

LNG Unlimited

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Sonora's Mexico-Pacific LNG project signs up ConocoPhillips and Bechtel

Export plant is proposed for near Puerto Libertad and is expandable and closer to Asian markets

LNG News Editor

The US Mexico-Pacific Ltd (MPL) LNG project company based in Houston has joined with LNG engineering firm Bechtel Inc. on developing a Mexican liquefaction and export facility on the Pacific Coast using US natural gas as the feed gas and processing technology from ConocoPhillips.

The Mexican LNG export plant is proposed for near Puerto Libertad in the northwest state of Sonora and would have just over 14 million tonnes per annum of output.

Partners

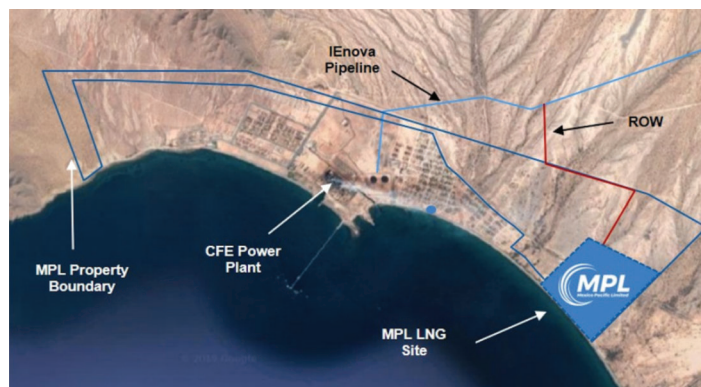
MPL said it had signed a collaboration agreement with ConocoPhillips LNG Licensing and Bechtel, which would be working with Spanish engineering company Techint SA.

MPL had previously arranged to engage KBR as the engineering company, but Bechtel has taken over and would still use the KBR-suggested ConocoPhillips Optimized Cascade liquefaction technology for the mid-scale facility. ConocoPhillips has also taken on an advisory role for the project.

"We are honored to partner with this world-class LNG team," said Douglas Shanda, MPL's Chief Executive and President.

MPL is a venture comprising the development company, DKRW Energy Sonora Holdings, and Aecom Capital, a New York-based equity fund that invests in energy and infrastructure projects.

The project site is contained within 1,100 coastal acres on the



Project site is contained in 1,100 coastal acres on the shore

of the Gulf of California adjacent to Puerto Libertad and the harbour depths are in excess of 20 metres and capable of accommodating the largest LNG carriers.

The US Department of Energy approved MPL's application in September 2018 to export 1.7 billion cubic feet per day via existing cross-border natural gas pipelines to be liquefied at the Puerto Libertad plant.

The pipelines include the Kinder Morgan Sierrita Gas Pipeline, which extends to the US-Mexico border near Sasabe in Arizona.

"Existing underutilized pipeline infrastructure crosses MPL's site with excess capacity available to support the facility," said MPL.

Redundant capacity available to ensure reliable gas supply and there is expandable capacity for growth beyond the anchor project," it added.

MPL has noted that the site is close to the US Waha Hub for natural gas supplies.

"MPL's pricing advantage is driven through producing LNG significantly closer to Asian end markets," the company says.

MPL said the collaborative relationship brings together LNG industry market leaders in technology,

design, construction and in the operations of LNG facilities.

"ConocoPhillips is pleased to support MPL and Bechtel in designing LNG Trains for the MPL LNG Project based on the high efficiency OCP Pro™ technology that includes our latest low-carbon design and operating features," said Mike Culligan, manager of ConocoPhillips LNG Technology and Licensing.

ConocoPhillips role

Tom Mathiasmeier, president of Global Gas, Power and LNG at ConocoPhillips said the MPL project represented an excellent opportunity for ConocoPhillips to work closely with a West Coast North American LNG developer.

"The project will provide carbon-advantaged gas feedstock from our growing Permian Basin gas supply and assist MPL in developing a commercial strategy," added Mathiasmeier.

