

US LNG projects in chaos

'Regulatory chaos' is the scene in the US, as far as LNG project permitting is concerned.

Due to the Biden administration's 'pause' on project permitting, which is due to end this November, most project developers who have not received permits will need to reapply or ask for extensions, Poten & Partners explained in a webinar.

This will delay the projects' progress by at least a year or two. Poten described the recent New Fortress Energy (NFE) Mexican Altamira project permit to export US produced gas, as a one-off, as the developer was only given a five year permit and the project is much smaller than its US counterparts.

Golden Pass has already been pushed back to the end of next year and NextDecade has suffered problems with its EPC company.

Poten warned that other projects worldwide could step in to fill the gap in the future, for example, Ruwais and Tanzania, among others.

Emissions fees

Methane emissions fees are due to start this year in the US. Waste Emissions Charge (WEC), is a charge levied on methane emissions from petroleum and natural gas facilities. The fee is as follows:

- 2024: \$900 per tonne of methane.
- 2025: \$1,200 per tonne.
- 2026 and later: \$1,500 per tonne of methane.

The fee applies to facilities that:

- Emit more than 25,000 tonnes of CO2 equivalent per year.
- Exceed the waste emissions thresholds set by Congress.



Should the current US administration change, prepare for more chaos

- Are not exempt from the charge.

The US EPA is also proposing rules to calculate the fee and provide exemptions. The first WEC payment is due on 31st March, 2025.

The EU is also looking to put limits on emissions.

Delays and uncertainties create higher costs and the US project delays are predicted to last well after the US Presidential election with any development restart not happening before the second quarter of next year, Poten said.

A new energy team could be in place in the White House by then, which could change everything.

There is also a spat ongoing between the US Courts and the regulatory authorities with the Courts accusing the agencies of not explaining their methodology sufficiently. In the words of the Courts, they were overstepping their mark.

For example, Poten said that the US Federal Energy Regulatory Commission (FERC) was only looking at a project itself, not taking in to account the downstream and upstream effects.

These uncertainties going forward could lead to potential offtakers and financiers looking

elsewhere for their LNG.

Poten explained that each project needs between five and 10 major permits to proceed and the developer must get it right otherwise the scheme will be retracted. There is currently no procedural shortcut.

The industry is calling for the permitting time cycles to be shortened but it is known that the US regulatory bodies are short staffed at the moment and have a considerable backlog of cases.

Poten then highlighted the winners in this situation. These are the projects that are self-financing and already have their permits in place.

However, projects need around 20 year financing and are faced with vague methodologies from the regulatory authorities, while the ensuing Court cases delay projects even more.

An overseas rival developer is not faced with such a rigid system, so can proceed with a project much faster than its US counterpart.

Poten warned that the US projects bring well paid employment to a community, which will suffer should a project be cancelled. ■

UNLIMITED AGENDA

REGULATORY

US chaos **1**

EXPLORATION

Gas find **2**

IMPORTS



Terminals underused **2**

DEVELOPMENT

LNG Canada update **3**

Bunker port nears FID **6**

SPOT PRICES

Asian drop **3**

Oil-linked **5**

GAS SALES

Turkey buys **8**



Tenders awarded **9**

CNOOC makes significant gas find

Chinese state-owned energy company, CNOOC has made the first ultra-deepwater gas find in the South China Sea.

The well produced 430,000 cu m per day in an open flow test, making it a major find in the Pearl River Mouth Basin.

The well was drilled in the Baiyn Sag, about 150 nautical miles to the south of Shenzhen. The drilling crew found a gas pay zone about 650 m long in a well of about 4,400 m in depth.

"Previously, exploration in China's ultra-deepwater areas mainly focused on clastic rocks.

The success of this well has, for the first time, revealed the enormous potential of carbonate rocks in China's ultra-deep waters, marking significant breakthroughs in both exploration understanding and operational techniques," said CNOOC's Chief Geologist, Xu Changgui.

The new find is located next to existing production facilities utilised for another field, so a tieback arrangement could be used to economically develop the new well, it was reported.

This is the second major discovery that CNOOC has announced

in a few months. In June, the company achieved a major find at the Lingshui 36-1 reservoir, which proved to contain more than 100 bill cu m of natural gas.

