LNG Unlimited

LNG JOURNAL PUBLICATION 1 March 2022

Enagás operations offer guide to using LNG in gas-shortage era

For the winter period to March 2022 at total of 145 unloading slots have been auctioned

LNG News Editor

Cartagena import terminal in southeast Spain has five storage tanks and three bays for truck loading

Enagás, the Spanish gas grid and LNG terminals operator as well as a shareholder in the Trans-Adriatic Pipeline (TAP), reported a 9 percent drop in profit after tax even as LNG activities increased.

Enagás posted net profits for the year of €403.8 million ($457M), down on the previous year's €444.0M.

Cargo contracts

"For the winter period, which runs from November 2021 to March 2022, 145 unloading slots have been auctioned and contracted, compared with the 86 ships that unloaded at Spanish terminals last winter," stated the company.

"Extraordinary slot auctions have been taking place since September 2021 with the aim of promoting the arrival of LNG at the regasification terminals in Spain," explained Enagás.

Enagás has capacity at six LNG regasification terminals in Spain. It owns five terminals at Barcelona in the northeast, at Cartagena in the southeast, at Sagunto in the east of Spain, at Huelva in the southwest and at El Musel in the northwest.

It also owns a 50 percent stake in the facility serving the northwest port of Bilbao and owns two small regasification terminals in the Canary Islands.

"The Spanish Gas System worked 100 percent both in terms of availability and coordination," said Enagás in the report.

Enagás added that it maintained continuous monitoring of natural gas supplies and reserves to identify any extraordinary LNG discharge slot that may be made available to the market.

"The year 2021 ended with 100 percent contracting of LNG tank capacity and LNG stocks 54 percent higher than in 2020," said the company.

Enagás noted that during 2021, natural gas arrived in Spain from 14 different countries.

Storage capacity

Currently, Spain has 30 percent of the European Union's LNG storage capacity and 25 percent of the regasification capacity.

The company reported that natural gas demand in Spain had increased by 5.1 percent and reached 378.4 terawatt hours, mainly driven by the recovery of economic activity.

Demand was boosted by industrial and residential customers. However, demand for gas for electricity generation increased by just 1.6 percent compared with 2020, reaching 90 terawatt hours.

"In a year marked by great global uncertainty, the company has met all its objectives for the 15th consecutive year, maintaining its firm commitment to employment," said Enagás.

Enagás praised the contribution to earnings of the TAP, the 878-kilometres transportation system bringing Caspian natural gas from Azerbaijan to Greece, Albania, via the Adriatic Sea and Italy.

The pipeline transports 10 billion cubic metres gas supplies from Azerbaijan to multiple markets in Europe and is an alternative to Russian gas from Gazprom.

"Since its launch at the end of 2020, TAP has been key to European energy diversity and security," said Enagás, which owns a 16 percent stake in the pipeline.

The Enagás business in the US, Tallgrass Energy, also made a positive contribution to earnings.

"In addition, the company has received support from the Department of Energy and the Wyoming State Power Authority in the United States to develop clean hydrogen technologies and finance the development of a commercial-scale CO2 capture and storage hub," added Enagás.

Sonatrach signs China deal to upgrade Skikda LNG facilities to allow larger vessels and exports

LNG News Editor

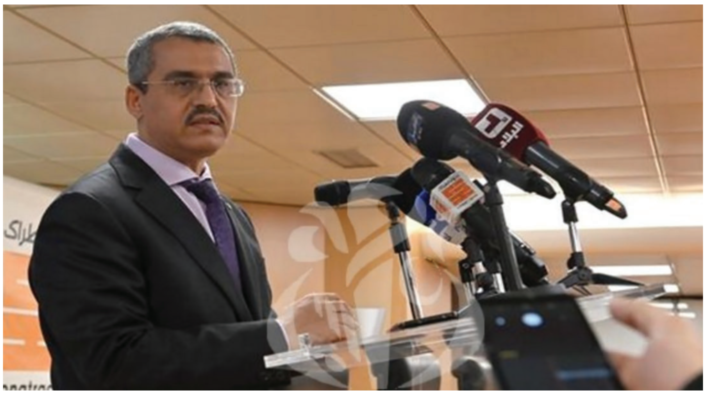
Algeria plans to export liquefied natural gas to Asia and South America after the refurbishment of the Skikda liquefaction and export plant on the North African nation's Mediterranean coast with new storage facilities and a larger jetty to be constructed by a consortium of Chinese contractors.

