminished sales in the non-thermoelectric sector and a drop in prices due to an 8% Brent devaluation. Overall, Petrobras' net revenue was down 1.5% year-on-year to USD 26.77 billion in Q1 2023. The natural gas revenue, which totalled USD 1.53 billion, represented a mere 5.7% of the company's overall net revenues for the quarter.

Europe

The European Commission (EC) has launched the first international tender for joint gas purchasing under the EU Energy Platform [10], it said last Wednesday. For the first tender, 77 European companies have submitted requests for a total volume of 11.6 Bcm of gas, mostly pipeline gas, while suppliers had until 15 May to submit bids. The EC said international gas suppliers, excluding Russia, are now invited to respond to the tender which covers gas deliveries from June 2023 until May 2024.

Norway – Norway has offered 92 blocks in its annual Awards in Predefined Areas (APA) licensing round [11] which encompasses mature areas on the Norwegian Continental Shelf (NCS), the country's energy

ministry said last Wednesday. A total of 78 blocks in the western part of the Barents Sea and 14 blocks in the north-west of the Norwegian Sea are on offer. The deadline to apply for blocks in APA 2023 is 12:00 noon on Wednesday, 23 August 2023.

Ireland – Ireland has announced the results of its first offshore wind auction which saw four projects totalling over 3 GW of capacity win 20-year contracts at an average price of EUR 86.05/MWh [12] (USD 93.42/MWh). Ireland targets 5 GW of installed offshore wind capacity by 2030, however the timeline for the projects selected in the first auction looks uncertain as the developers have not yet been able to apply for planning permission owing to regulatory hurdles.

North Africa

The energy ministers of Germany, Italy and Austria have signed a letter of support for developing a "southern hydrogen corridor" [13] that could see exports of green hydrogen from North Africa to EU nations commence around 2030, the project developers announced last Tuesday. The aim is for the project to obtain status as an EU project of common interest (PCI) which would allow faster regulatory approvals and possibly also EU funding.



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