It is an ultra-shallow field in ultra-deep water - the first field of this kind in the world - and the gas layer lies just 200 m below the seabed in 1,500 m of water. Testing showed that it could produce up to 10 mill cu m per day.

CNOOC's recent success occurred under new leadership, as former General Manager, Li Yong retired in December, 2023.

The Chinese Central Commis-

sion for Discipline Inspection began examining his record three months later and recently announced that Li had been expelled from the party for alleged misconduct, including accepting bribes, trading power for money, maintaining ties with 'unscrupulous businessmen,' misusing his position for personal gain, and 'engaging in activities that could compromise the impartial execution of official duties.'

He had been employed at state-owned oil companies since 1984, including three years as head of CNOOC, local media said. ■

EU LNG import infrastructure underutilised

European Union's (EU) declining gas demand has resulted in LNG import terminals being utilised less.

The latest version of the Institute of Energy Economics and Financial Analysis' (IEEFA) European LNG tracker suggested there may be a growing realisation that Europe's LNG import infrastructure will become increasingly underutilised, as gas use drops further.

After falling to a 10-year low last year, Europe's gas consumption shrank by 5.4% year-on-year in the first half of 2024.

This translates into a reduced need for LNG imports, which declined by 20% in Europe and 11% in the EU27 in 1H24. IEEFA forecast that Europe's demand for the fuel will drop by a further 37% by 2030.

LNG import terminals have been impacted, as their average utilisation rate fell from 62.8% in 1H23 to 47.2% in 1H24.

Following Russia's invasion of Ukraine in 2022 and the subsequent cut in Russian pipeline gas supply, European countries scrambled to build new LNG import terminals. But recent developments

suggested this escalation is losing momentum, IEEFA said.

"Europe's LNG terminal construction spree might be coming to an end, with some countries delaying or cancelling infrastructure. Since the beginning of 2023, new terminals or expansions have been shelved in Albania, Cyprus, Ireland, Latvia, Lithuania and Poland. It is unclear whether three planned terminals in Greece will go ahead," said Ana Maria Jaller-Makarewicz, IEEFA's lead Energy Analyst, Europe.

Since the beginning of 2022, Europe has increased its LNG import capacity by 23%, or 58 bill cu m. The countries that have added the most capacity are Germany (16 bill cu m), the Netherlands (13 bill), Türkiye (7.7 bill), Italy (7.5 bill), France (6.5 bill) and Finland (5 bill cu m capacity).

However, despite falling demand, many European countries are still planning to invest in new LNG import infrastructure. By 2030, IEEFA predicted that this could result in three-quarters of the continent's LNG import capacity being unused.



European tanks are full

Russian imports rise

Europe increased its imports of Russian LNG by 11% year-on-year in 1H24. This is despite the EU's stance on ending its reliance on Russian fossil fuels by 2027.

Russian LNG imports to France rose by 110%, those to Spain were flat and those to Belgium decreased by 16%. These three countries accounted for 87% of Europe's Russian LNG imports during the period.

In June, the EU agreed to ban Russian LNG from being transhipped at its terminals before being sent to third countries. This ban will come into effect in March, 2025.

Europe had increased its transshipments from Russia's Yamal LNG terminal by 15% year-on-year in 1H24.

Ukraine's natural gas transit deal with Russia is due to expire at the end of this year. As Europe's LNG imports keep decreasing, it is unlikely that the continent's security of supply will be affected, if this agreement is not extended.

Europe reduced its LNG imports by 18 bill cu m between 1H23 and 1H24. This decrease was more than the 14.6 bill cu m of Russian gas exported to Europe via Ukraine in 2023, IEEFA said. ■

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LNG Canada progressing

LNG Canada's CEO, Jason Klein has given an update as to the project's progress.

The site is located at Kitimat, British Columbia in the Haisla Nation territory.

He said that construction activities were more than 95% complete overall, and the company remains on track to deliver first cargoes by the middle of next year.

"I want to personally thank the 35,000-plus individual Canadians who have worked on the LNG Canada project to date. We would not be in this position today were it not for them," he said.

"Lately, we've welcomed hundreds more Canadians to the LNG Canada asset team—highly skilled individuals who will safely operate this country's first gas liquefaction and export facility.

"Just weeks ago, we introduced natural gas to the facility for the first time, from the new Coastal GasLink pipeline. This was a major achievement for LNG Canada as we continue to progress our commissioning and safe start-up activities, and test and fine tune our equipment.