Toufik Hakkar, the Chief Executive of state-run Algerian oil and gas company Sonatrach, made the statement during a briefing following the signing on February 17 of an engineering contract for the Skikda LNG upgrade.

Consortium

Sonatrach signed an agreement with two Chinese engineering companies to build a new LNG storage tank with 150,000 cubic metres capacity and to modernize the jetty and loading facilities.

The contract is with China's Sinopec Luoyang Engineering Co. (LPEC) and Sinopec International Petroleum Services Corp. (SIPS).



CEO Toufik Hakkar eyes LNG markets with added value

The work will also include the dismantling of two 20-year-old storage tanks at the Skikda facility.

The Skikda plant currently has 4.5 million tonnes per annum of LNG export capacity.

"The loading capacities and the capacities of the port of Skikda do not make it possible to supply the larger ships serving distant markets," said Hakkar.

"With the renovation of the port and the construction of this new storage tank, we will be able to go to these markets which constitute a strong added value," explained the CEO, mentioning Asia and South America.

Sonatrach has several contracts for the Skikda plant, including one with TotalEnergies to supply 2 MTPA of LNG to the French market, primarily through the LNG terminal at Fos Cavaou near Marseille.

The agreement also includes the sub-charter of a TotalEnergies LNG carrier to Sonatrach.

The supplies for TotalEnergies are delivered ex-ship (DES) to Fos Cavaou through to December 2023.

"This engineering, procurement and construction contract is worth 25 billion Algerian dinars ($178 million) and will take 40 months to complete," stated Hakkar.

The contract was signed by Sonatrach's Director of Central Engineering and Project Management Farredj Aoudjehane and the SIPS General Manager in Algeria, Xu Zhenqiang.

"The agreement marks a new stage of cooperation between Sonatrach and Sinopec International Petroleum Services," said Xu.

"During the implementation period, Sinopec will do its best to guarantee the completion of this project under the necessary safety conditions and with high quality within the set deadlines," added the Chinese executive. ■

LNG exporter Oman chooses Spanish group Elecnor to build natural gas pipeline in Dhofar

Elecnor, a Spanish infrastructure and energy group, has been awarded a contract to build a natural gas pipeline in Oman as the Sultanate in the Arabian Peninsula expands its domestic gas market as well as LNG exports and bunkering.

Elecnor, based in Madrid, said the contract represented the group's entrance into the energy transportation sector in Oman, where natural gas discoveries in the past three or four years have underpinned an energy revival.

Oman said it was expanding gas availability in the southern region of the country to meet the expected increase in demand through 2030.

"The project is being carried out in the area surrounding the town of Salalah, Oman's third third-largest city located in Dhofar Province, 150 kilometres from the border with Yemen," said Elecnor.

"As well as the gas pipeline construction, work will be carried out on the connections to the existing parallel pipelines, as well as work related to teleprocessing and detection of leaks," explained the company.

The pipeline is being built for OQ Group, an international company with roots in Oman.

Strategic

"The design of this strategic infrastructure will mean that the gas pipeline can automatically function without interruption, under constant supervision by the OQ control centre," added Elecnor.

The project will also involve local company GPS and will directly involve 850 workers with a completion date set for mid-2023.

"The construction of this gas pipeline in Oman will consolidate the course that Elecnor has been taking in the Sultanate since 2015, when it entered the market with the Qurayyat Tie-in EPC project for water transmission," it added.

The focus on the domestic market is in addition to an increase in natural gas production and the Oman LNG bunkering project being developed for the Port of Sohar.

The bunkering venture will receive feed gas from the Omani onshore gas field known as Block 10 and involve French major TotalEnergies, the Oman National Oil Company and Shell.