The Permian Basin has over 600 trillion cubic feet at breakeven prices and with production forecast to increase.

Production in the Permian Basin is driven by liquids economics with natural gas as an associated by-product.

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Oil Search posts solid results amid Santos merger and progress on the PNG LNG expansion project

LNG News Editor

Oil Search, the Papua New Guinea liquefied natural gas and oil player, posted impressive third-quarter results making the US\$6.25-billion merger with Australian LNG plant operator Santos even more enticing as PNG LNG expansion plans also advanced.

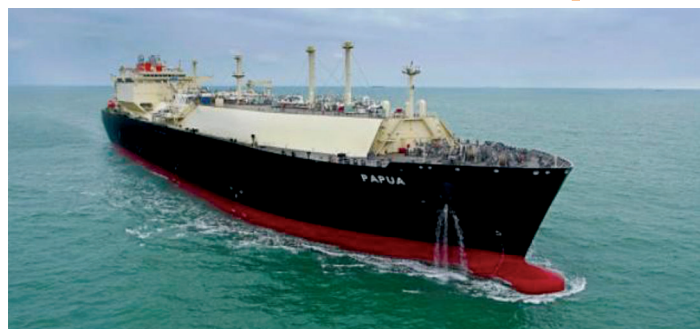
Oil Search's total operating revenue jumped to US\$408M compared with US\$189M in the same three months of 2020.

Gas sales

The company said third-quarter LNG and gas sales increased to US\$330.9 from US\$133.2M and for the first nine months of 2021 amounted to US\$800.1M versus US\$656.4M in the prior-year period.

Average prices fetched for PNG LNG and natural gas soared to US\$10.02 per million British thermal units from US\$4.23 per MMBtu in the year-ago quarter and US\$8.61 per MMBtu in the previous quarter.

The PNG LNG plant at Caution



Carrier 'Papua' is one of series built for the Oceania nation

Bay, operated by ExxonMobil Corp., saw 30 LNG cargoes delivered during the third quarter compared with 26 in the previous quarter.

The shipments comprised 29 cargoes sold under contract, including five under mid-term sale and purchase agreements, and one on the spot market.

There were two delivered ex-ship (DES) cargoes on the water at the end of the quarter. Among other cargo sales, three Kutubu blend oil shipments were sold during the quarter, one less than in the previous three months.

Peter Fredricson, the Acting Chief Executive, said the company was moving towards the Santos merger in confident mood.

Merger issues

"While the absolute focus of our workforce remains on safely delivering our strategic objectives, important steps were also taken during the quarter to advance the opportunity presented by the proposed merger with Santos," declared Fredricson.

"The potential benefits of a combined entity remain clear, with the merged entity expected

to sit amongst the world's 20 largest global oil and gas companies, bringing greater access to capital markets to enable funding for new and existing opportunities," he explained.

The all-share Santos-Oil Search transaction brings together LNG assets in the Timor Sea, the Australian state of Queensland and in Papua New Guinea.

Under the deal Oil Search shareholders will own around 38.5 percent of the merged entity and Santos shareholders will own 61.5 percent.

"Importantly, the merger is also expected to create greater alignment across the LNG growth projects in PNG which would continue to support jobs, development and investment in PNG," stated Fredricson.

During the third quarter, the Papua LNG project, with France's TotalEnergies as operator, experienced a ramp up in activity as it prepares to enter pre-front-end engineering and design before the end of 2021.

Australia-Pacific LNG plant stake in Queensland sold for US\$1.58Bln to EIG investment fund

Australian utility Origin Energy has sold a 10 percent shareholding in the Australia-Pacific LNG plant in Queensland for A\$2.12Bln (US\$1.58Bln) to a global investment fund.

Origin has executed an agreement with EIG Global Energy Partners, an institutional investor in the energy sector, to sell a 10 percent shareholding in APLNG, one of three liquefaction plants on Curtis Island in Queensland.