CEO Jason Klein outlined progress

"With gas in, we're able to advance other start-up activities as planned, such as flaring. Flaring is the combustion of natural gas with a visible flame. It's designed to ensure that our facility operates safely and efficiently. It is carefully controlled and provincially regulated.

"Flaring will be intermittent and on-going during our safe start-up process. Once we enter operations, it will occur much less frequently.

"We've also seen Canada's most innovative fleet of zero and low emissions tugboats arrive at our marine berth. HaiSea Marine — a unique joint venture between Haisla Nation and Vancouver-based Seaspan — will operate the five tugboats — three of them fully electric.

"The new tug fleet will support the safe transit of LNG carriers in our shipping corridor.

"This past summer, the Haisla-led Cedar LNG project reached a

successful final investment decision (FID). Cedar LNG will operate just around the corner from our facility, and will deliver significant, lasting benefits to the Haisla, other First Nations and local communities.

"For our part, I'm proud to announce that the value of contracts and procurement to British Columbia based businesses awarded by LNG Canada and its contractors has just exceeded \$5 billion. That includes more than \$4.1 billion to local and indigenous-owned businesses.

"We see opportunities to deliver even more benefits with our proposed Phase 2 expansion. We continue to work towards conditions needed for our five joint venture participants to reach a Phase 2 final investment decision (FID)," he said.

He also explained that the LNG Canada team has conducted dozens of successful engagements with local community organisations, stakeholder groups and individuals. These efforts will continue as the company moves through the commissioning and startup process, and later during operations. ■

Asian spot prices ease

Asian spot prices fell last week, due to limited November cargo demand and the effect of hurricane 'Francine' on the US Gulf production sites easing.

The average LNG price for October delivery into northeast Asia stood at \$13.20 per MMBtu at the end of last week, industry sources told newswires, down from \$13.40 per MMBtu the week before.

For November delivery, the price was said to be \$13.05 per MMBtu.

"Supply concerns in both the Atlantic and Pacific basins have eased, Hurricane 'Francine' did not pass directly over any LNG export terminals on the US Gulf Coast and has only noticeably impacted one terminal - the 15 million tonnes per

year Cameron facility," said Martin Senior, deputy head of LNG pricing at commodity pricing agency Argus.

However, despite dropping a little from the mid-August highs, global gas prices are still strong, according to ICIS senior LNG analyst, Alex Froleay.

"The market is balancing at a high level due to continued strong demand with little additional supply coming into the market. Asia has been buying more this year, and there is some renewed interest in spot cargoes from China ahead of winter and Egypt has put out a large tender for winter cargoes," Froleay said.

Senior added that some companies held back uncommitted car-

goes to participate in Egypt's 20-cargo tender, which was fully awarded late last week.

More supply could be offered in the coming weeks, now that the tender has concluded.

In Europe, the market remained in a comfortable position, with high underground gas storage levels ahead of this winter and no significant extensions to the ongoing Norwegian maintenance programme.

"German company Uniper's tanker, the 'LNG Rosenrot' has diverted its course away from Gate temrinal in the Netherlands to head for Tangshan in China instead, turning south in mid-Atlantic.

This could be an indicator that

Europe remains relatively comfortable at present," Froleay added.

On 12th September, S&P Global Commodities Insights assessed its daily North West Europe LNG Marker price benchmark for cargoes delivered in October on an ex-ship (DES) basis at \$11.204 per MMBtu, a \$0.20 discount to the Dutch TTF hub gas price.

Spark Commodities assessed the price at \$11.211 per MMBtu, while Argus assessed it at \$11.250 per MMBtu.

Atlantic and Pacific LNGC freight rates fell for the fifth week running as the Atlantic rate dropped to \$57,750 per day last Friday, while the Pacific rate was down to \$73,500 per day, according to Spark Commodities. ■



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LNG spot prices versus oil-linked contracts

European LNG spot prices have struggled to compete with oil-linked contracts, according to data from S&P Global Commodity Insights.

Term LNG contracts, especially older ones, tend to be priced as a percentage of crude oil (a slope), which can vary depending on the prevailing market conditions.

Typically the lower and upper bounds of the slope are between 11% in a bearish LNG market and 20% in a bullish market; when the market is balanced it will be 12%-13%, S&P explained.