The three parties have establishment Marsa LNG, an integrated company. Marsa LNG will produce natural gas from Block 10, with a view to subsequently developing a low-carbon LNG plant in Sohar.

The Sultanate of Oman is making progress with developing the Sohar Port and Freezone of which the LNG bunkering project will be part on the Arabian Sea coast and near the entry to the Gulf by the Strait of Hormuz.

Anchorage

Oman is a major anchorage and stop-over point for tankers and other vessels on trade routes between the Middle East, Asia and Europe and a growing number of ship owners are opting for LNG-powered newbuilds.

TotalEnergies said its share of production from Block 10 was expected to reach about 24,000 barrels of oil equivalent per day in 2023. ■

Japanese imports fall while costs rise

Japanese liquefied natural gas imports tumbled 15.8 percent last month and cargoes from Russia surpassed those from the Middle East while shipments from US export plants dropped.

Japanese LNG imports in January 2022 amounted to 6.78 million tonnes, just under 100 cargoes, compared with 8.06MT, or 118 shipments, in January 2021, according to the preliminary trade figures from Japan's Ministry of Finance.

Imports of LNG to Japan in December had declined by 9 percent to 7.03MT compared with 7.72MT in December 2020.

The cargoes received in January cost 556.63 billion yen ($4.81Bln), which was over 50 percent more than in January 2021 when the costs were 365.84Bln ($3.16Bln).

The restructuring of Japan's LNG deliveries came after the nation formally ceded the No. 1 LNG import spot to China.

Shipments to Chinese terminals in 2021 had amounted to 78.93MT which was 18.3 percent more than in 2020.

Japan's Finance Ministry confirmed annual cargo deliveries to Japan as 74.31MT, down 0.2 percent on 2020 and 4.62MT less that the Chinese total for 2021.

Shipments of LNG to Japan in January 2022 from Asian countries dropped by 6.9 percent year-on-year to 1.59MT.

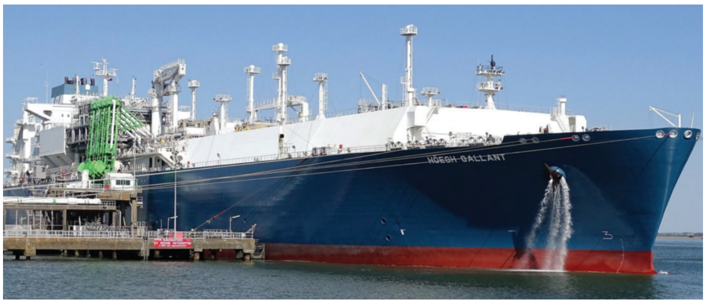
Middle East cargo deliveries from nations like Qatar crashed by 55.6 percent versus January 2021 to 634,000 tonnes. That's as contracts ended or were re-arranged.

Hoëgh LNG Holdings reports annual loss while sealing key FSRU deals

LNG News Editor

Hoëgh LNG Holdings Ltd reported a net loss for 2021 because of increased expenses and a tax audit even as annual revenues increased to over $350 million for the year and the company sealed several key floating storage and regasification unit (FSRU) charter deals from Jamaica to Australia.

The Hoëgh LNG group's fleet comprises 10 modern FSRUs and two LNG carriers. Seven vessels are in the fleet of Hoëgh LNG Holdings and five are operated by affiliate Hoëgh LNG Partners.



The 'Hoëgh Gallant' is with New Fortress in Jamaica

Overview

Hoëgh LNG Holdings reported a net loss of $21.2M for 2021 compared with $146,000 of profits registered in 2020.

The profit fall was in addition to the decrease in gross earnings (EBITDA), mainly due to a tax provision recorded for an uncertain tax position following a tax audit in Indonesia in 2021.

For the fourth quarter, the company posted a net profit of $3.57M compared with a profit of $782,000 in the same final three months of 2020.

For all of 2021, Hoëgh LNG reported total income of $351.8M and gross earnings of $217.2M compared with $335.1M and $225.4M respectively for 2020.