When the sale is completed the line-up of shareholders in APLNG will be operator ConocoPhillips with 37.5 percent, Origin still holding 27.5 percent, Chinese major Sinopec with 25 percent and EIG owning 10 percent.

Origin is the main upstream coal-seam gas supplier to the

plant and would retain its existing seats on the APLNG board.

APLNG came on stream in 2016 and has two liquefaction Trains with nameplate capacity of 7.5 million tonnes per annum with most volumes sold to Sinopec under a long-term contract.

The plant sits alongside two other coal-seam-gas-to-LNG facilities on Curtis Island, the Royal Dutch Shell-run Queensland Curtis LNG plant and the Gladstone plant, operated by Adelaide-based energy company Santos.

Earlier Shell sale

Shell completed the sale of a minority stake in its QCLNG operating company subsidiary in March 2021. Shell sold a 26.25 percent interest in the QCLNG plant to an-

other fund, the US-based investment group Global Infrastructure Partners for US\$2.5Bln.

Origin said its sale of the APLNG stake would not change the company's role as upstream operator, responsible for exploration, development and production activities for the CSG fields.

"Based on an estimated completion timing of the end of December 2021, the net proceeds of the sale are expected to be about A\$2.0Bln after adjustments and transaction costs," added Origin.

Origin Chief Executive Frank Calabria said the sale allowed Origin to cash-in some of the value of APLNG's success.

"Origin will continue our important role as upstream operator of the world-class Australia Pacific

LNG asset," explained Calabria.

"The material cash injection from this divestment provides further flexibility to deliver returns to shareholders and pay down debt, while allowing Origin to accelerate investment in growth opportunities," he added.

"We are very proud of what we have helped build alongside our partners, and the performance of Australia Pacific LNG continues to go from strength to strength," stated the Origin CEO.

As part of the transaction, Origin said it had agreed to guarantee EIG's obligations to satisfy any future cash calls made by APLNG.

"An entity controlled by EIG will indemnify Origin in respect of the guarantee," said Origin.

Arctic LNG amends bank finance banks agreements

The Arctic LNG II project being developed on the Gydan Peninsula in northern Siberia has amended a project financing agreement signed earlier in 2021 with several Russian banks to increase the maximum allowed under the facility.

The project, led by Russian natural gas company Novatek, signed the original agreement with a syndicate of Russian banks including PJSC Sberbank, Gazprombank and its subsidiary Bank GPB International SA, State Development Corporation VEB.RF and Bank Otkritie Financial Corp., public joint-stock company.

Shareholders approved this external financing in April 2021 out of a total requirement of US\$21Bln.

The fund-raising is planned to be split three ways between Russian, Chinese and Japanese and European financial institutions combined.

Arctic LNG said the accord has now been amended to increase the maximum Russian financing amount of the 15-year credit line currently at €5.7 billion (\$6.6Bln).

"The amendment signed with the Russian banks is part of the external financing package for the Arctic LNG II project," said a statement.

"The final amount of financing from the Russian banks within the maximum amount of up to €5.7Bln will be determined once the international part of the project's external financing is finalized," the project explained.

Analysts said the move means that the Russian banks could increase their participation if fewer non-Russian financial institutions come forward.

Hilcorp becomes new operator of Point Thomson gas field in Alaska

LNG News Editor

Hilcorp Energy of the US, a major operator on Alaska's North Slope after the departure of UK major BP from the state, is now set to take over operations of the largest natural gas field run by ExxonMobil Corp. and which would underpin any future Alaska LNG export project.

ExxonMobil has agreed to transfer the operatorship for the Point Thomson field on the North Slope to Hilcorp.

Reservoir

Point Thomson, located on state land east of Prudhoe Bay, is a large reservoir of natural gas and gas condensate from where feed gas would come for any Alaska liquefaction and export venture.

"ExxonMobil will maintain its 60 percent ownership stake in the field," said an ExxonMobil spokesman.