Given the current market dynamics, traders saw oil-indexed contracts likely pricing at somewhere between 12% and 13.5% versus Dated Brent.

The Dated Brent price would put oil-indexed volumes with a 12% slope at \$8.655 per MMBtu and volumes with a 13.5% slope at \$9.737 per MMBtu.

Against the 13.5% slope, this put NWE LNG at a \$2.08 per MMBtu premium, while versus the 12% slope, this was assessed at a \$3.16 per MMBtu increase.

In the crude market, physical and futures prices have dropped recently, as persistent bearish demand fundamentals in China combined with OPEC+ announcements, weighed heavily on value.

This was met with looming pressure from the forthcoming winter, which has kept spot LNG prices relatively high for this time of year. On 9th September, the price of \$11.813 per MMBtu was higher than the \$10.191 per MMBtu seen this time last year, S&P said.

As a result of cheaper contract prices versus spot levels, traders

have been utilising their contract flexibility and procuring volumes through term-contracts over spot buying.

Given a string of maintenances and outages at key natural gas and LNG supply projects, there has been some degree of increased spot purchases seen.

Interestingly, month-on-month, spot procurement increased in Europe this year, with cargo deferrals from maintenances and outages at supply projects leading buyers in the region to replenish requirements with spot cargoes.

More term volumes

However, with cheaper oil-linked and gas-indexed US contracts, Europe has procured LNG supply with more term volumes year-on-year.

LNG imports into Europe totalled 69.95 mill in 2024 up to the second week of September, with around 57% via long-term contracts and 41% using the spot market, the remainder was unknown.

By comparison, for 2023 and 2022, out of the total LNG imports over the same period, 71% was long-term and 29% was spot in 2023 and 69% was long-term vs 31% spot in 2022.

Some pipeline supply contracts for the Southern Europe market were still having some degree of oil indexation in the price formula, Alija Bajramovic, senior research analyst for European and Russian LNG at Commodity Insights, said.

However, the price differential between European LNG prices and dated Brent was yet to be reflected in the contract market.

"Oil prices need to stay lower

for longer time to have some meaningful effect on gas and LNG markets," Bajramovic added.

With NWE LNG prices "out of the money" versus oil and gas indexed contracts, some players have been utilising their contract flexibility to help restock ahead of winter.

The global race for seagoing LNG cargoes could see strengthening prices this winter, as Europe competes with Egypt, Asia and parts of Latin America during 4Q24 and 1Q25.

"The strength in the market is due to increased speculative activity caused by growing supply risks, rather than fundamentals becoming increasingly bullish," Warren Patterson, head of commodities strategy at ING, said. "Speculators built their net long in TTF to a record high in August."

He added that there are several supply risks facing the market, including concerns around Russian pipeline flows via Ukraine being disrupted, due to recent developments between the two countries.

The market is also nervous about ongoing maintenance in Norway, and maintenance in Algeria and Libya set to further tighten gas supplies to Europe. This was also the case in Australia and Malaysia, where maintenance was putting pressure on the Asian cargo market.

Increased LNG infrastructure next year should help to improve prices and cool some of the bullish sentiment. In addition, a bearish oil price view for 2025 is likely to have an overhang on LNG trading, but the market will still be dominated by supply/demand factors.

With a large majority of the global LNG market being oil-linked, executives at the APPEC 2024 conference in Singapore said oil prices could drop to the \$60-\$70 per barrel range in the coming year, due to growing supply from OPEC+ and the US, and easing demand in China.

This equals around \$8-\$9 per MMBtu for LNG cargoes at an oil slope of around 13%, which is highly competitive with spot LNG prices, S&P said. ■

NEWS BRIEFS

ORLEN takes small-scale LNG

Polish energy company, ORLEN has signed a five-year agreement with Lithuania's KN Energies, granting the company sole access to a small-scale LNG reloading wharf at Klaipėda.

This will bolster gas supplies to northeastern Poland and the broader Baltic region.

Since the signing of an earlier contract, ORLEN has received nearly 60,000 tonnes of LNG via the Klaipėda terminal.

Lasting until the end of March, 2030, the present agreement with KN Energies ensures that LNG received by ORLEN will be transported by road tankers to customers, predominantly in northeastern Poland.