"Although revenues increased, the group also incurred higher expenses in 2021, with increased operating expenditure, primarily related to maintenance conducted to prepare two vessels for operations in FSRU mode and class renewals and increased overall costs," Hoëgh explained.

"Spending during the quarter mainly comprised $35.9M in repayment of borrowings and lease payments, dividends paid to non-controlling interests in Hoëgh LNG Partners (HMLP) and interest payments," it stated.

The company cited earnings highlights such as the "Hoëgh Gallant" starting a new 10-year contract with a subsidiary of New Fortress Energy, the New York-based LNG-for-power project company.

The "Hoëgh Gallant" commenced operations for New Fortress in Jamaica from the end of November 2021. Hoëgh LNG also signed a new unconditional 10-year floating storage and regasification (FSRU) contract signed with a subsidiary of Brazilian utility Compass Gas and Energia.

India's LNG imports drop for fourth month offset by own gas

Indian liquefied natural gas imports dropped for a fourth month and by more than 10 percent as the costs of shipments rose at a slower pace and the debut of a seventh terminal was delayed by higher prices while offshore domestic gas pipeline supplies continued to increase on the East Coast.

LNG imports for the month of January amounted to 1.78 million tonnes, or about 26 cargoes, compared with 1.99MT, or 29 cargoes, in January 2021, a drop of 10.6 percent, according to preliminary monthly data from the Indian Ministry of Petroleum and Natural Gas.

Shipments to India's operating network of six regasification terminals, mostly concentrated on the West Coast, for the first 10 months of the current fiscal year from April through January declined by 3.2 percent to 19.82MT versus 20.48MT for the same period of the previous fiscal year.

India's fiscal-year LNG import volumes are still on track to again be lower than in the previous fiscal year.

Cargo deliveries had amounted to 1.93MT in December 2021 versus 2.03MT in December 2020, a decline of 4.9 percent.

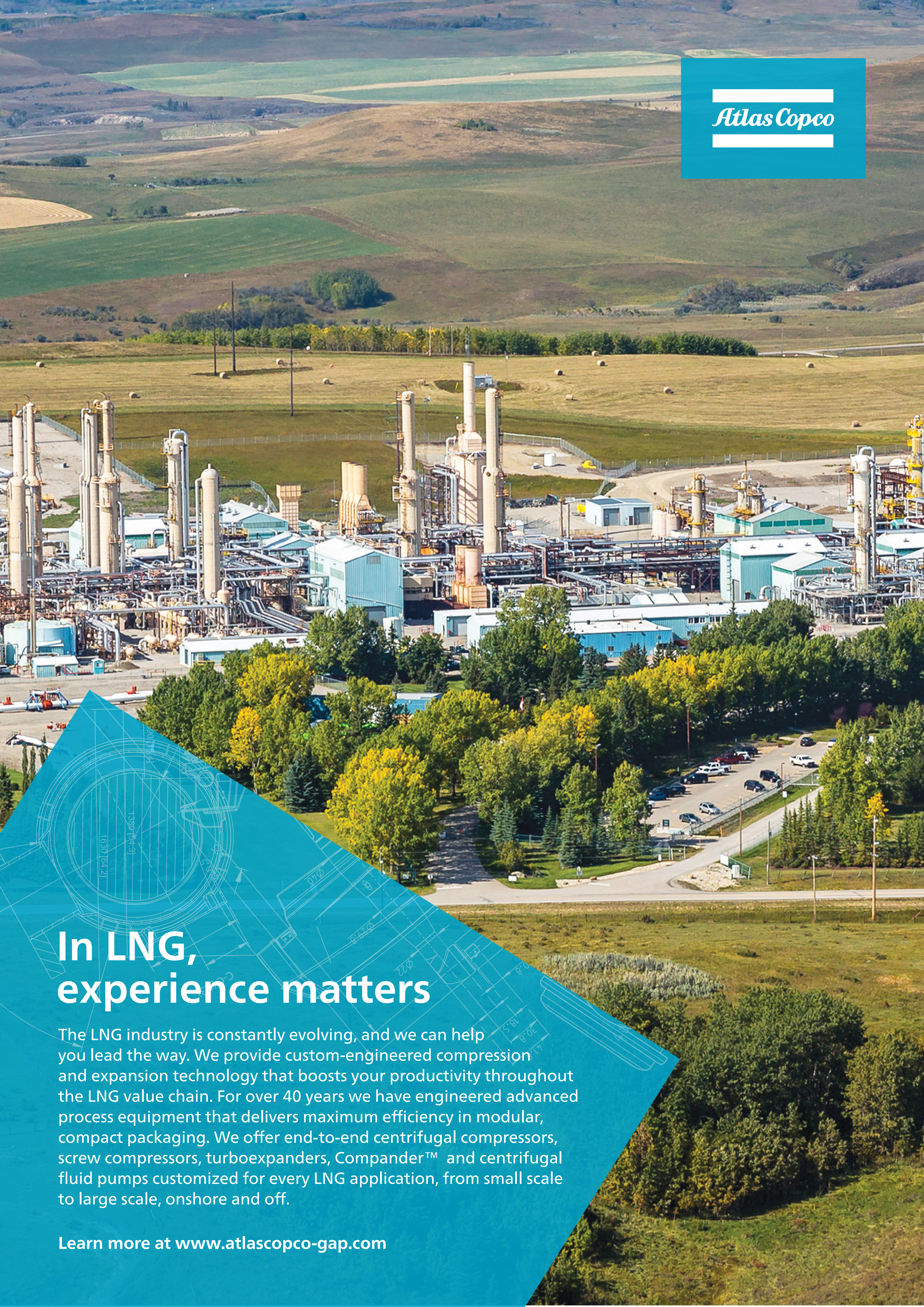
The Ministry data also showed that India in January 2022 paid around $900 million, or around 6,718 crore Indian rupees, for LNG cargoes compared with $800M in January 2021.