"ExxonMobil remains committed to Point Thomson and will continue to have a leadership role in exploring all options to monetize its gas resources," he stated.



Natural gas field located on state land east of Prudhoe Bay

The US major will also maintain its ownership stake in Prudhoe Bay and the trans-Alaska pipeline.

The current owner of the Alaska LNG project is Alaska Gasline Development Corp. (AGDC), the state-run body and whose LNG plans have been dormant because of their high development costs.

However, it stirred in October 2021 amid the LNG price surge by releasing a consultancy report detailing the environmental benefits achieved by building the export plant utilizing North Slope natural gas to replace high-emissions coal in Asia.

"Alaska has some of the world's strictest environmental laws, and Alaska natural gas should be a key component of any realistic energy roadmap," said Alaska Governor Mike Dunleavy at the time.

AGDC has all its regulatory permits covering three liquefaction Trains with 20 million tonnes per annum of capacity, two 240,000 cubic metres capacity storage tanks as well as a 807-mile natural gas pipeline from Prudhoe Bay to Nikiski on the Kenai Peninsula.

AGDC President Frank Richards said the justification for Alaska LNG was still a "compelling" one.

Gazprom winter supply forecasts flows amid gas and LNG spikes

Russian natural gas company Gazprom has repaired pipelines and facilities nationwide in preparation for an increase in Russia's winter supplies to domestic and foreign customers as prices for pipeline natural gas and LNG stay at very high levels.

"Gazprom has made large-scale efforts as part of its traditional preparation of gas production, transmission and storage facilities for operation in the winter season," said the company.

During the 2020-2021 heating season, 60.6 billion cubic metres of gas was withdrawn from Russian underground gas storage (UGS)

facilities, an all-time high for Russia's gas industry.

At present, Gazprom continues to inject gas into UGS facilities to replenish the amounts withdrawn and to create a record-high amount of working gas inventories of 72.63 Bcm.

When taking into account the UGS facilities in Belarus and Armenia, and available for Gazprom, this total rises to 73.82 Bcm.

Gazprom said that all planned preventive maintenance and repair operations had been completed on schedule.

This cleared the way for the winter daily deliverability of the gas supply system to reach an un-

precedented level of 847.9 million cubic metres.

"Specifically, repairs at 89 comprehensive gas treatment and pre-treatment units are fully completed," said Gazprom.

"It is planned to, 'inter alia', bring new booster compressor capacities into operation at the Bovanenkovskoye and Yamburgskoye gas fields before the end of this year," it added.

These two huge gas fields are in the Yamal-Nenets Autonomous Region where the Yamal LNG export plant also operates for Russia's second-largest natural gas company, Novatek.



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NEWS BRIEFS

Upstream agreement

Saipem, the Milan-listed energy and LNG engineering company whose projects include Arctic LNG II, Nigeria's LNG expansion and the Virginia Gas venture in South Africa, has entered into a global project cooperation agreement with TechnipFMC, the US-based subsea company. The commercial agreement will pursue specific subsea umbilicals, risers and flowlines (SURF) projects where the combination can improve economics and de-risk the overall project development.

Santos merger timetable

Oil Search, the Papua New Guinea LNG shareholder, has revised the timetable for seeking completion of the US\$6.25-billion merger with Australian LNG plant operator Santos. The merger implementation deed (MID) has now changed. The PNG Court date for approval is now November 10 instead of the original date of October 27. "The Oil Search Board will update shareholders and the market in due course. Shareholders do not need to take any action in relation to the merger at this stage," said a statement.

Korean yard orders rise

Korea Shipbuilding and Offshore Engineering (KSOE), the main holding company of Hyundai Heavy Industries and affiliates, has obtained a 383 billion South Korean won (\$325 million) order to construct four LNG-powered petrochemical carriers. The 4,000 deadweight-ton vessels to be built by HHI. KSOE said it had already surpassed its annual order target for all vessels of US\$14.9 billion for the three shipyard companies in the group, HHI, Hyundai Samho Heavy Industries and Hyundai Mipo Dockyard.