This supply will be crucial for business clients and LNG regasification stations in areas beyond the reach of the existing gas network, ORLEN said. Utilising tank trucks is significantly more efficient than relying solely on shipments from Poland's Świnoujście terminal, which remains the country's primary LNG import hub. ■



The strength in the market is due to increased speculative activity caused by growing supply risks, rather than fundamentals becoming increasingly bullish



- Warren Patterson, head of commodities strategy, ING

Galveston LNG Bunker Port nears FID

Galveston LNG Bunker Port (GLBP) has signed a gas supply agreement (GSA) for the delivery of natural gas to its terminal in Texas City, Texas.

GLBP has laid the foundation for a partnership with Energy Transfer's Houston Pipeline Company (HPL) to supply the natural gas to the proposed Galveston LNG bunker port project, which will be the first dedicated LNG bunker terminal in the region.

The two companies have executed agreements, which outline the gas supply and additional pipeline facilities required for the natural gas delivery.

This gas supply agreement sup-

ports GLBP in providing LNG marine fuel to customers in the Galveston Bay port complex, including the ports of Houston, Galveston and Texas City, as well as Galveston Offshore Lightering Areas, on a long-term basis, the company explained.

"Securing gas supply is essential to the successful delivery of LNG as a fuel in Galveston Bay, and working with an experienced natural gas pipeline operator like HPL will ensure the safe operation and delivery of supply to the facility," said GLBP's Jonathan Cook.

"We are proud of the relationship we have with HPL and are excited about the opportunities we

have to work closely with them in supporting the strengthening of US energy infrastructure, and the maritime industries de-carbonisation journey," he said.

Among the shipping sectors adopting LNG as a marine fuel, cruise ships, car carriers, and containerships are particularly notable, both due to their significant bunker requirements, as well as their prominent involvement in the Galveston Bay port complex.

Currently, cruise ships already make around 380 port calls per year at Galveston's three existing cruise terminals, with a fourth terminal recently announced and starting construction.

In addition, there are over 10,000 deep draft vessel calls annually in the Galveston Bay port complex.

GLBP is currently under development toward a final investment decision (FID). It is expected to be operational by the first half of 2027.

The project is being developed by Pilot LNG with the support and financial backing of its partner, Seapath Group, a Libra Group subsidiary.

Located on Shoal Point in Galveston County, TX, part of the greater Houston/Galveston port complex, GLBP will supply LNG to meet its growing demand as a marine fuel.

The terminal is being developed with a capacity of up to 600,000 gallons per day, consisting of two 3 mill gallon storage tanks. ■

“Securing gas supply is essential to the successful delivery of LNG as a fuel in Galveston Bay...”

- Jonathan Cook, Galveston LNG Bunker Port

NEWS BRIEFS

Saipem wins another large Qatari contract

Italian engineering company, Saipem has been awarded an offshore EPC contract by QatarEnergy LNG for the Combined COMP3A & COMP3B of the North Field Production Sustainability Offshore Compression Programme.

This programme is aimed at sustaining the production of the North Field offshore natural gas reservoir, located offshore Qatar's northeast coast. The contract value totalled around \$4 bill.

Saipem's scope of work encompasses the engineering, procurement, fabrication and installation of six platforms, as well as about 100 km of corrosion resistance alloy rigid subsea pipelines of 28 ft and 24 ft diameter, 100 km of subsea composite cables, 150 km of fiber optic cables and other subsea facilities.

This contract follows the EPC package for the North Field Production Sustainability Offshore

Compression Complexes project - [COMP 2], awarded to Saipem in October, 2022 and currently being executed.

Höegh LNG disappears into Höegh Evi

Höegh LNG has changed its name to name to Höegh Evi.

Standing for 'energy vector infrastructure,' the name Evi reflects the recent expansion of the company's focus beyond LNG import terminals to encompass clean energy solutions.

As a supplier of floating liquefied gas handling systems, Höegh Evi is accelerating the energy transition with floating infrastructure for ammonia and hydrogen, as well as carbon transport and storage (CCS), in addition to LNG, the company explained.

"In a world of rapid change and evolving energy demands, customers need a partner to help them balance today's energy security needs with tomorrow's clean energy ambitions.

"Höegh Evi will continue to

be a leading provider of floating LNG infrastructure while we are also applying our skills and experience to bring marine infrastructure for clean molecules into operation by the end of this decade," said Erik Nyheim, Höegh Evi's President and CEO.