The shipments in the 10-month period from April to January cost $9.9 billion, 73,908 crore rupees, versus $6.2Bln in the same period of the previous fiscal year.

LNG deliveries to Indian terminals come mainly from Qatar, which provides over one-third of volumes, as well as West Africa, the US, Asian nations, Australia and the spot market.

Domestic gas

Increasing domestic natural gas production has more than offset the fall in LNG imports, though the volumes are mostly in different regions than those required near LNG terminals for regular customers.


Atlas Copco
In LNG, experience matters
The LNG industry is constantly evolving, and we can help you lead the way. We provide custom-engineered compression and expansion technology that boosts your productivity throughout the LNG value chain. For over 40 years we have engineered advanced process equipment that delivers maximum efficiency in modular, compact packaging. We offer end-to-end centrifugal compressors, screw compressors, turboexpanders, Compander™ and centrifugal fluid pumps customized for every LNG application, from small scale to large scale, onshore and off.
Learn more at www.atlascopco-gap.com

NEWS BRIEFS

Eagle LNG firsts

US company Eagle LNG marked a series of firsts when it fueled the 7,500-car carrier "SIEM Aristotle" from its Talleyrand LNG Bunker Station at the Jacksonville Port Authority (Jaxport) in Jacksonville, Florida. The "SIEM Aristotle" is the first deep-sea pure car, truck carrier (PCTC) equipped with dual-fuel engines designed to operate on LNG and marine gas oil. "It was the first time 'SIEM Aristotle' had been refueled from a landside bunkering facility and the first ship that Eagle LNG had refueled of that size from the bunkering station," said Eagle.

Tellurian on track

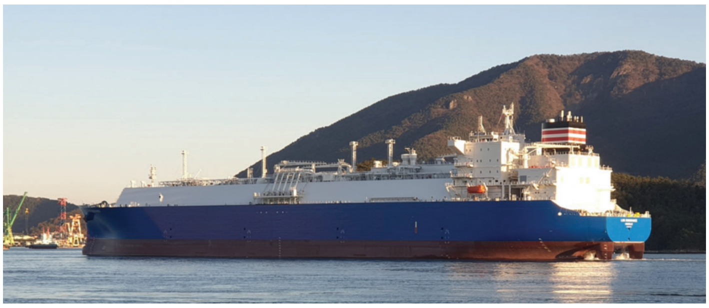
Tellurian Inc., the developer of the Driftwood LNG plant in Louisiana, said it ended 2021 with more than $300 million in liquidity and over $360M in standardized measure of discounted future net cash flows of proved natural gas reserves and was on track to start building. "The global economy is in the early stages of an energy super cycle driven by strong demand for natural gas and several years of underinvestment in energy infrastructure," said Tellurian President and Chief Executive Octávio Simões.