France's TotalEnergies benefits from rising LNG sales to boost profits in third quarter along with cash flow

LNG News Editor

TotalEnergies of France said it benefited from a leading position in liquefied natural gas to generate \$4.8 billion in adjusted third-quarter net income versus \$848 million in the 2020 quarter while cash flow amounted to \$8.4Bln.

TotalEnergies, which has stakes in Arctic, Australian and African LNG, sold 30.4 million tonnes of LNG cargoes in the first nine months of 2021 versus 28.3MT in the prior-year period, a rise of 7 percent.

Ichthys plant

"Hydrocarbon production for LNG increased by 6 percent compared to the previous quarter, in particular due to the end of planned maintenance at Ichthys in Australia," said the Paris-based company in reference to its joint venture near Darwin with Japan's Inpex Corp.

Sales of LNG by TotalEnergies came to 10MT in the third quarter, an increase of 24 percent from the 8.1MT of sales recorded in the same three months of 2020.

"The Integrated Gas Renewables & Power segment generated adjusted net income of \$1.6Bln and cash flow of \$1.7Bln, both new record highs, thanks to an outperformance of its trading activities, which leveraged its integrated worldwide LNG portfolio," stated TotalEnergies.

"The global economic recovery, notably in Asia, drove all energy prices sharply higher in the third quarter due to the interconnection



Hydrocarbon production for LNG increased by 6 percent

of energy systems," explained Chairman and Chief Executive Patrick Pouyanné.

"Natural gas prices in Asia and Europe, up more than 85 percent from the previous quarter, reached unprecedented levels, and oil prices gained, continuing their steady year-long rise," added the CEO.

TotalEnergies said its average LNG selling price increased by 38 percent in the past quarter compared with the previous quarter, benefiting on a lagged basis from the increase in the oil and gas price indexes on long-term contracts.

The company's average LNG prices came to \$9.10 per million British thermal units compared with \$6.59 per MMBtu in the previous quarter and \$3.57 per MMBtu in the year-ago quarter.

TotalEnergies reported adjusted net operating income for the Integrated Gas Renewables and Power division of \$1.61Bln

in the third quarter, a 5.6-fold increase from a year ago.

"This was thanks to the surge in LNG prices and the strong performance of gas and electricity trading activities," said the company.

Output

Overall hydrocarbon production was 2,814 thousand barrels of oil equivalent per day (kboe/d) in the third quarter 2021, up 4 percent year-on-year.

TotalEnergies said the increase came from project start-ups and ramp-ups, including North Russkoye in Russia and Iara field in Brazil and the resumption of production in Libya.

This rise was offset by the continued "unplanned downtime" at the Hammerfest LNG export plant in Norway following the September 2020 fire. The facility is expected to re-start in early 2022.

“

The global economic recovery, notably in Asia, drove all energy prices sharply higher in the third quarter due to the interconnection of energy systems

”

- Patrick Pouyanné, Chairman and Chief Executive, TotalEnergies

Gulf of Finland bunkering vessel is deployed by Estonians to serve shipping and other users

LNG News Editor

Elenger, the energy company in the Baltic state of Estonia, has taken delivery of the first of a Damen Shipyard-built liquefied natural gas bunkering vessel, the first LNG fuel supplier deployed in the Gulf of Finland to serve ships and shoreside small-scale customers.

The “Optimus” is 100-metres in length with 6,000 cubic metres of capacity in two type-C tanks.

Multinational

The deployment of the ship involved multinational efforts from project participants in China, Estonia, Russia, the Netherlands and France.

“Its introduction is expected to accelerate the wider adoption of LNG as a cleaner alternative fuel in the Baltic Sea by providing a mobile and efficient ship-to-ship distribution service for the first time,” said Elenger.