The company is developing its marine infrastructure, including floating ammonia and H2 import terminals, ammonia cracking technology and CCS.

Barge to house FSRU terminal's equipment

Geocean has taken the first marine engineering step towards the Wilhelmshaven FSRU terminal project.

In 15 days, a barge was bareboat chartered from Dutch interests to transport all the equipment to the installation site and then become an offshore central storage facility for the marine work site.

This project marks the first stage in constructing of the Wilhelmshaven gas terminal.

Geocean is to install a 1.7 km long gas import pipeline 14 m under the sea, directly connecting the FSRU 'Hoegh Esperanza' to the German natural gas grid.

EConnect Energy contracted Geocean to support the installation of an IQuay ready-to use solution for importing LNG into Wilhelmshaven.

The successful initiation of the Wilhelmshaven FSRU project is a crucial step towards bolstering Germany's energy security, the company said.

In collaboration with IQuay developer, EConnect, Geocean has started to install the infrastructure and pipelines to connect the FSRU 'Excelsior' directly into the German grid.

The challenge was transforming a simple barge into an installation vessel in just 15 days.

Geocean is in charge of the installation work, and as a result, developed a bespoke Fast-Flex barge solution, bringing together all the equipment needed to install the pipeline. ■

Power Play AWARDS

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CONGRATULATIONS TO THE 2024 POWER PLAY AWARDS FINALISTS!

Once again, there was tremendous support from our Power Play community, which is filled with so many talented nominees. Thank you to everyone who participated. Our esteemed judges have narrowed down the impressive field to three finalists for each of the award categories:

The Rising Star

Outstanding Young Professional

Jingqi Jiang

Senior Negotiator of Mid to Long-term LNG
CNOOC Gas and Power Group

Jiayu Ni

Legal Counsel
Guanghui International Natural Gas Trading Co., Ltd.

Wendi Tao

Deputy Director of Natural Gas Trade Department
Shenzhen Energy Gas Investment Holding Co, LTD

Lankexi Wu

LNG Trading Manager
Sinochem Oil Co., Ltd

The Low Carbon Accelerator

Outstanding Collaboration and Innovation

Maria Kuosa

Chief Executive Officer
Aeromon

Emily Shults

Senior Vice President and Chief Business Officer –
Low Carbon Solutions
Semptra Infrastructure

Katrien Verlinden

President and CEO
Saipem America

The Pioneer

Outstanding Business, Innovation and/or
Technology Contribution

Ulato Avei

Chairperson/Director
Gas Resources PNG LNG Plant Limited

Nicola Duffin

Head of LNG
INEOS Energy Trading

Yanli Zhang

Senior Manager
Sinopec Gas Company

The Ambassador

Outstanding Leadership

Brie Kelman

Senior Vice President, Commercial
Mexico Pacific

Usha Khatiwada

Component Lead
Urja, USAID, Nepal

Lydia Warubi

Manager, HSS PNG
Santos

These finalists exemplify all the sought-after characteristics for the Power Play Awards. Winners will be announced at Gastech in September.

ExxonMobil

Asian LNG buyers seek flexible contracts

Asian LNG importers are increasingly using flexibility in LNG contracts to manage supply security.

This includes an adjustment of offtake volumes during weak demand or due to uncertainty around alternative fuels and energy transition, executives at the Asia Pacific Petroleum Conference (APPEC) said in Singapore on 11th September.

Flexibility on a range of terms and conditions were initially built into LNG supply contracts to manage seasonal fluctuations, and over time it provided traders with the option to move LNG cargoes around to profit on various types of arbitrage.

But gas-based power utilities are now grappling with growing risks related to energy transition and de-carbonisation policies, and flexible LNG contracts are helping them hedge some of these risks.

In sale and purchase agreements (SPAs), the so-called destination restrictions have been lifted, and if too much LNG is bought the surplus can easily be diverted to the market or traded out, Jane Liao, Vice President at Taiwan's CPC, said.

She said many of the tradi-

tional Asian gas importing companies are becoming traders with offices in Singapore, although CPC itself is only a buyer for now.

"We will contract and maybe slightly over contract just to make sure we have some form of security. That's why we ask for optionality inside some of our buy contracts out there because we don't know [the demand uncertainties]," Fabian Kor, SEFE's Executive Vice President Asia, said.