Korean LNG order

Korea Shipbuilding and Offshore Engineering (KSOE), the world's largest shipbuilder by order backlog, said it won another LNG carrier order worth $217 million. KSOE has won 37 ship orders so far in 2022 valued at a combined $4.37 billion, accomplishing 25 percent of its annual goal of $17.4Bln of orders. KSOE's three affiliates are Hyundai Heavy Industries, Hyundai Mipo Dockyard and Hyundai Samho Heavy Industries ■

French LNG storage firm GTT reports revenue and profit plunge but says market dynamics are still very positive

LNG News Editor



NYK Line's 'LNG Endurance' has GTT Mark III Flex tanks

French liquefied natural gas storage technology firm Gaztranzport and Technigaz (GTT) reported a more than 20 percent drop in revenues in 2021 and net income was down over 32 percent as contracts for 27 newbuilds and a substantial order book failed to boost the bottom line because of timings.

Revenues for 2021 dropped to €314.7 million compared with €396.3M in 2020.

GTT's earnings statement showed net profits tumbled to €134.1M from €198.8M in 2020.

Order intake

"Newbuild revenues totalled €292.4M, down 23.4 percent from 2020, which fully benefited from order intake in 2018 and 2019," explained GTT on the fall in income.

"Royalties amounted to €254.9M from LNG and ethane carriers, €8.7M from floating storage and regasification units and €2.9M from floating LNG hulls," said the report.

GTT received orders to equip 27 vessels with LNG as fuel in 2021, the first being from the Chinese shipyards Hudong-Zhonghua Shipbuilding and the Jiangnan Shipyard on behalf of French containership operator CMA CGM to equip 12 very large LNG-powered container ships.

A second order was received at the end of June 2021 from Samsung Heavy Industries (SHI) to equip five very large container ships for Asian ship-owner Seaspan, a subsidiary of Atlas Corp, and Israeli charterer ZIM.

In September 2021, GTT received one order from Korean shipyard HHI to equip two container ships and another order from Korean shipyard SHI to equip six new container ships.

Then in November 2021, Hyundai Samho Heavy Industries shipyard placed an order with GTT to equip two container vessels.

Other royalties were up significantly compared to 2020 and were mainly generated from new business, including €13.3M from floating storage units (FSUs) and €2.5M from onshore storage tanks and €3.3M from gravity-based structures.

"Only LNG as fuel posted a decrease in revenues compared to 2020, to €6.9M, due to the fact that new orders received in 2021 had no impact on 2021 revenues," added GTT.

Order book

At the end of December 2021, GTT's order book excluding LNG as fuel stood at 161 units, including 137 LNG carriers, six ethane carriers, two FSUs, 1 FLNG hull, three GBSs and 12 onshore storage tanks.

"The market dynamics remain very positive in 2022 with 10 LNG carriers ordered since the beginning of the year," said Philippe Berterottière, Chairman and Chief Executive of GTT.

"All the liquefaction projects under construction still represent significant potential for LNG carrier orders," stated the CEO.

"In the LNG as fuel segment, new orders were taken throughout the year to reach a total of 27 units, a volume that outstrips all orders taken by GTT in previous years," he added.

"GTT's membrane technology has been adopted by several international shipyards and ship-owners and is becoming increasingly important in a segment that is expected to grow with the increasing sustainability of maritime transportation," stated Berterottière.

The company declared that it welcomed the decision by the European Commission, in February 2022, to consider natural gas as a transition energy.

"This decision, which should be applicable in 2023, confirms GTT's vision of the role of gas as an energy complementary to renewables," added GTT.