The vessel loaded LNG in the port at Vysotsk island in Russia and headed to Tallinn in Estonia.

The bunkering vessel was built in China at the Damen Shipyard in



Some of the participants in ‘Optimus’ bunkering project (from left to right: Jelena Fedosejeva (Member of the Supervisory Board), Virgo Vinkel (Shipbuilding Advisor), Sergei Danilov (Project Manager LNG), Ain Hanschmidt (Elenger Management Board), Indra Kaunis (Legal Counsel), Peter Anssems (Sales Manager, Damen), Tarvi-Carlos Tuulik (CEO Ship management/Chief Captain), Jan Versteijlen (Project Manager, Damen)

Yichang City, located on the left bank of the Yangtze River.

The construction was overseen by French classification society Bureau Veritas.

Gas trials for the “Optimus” were completed in the Damen Verolme shipyard in the Dutch port of Rotterdam.

The owner of the “Optimus” is Estonian investment company

Infotar and Elenger is the charterer.

“Optimus is designed to meet the requirements of ICE class 1A certification and to achieve green ship notation,” said Elenger.

“A dual-fuel propulsion system is used for the management of the boil-off gas in combination with a gas boiler system, and the interior of the vessel features high-quality

accommodation for her crew,” added the company.

“With this first LNG bunkering vessel, Elenger has significantly expanded its LNG distribution business in the Baltic region,” said the company.

It has been supplying one of the leading regional ferry companies, Tallink Group, for the past five years, refuelling its LNG-fuelled RoPax ferry “Megastar” using multiple specialist trucks.

The “Megastar” “will be one of the first beneficiaries of the arrival of “Optimus”, followed in spring 2022 by Tallink’s new LNG-fuelled RoPax ferry “MyStar”.

Ain Hanschmidt, Chief Executive of the Estonian-based owners, investment firm Infotar, said its strategy is to invest in safe and sustainable LNG supply for various maritime customers in the Gulf of Finland region.

The construction of the “Optimus” was supported by the European Union Connecting Europe Facility (CEF) funding programme and was co-financed by the leading financial services group in Finland, OP Financial Group.

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Glencore signs Cheniere deal to receive FOB cargoes

Cheniere Energy has entered into a binding liquefied natural gas sale and purchase agreement with a subsidiary of global commodities firm Glencore plc.

Under the SPA, Glencore has agreed to purchase about 800,000 tonnes per annum of LNG from Cheniere Marketing on a free-on-board basis for a term of around 13 years beginning in April 2023.

The purchase price for the cargoes under the accord is indexed to the Henry Hub price with a fixed liquefaction fee.

"We are pleased to announce this long-term SPA with Glencore, one of the world's largest producers and marketers of commodities and a significant player in the global LNG market," said Jack Fusco, Cheniere's President and Chief Executive.

"This agreement once again reinforces Cheniere's position as a leading global LNG provider, and we look forward to a successful long-term relationship with Glencore," added Fusco.

Fusco states that he saw the latest deal as further building commercial momentum in contracting capacity ahead of a final investment decision being taken on the expansion of the plant at Corpus Christi in Texas.

The Corpus Christi facility is being developed to include up to seven mid-scale liquefaction Trains with a total expected nominal production capacity of around 10 MTPA and has received all necessary regulatory approvals.

The Cheniere LNG supply deal is the first for London-listed Glencore since it signed a Heads of Agreement in June 2021 for 500,000 tonnes per annum of Arctic LNG from Russian company Novatek.

Qatar's LNG fleet operator Nakilat takes delivery of newbuild to be chartered by Cheniere Energy

LNG News Editor

Qatari liquefied natural gas fleet owner and operator, Nakilat, has taken delivery of a newbuild carrier called "Global Sea Spirit", its 22nd conventional-sized vessel and taking Qatar's overall LNG fleet size to 74 ships.

The 174,000 cubic metres capacity "Global Sea Spirit" will be commercially and technically managed by Nakilat affiliate Nakilat Shipping Qatar Ltd (NSQL).