But there has also been a trend of buyers giving away a lot of flexibility in some of their contracts, mostly for the short term, such as cross-month delivery windows, in exchange for a big discount to JKM pricing, which is also good as it addresses their affordability needs, he said.

"So it's not a one-size fits all answer. It really depends on your domestic demand, your home country, your energy transition policies your procurement policies and whether you're often motivated to optimise," Kor added.

Dynamic market

Cyn Yi Seah, global head of LNG Trading, Shipping & Operations at Singapore's Pavilion Energy, said

from a trading perspective, the LNG market was dynamic and buyers have become more innovative, grown in confidence, and with more control on how they can deploy their contracts and their supply.

She said they are increasing asking questions like - "Do I really need that flexibility? Do I absolutely need to pay for that flexibility or not?"

Liao also said that for long term contracts, the mechanism for price reviews at certain periods are particularly useful for both sellers and buyers to manage price volatility.

US LNG contracts have emerged as the main source of flexible LNG, due to the lack of destination restrictions, but buyers said there could be other trade-offs when opting for more flexibility apart from prices.

CPC's Liao said she trusted traditional LNG suppliers more than the new wave of US suppliers, even though most US LNG cargoes are going to the European market now, as Asian buyers have to rely on companies who cherish long term relationships more.

"When you are in difficulties, in the implementation of your

contract, people will sit down and talk things through," she said, but most US players just buy the gas from their domestic market and build the LNG plant, and have a different business model from traditional gas producers.

SEFE's Kor said companies will not concentrate on supply from a certain region just because it's the cheapest, as geographical supply diversification is important.

When asked about the risks around buying LNG from US projects, due to Biden's pause in project approvals administration, he said there's a bit of premium pricing for long term contracts with firm volumes compared to those awaiting FERC and DOE approvals.

"I think that there are some suppliers out there using this temporary political issue of the presidential elections to kind of bump up the prices a bit but we always think that timing is better than speed," Kor said.

US LNG has been competing heavily with Qatar in the Asian market and Asian importers have been weighing the pros and cons of the tradeability of US LNG with the dependability of Qatari LNG supply. ■

Turkey to agree 10-year deal for TotalEnergies LNG

Turkey is due to sign a long-term LNG deal with TotalEnergies this week at Gastech in Houston, sources told the Middle East Eye (MEE).

The 10-year deal will begin in 2027, the sources said, declining to specify the amount of LNG that would be supplied to Turkey.

The deal is part of a series of agreements that Turkish Energy Minister, Alparslan Bayraktar, has negotiated this year.

Turkish energy company Botas signed a decade-long deal with Shell earlier this month, due to start in the same year, to supply 4 bill cu m of LNG per year, which will be used for domestic consumption, as well as for re-exports.

In May, Ankara signed a sepa-

rate 10-year deal with US energy giant ExxonMobil to supply 2.5 mill tonnes of LNG per year.

The sources said these deals signed with Shell, ExxonMobil and TotalEnergies aim to strengthen Turkey's hand in contract renewal negotiations, which will begin to intensify next year, MEE said.

Minister Bayraktar said in a recent live broadcast that Botas' gas contracts with Russia using the Blue Stream pipeline will expire in 2025 and its long-term pipeline gas purchase contracts with Iran will end in 2026.

He said that in 2027, Algeria's LNG deal with Turkey will also come to a close, adding that Turkey will continue to import 4.4 bill cu m of LNG annually from



Turkish Energy Minister Alparslan Bayraktar

Algeria until that date.

Turkey's government has been aiming to create a gas hub in the west of the country for the last few years, aiming to create a Turkish blend of gas from different

resources to determine the price.

A few of the deals signed with the western energy companies also include an option to resell some of the gas to third countries, MEE reported. ■

Egypt awards LNG tenders

The Egyptian General Petroleum Corp (EGPC) awarded the country's second largest LNG tender on 12th September.

Prices ranged from between TTF plus \$1.5 per MMBtu and \$1.6 per MMBtu, according to sources talking with S&P Global Platts.

The price is inclusive of extended payment terms for the tender, allowing for a 180 day delay in payment, which accounted for around 50-60 cents per MMBtu of the total cost.

Without the extended payment term cost, the price was reported to be between TTF plus 90 cents per MMBtu and \$1.2 per MMBtu.

For standard 3.5 TBtu cargoes, the purchase would cost Egypt around \$45 mill per cargo, or \$907 mill in total, sources said.

Most of the cargoes were awarded on a floating price basis on TTF given the competitive nature of the offered premiums.

More than 15 companies offered for the cargoes, added the source.

Aramco, Glencore, Gunvor, Total, BP, Hartree, BB Energy, and Shell were awarded the cargoes, according to market participants.

Aramco was said to have won the most cargoes, around six or seven, with the rest winning between one and three.

The tender covered 20 cargoes, split across three months - seven deliveries in October, six in November, and seven in December this year.

Of these, 17 are scheduled for delivery to the FSRU 'Hoegh Galleon' moored at the Ain Sukhna import terminal, while the remaining three will be delivered to Jordan's Aqaba terminal, with one cargo to be delivered each month.

Last June, another 20 cargo tender was awarded at between TTF plus \$1.60 per MMBtu and \$2 per MMBtu, Platts said.

Platts, part of Commodity Insights, assessed the JKM/NWE

spread for October to December deliveries between \$1.279 per MMBtu and \$1.745 per MMBtu on 12th September.

This could have served as the ceiling for the EGPC tender award prices without accounting for the extended payment terms, several sources said.

Platts also assessed the October DES East Mediterranean LNG at \$11.584 per MMBtu on the same day, which reflected a 38 cents per MMBtu premium over the Northwest European LNG market and a 17.5 cents per MMBtu premium over the Dutch TTF, Platts reported. ■

MidOcean to expand its Peruvian interest

LNG developer, MidOcean Energy is to acquire another 15% of Peru LNG (PLNG) from Hunt Oil.

MidOcean is managed by energy institutional investor, EIG.

Following the closing of the transaction, MidOcean's interest in PLNG will increase from 20% to 35%.

Aramco played a pivotal role in the transaction, including undertaking key technical and commercial due diligence, as well as engaging with the main stakeholders for the transaction's approval.

The Saudi energy giant will fund the transaction, which will

bring Aramco's interest in MidOcean to 49%, further strengthening both company's position in the global LNG market and will also provide both parties with further exposure to the only LNG export project in South America.

Aramco's indirect stake in PLNG will equate to 17.2%, once the transaction goes through.

In addition to EIG and Aramco, Mitsubishi Corp has a stake in MidOcean, among other interests.

As a result of the deal, Hunt's interest in PLNG will drop from 50% to 35%, however, the company is to remain its operator.

Hunt also own a 25.2% interest in Peru's Camisea upstream project having invested in the country since 2000 and said it was committed to continuing its long history of investment in Peru and its operational excellence in the PLNG project.

PLNG owns and operates the facility, which is located in Pampa Melchorita, 170 km south of Peru's capital, Lima.

The natural gas liquefaction plant and export terminal has a 4.45 mill tonnes per annum processing capacity; a fully-owned 408 km long pipeline with a 1,290 mill cu ft per day capacity; two

130,000 cu m storage tanks; a wholly-owned 1.4 km marine terminal; and a truck loading facility with a capacity to handle up to 19.2 mill cu ft per day.

De la Rey Venter, MidOcean's CEO, said: "We are pleased to increase our stake in PLNG, a strategic asset that aligns with MidOcean's vision of creating a global, diversified, and resilient LNG portfolio.

"Our belief in the long-term fundamentals of the LNG market and in the strength of PLNG's unique position as the only LNG export facility in South America remains steadfast.

"We look forward to strengthening our partnership with Hunt Oil and the other PLNG co-venturers and continuing to support the project's positive impact on the Peruvian energy market," he said.

Mark Gunnin, Hunt's CEO, added: "We are focused on positioning the PLNG project for the future, and the opportunity to bring in MidOcean as a partner was a great strategic fit to make that happen."

Morgan Stanley acted as exclusive financial advisor to MidOcean on the transaction and Latham & Watkins acted as legal advisor. Bracewell served as legal advisor to Hunt. ■



MidOcean is to increase its stake in Peru LNG

LNG infrastructure for harsh weather conditions

Crown LNG's vision is to enhance energy security & support a responsible green energy transition.



The Crown LNG value chain



Licensed capacity
7.2 MTPA

Capacity under permitting
5.0 MTPA

Future capacity
+15.0 MTPA