Korean builders

The latest LNG carrier was built by South Korean shipyard Daewoo Shipbuilding and Marine Engineering (DSME) and is the third of four LNG newbuild carriers to be delivered to Global Shipping Co. Ltd., a joint venture owned 60 percent by Nakilat and 40 percent by Greek company Maran Ventures Inc.

The first two LNG carriers newbuilds of the series have high-pressure M-Type Electronically Controlled-Gas Injection (ME-GI) engines.

They were delivered in May 2020 and January 2021 respec-



'Global Sea Spirit' is Nakilat's first with X-DF propulsion

tively and are currently in service.

The "Global Sea Spirit" is the first Nakilat vessel with X-DF propulsion, a slow-speed diesel engine with a direct drive to the propellers, enabling a substantial reduction in the vessel's fuel consumption.

The fourth in the current DSME series will also have X-DF engines and delivery is scheduled for early 2022.

"Like the ME-GI system, vessels running with X-DF engines propulsion are proven to be more fuel efficient, reduce greenhouse emissions and are more environmentally friendly due to their lower

carbon emissions," said Nakilat.

The "Global Sea Spirit" is chartered to Cheniere Marketing, a unit of Houston, Texas-based Cheniere Energy, owner of the Sabine Pass plant in Louisiana and the Corpus Christi facility in Texas.

The newbuild is the optimum size preferred for sending US Gulf Coast cargoes via the Panama Canal to North Asia.

The delivery of all four new-build LNG carriers by 2022 will bring Nakilat's fleet to 74 vessels, which is just under 12 percent of the current global LNG fleet based on carrying capacity.

GasLog Partners increases profits and cuts debts as LNG demand

GasLog Partners, the Greek LNG shipping company with a fleet of 15 vessels, reported a third-quarter increase in revenues and profits as global demand gathered pace.

The Partnership said income jumped 11 percent to \$80.53M from \$72.8M in the same quarter to the end of September in 2020.

Quarterly profit, adjusted profit and adjusted gross earnings (EBITDA) amounted to \$26.5M (up 123 percent year-on-year), \$24.7M (up 92 percent) and \$57.3M (up 22 percent) respectively.

"I am pleased to report a strong operational and financial

quarter for the Partnership," said Paolo Enoizi, Chief Executive.

"Our fleet performed with nearly 100 percent uptime, while our revenues and cash flows improved significantly from the second quarter," added Enoizi.

The New York Stock Exchange-listed limited partnership controlled by the GasLog parent company also extended the charter of the 155,000 cubic metres capacity carrier "GasLog Santiago" commodities firm Trafigura.

Under the agreement, Trafigura's Maritime Logistics unit would use the 2013-built tri-fuel, diesel-electric (TFDE) vessel for additional 12 months after the

current charter ends in December 2021.

During the third quarter, GasLog Partners repaid \$36.1M of debt, bringing the total amount of debt retired in the first nine months of 2021 to \$90.9M.

"Our capital allocation priorities for 2022 remain focused on reducing our leverage and improving the cash break-even of our fleet," stated the CEO.

At the end of October GasLog Partners said it completed the sale and lease-back of the "GasLog Shanghai", with 155,000 cubic metres capacity, to China Development Bank Leasing.



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EU rejects plan on joint gas and LNG purchasing and de-coupling of gas from power market

LNG News Editor

European Union ministers have been unable to find any common ground after they met in Luxembourg to find a way to control natural gas and LNG market prices and their effects on power markets, while the talks showed deep divergence between the 27 member states.

Germany, the Netherlands and Denmark and six other countries had signed a letter before the talks started saying that they could not back any reform conflicting with the natural gas and energy markets, including de-linking natural gas and LNG prices from the EU electricity markets.

Overhaul

Spain and France had called for a fundamental overhaul of gas-buying rules ahead of the Emergency Council of ministers that broke up on October 26 without a deal.

"There are many issues to be considered like who will pay for the costs of procuring and storing the natural gas and how the gas will be transported from the differ-



EU Energy Commissioner Kadri Simson explained options

ent regions," said EU Energy Commissioner Kadri Simson at the end of the talks.

She added that joint natural gas purchasing was among a range of options the EU was looking at to make its gas market system more resilient.

"We will need to assess the advantages and the drawbacks of such a system," added the Commissioner.

The ministers believed that the surge in natural gas prices was not expected to end soon with winter approaching and they discussed a set of short-term measures proposed by the Commission to help consumers and businesses during the market turbulence.

Those measures included tax cuts for small businesses put at risk by higher energy costs as well as social support for poorer households.

Market supporters

The Germans, the Danes and the Dutch were joined by Austria, Luxembourg, Ireland, Finland, Estonia and Latvia in signing a letter saying they believed higher prices were caused by the global economic recovery and not by the EU natural gas market design.

"A wholesale reform of the electricity market will not be a remedy to mitigate the current rising energy prices linked to fossil fuels markets," they said.

The nine nations suggested that the EU should focus its efforts on promoting energy efficiency, investment in green energy and a 15 percent inter-connection of the EU electricity market by 2030, which could save up to €40 billion (\$46.4Bln) over time.

Most countries are already using subsidies and tax cuts to lower bills for consumers, though some EU countries want more fundamental reform to protect citizens from future events.

France and Spain had called for structural reform of EU energy markets while others had taken the stance that the crisis was temporary and did not require radical counter-measures.

"It is an especially important problem for Europe in the middle of the economic recovery, for which extraordinary solutions have to be found," stated Spanish Energy Minister Sara Aagesen Munoz.

The French in particular were upset by the rise in wholesale electricity prices linked to natural gas.

EU's first LNG fuel-dedicated port at Ravenna in northeast Italy begins commercial operations

The owners of the small-scale LNG import terminal and fuelling facility at the Port of Ravenna in northeast Italy have formally entered commercial service as the first LNG fuel-dedicated port under the European Union's clean fuel policies.

Spanish LNG terminals and gas grid operator Enagás and Italian utility company Edison are among the shareholders in the small-scale facility aiming for market share in the LNG trucking and ship bunkering sectors.

The third investor is local Italian firm Petrolifera Italo Rumena (PIR), which has petrochemicals and oil storage and handling assets, and the three have a joint

operating company called Depositi Italiani GNL (DIG).

Petrolifera Italo is the 51-percent majority shareholder in the Ravenna LNG terminal, while Edison owns 30 percent and the Enagás subsidiary, Scale Gas Solutions, holds 19 percent.

"Italy will now have a constant and secure supply of LNG for transport as an available and safe alternative to contribute immediately to the decarbonisation of the transportation sector," they said in a statement.

The Ravenna project owners aim to supply at least 12,000 trucks and up to 48 ferries per annum with LNG fuel.

This small-scale terminal cost €100 million (\$116M) to construct and has LNG storage capacity of 20,000 cubic metres and an annual send-out capacity of more than 1 million cubic metres per annum.

Carrier

Ravenna already has its own dedicated small-scale LNG carrier the 30,000 cubic metres capacity vessel "Ravenna Knutsen" to keep fuel levels topped up.

Edison and Norway's Knutsen OAS Shipping held a naming ceremony for the vessel on October 13 at the Italian port.

The vessel is regarded as pivotal in the first integrated small-

scale LNG logistics chain in Italy, which the shareholder have built to promote the EU's decarbonisation policy for the maritime and heavy transport industries.

In line with a European Commission directive on alternative fuels infrastructure (DAFI), which encourages the use of LNG for heavy transport and shipping, Italy has committed to have 50 percent of maritime transport and 30 percent of road transport running on LNG by 2030.

This LNG supply infrastructure is being created under the EU-backed Trans-European Transport Network (TEN-T).