With regard to innovation, GTT said it was pursuing an ambitious strategy and during 2021 obtained several approvals from classification societies to develop new technologies in a wide variety of areas, such as improving emissions performance and designing a ballast-free bunker vessel.

The company has also been expanding its range of services to support the maritime industry in its digital and energy transformation with the launch of Smart Shipping solutions.

Ascenz, the Singapore-based GTT Smart Shipping Company, announced on July 23, 2021 that it had launched the Electronic Bunker Delivery Note (eBDN) solution to improve the efficiency and transparency of the bunkering process. The digitalised process allows clients to obtain financing in less than two hours.

GTT launched LNG Optim in September 2021. It is a digital Smart Shipping solution that helps LNG operators, and LNGC or LNG-fuelled vessel ship-owners, to plan the voyages of their vessels in order to reduce the overall fuel consumption and to manage boil-off gas in the tanks. ■

US LNG data shows Corpus Christi plant having highest prices and Europe and Korea dominating

LNG News Editor

The US Department of Energy published its latest liquefied natural gas monthly export data showing prices for the six plants and with the United Kingdom, Turkey, France and Spain being among the top five monthly destinations with South Korea in the month and with the UK overtaking India in the overall placings.

The DoE data just published for December showed 111 US cargoes were delivered versus 99 in the previous month and 90 shipments in December 2020.

Growth

The total number of US cargoes delivered worldwide to 42 nations since February 2016 now amounts to 3,205 shipments, or 9,733.3 billion cubic feet of natural gas.

A further 879 ISO containers have been shipped to nations in the Caribbean and Latin America from ports in Florida.

The average price at the export points of the six US plants came to $9.26 per million British thermal units in December versus $9.85 per MMBtu in the previous month, according to the DoE December 2021 LNG report.

The Sabine Pass plant remained the volume leader in December 2021 with five Trains on stream (and six since February 2022) and supplying 39 cargoes, followed by Freeport 23, Cameron LNG 20, Corpus Christi 19, Cove Point seven and Elba Island three.

A carrier berthed at Texas Freeport LNG to lift a cargo

Shipments from the Cheniere Energy's Corpus Christi plant in Texas cost the most for December 2021, averaging $11.92 per MMBtu versus $10.34 per MMBtu in November 2021 and for the year-to-date the Corpus Christi shipments fetched an average of $7.76 per MMBtu from the point of export.

The average prices for each of the five other plants (from the export point) from highest to lowest in December 2021 were: Cove Point (Maryland) $9.27 per MMBtu ($10.18, November); Freeport LNG (Texas) $8.96 per MMBtu ($9.85, November); Sabine Pass (Louisiana) $8.94 ($9.81, November); Sabine Pass (Louisiana) $9.81 ($9.43, October); and Elba Island in Georgia $8.41 per MMBtu ($9.17 November); and Cameron LNG (Louisiana) $7.59 per MMBtu ($9.36, November).

The top five countries of destination, representing 59 percent of total US LNG exports, in December 2021, were: the UK (60.3 Bcf - 18 cargoes), Turkey (38.4 Bcf - 12 cargoes), South Korea (38.2 Bcm - 11 cargoes), France 33.9 Bcf - 11 cargoes) and Spain (32.6 Bcf - 11 cargoes).

The list of the Top 10 countries of destination overall since 2016 through November 2021 showed three Asian nations, South Korea, Japan and China filling the top three spots, while the UK overtook India into seventh place overall.

The Top 10 recipients of US LNG by overall numbers of cargoes at the end of December 2021 were: 1) South Korea 411 cargoes. 2) Japan 300. 3) China 257; 4) Spain 199. 5) Brazil 190 (includes split cargoes) 6) Mexico 162. 7) UK 159: 8) India 151. 9) Turkey 126. 10). Chile 123.

Other vessel-borne delivery price data showed that imported shipments to the US territory of Puerto Rico cost an average of $11.36 per MMBtu in December, down from the annual of $12.24 per MMBtu in the previous month.

US LNG had been received in vessels by 42 different countries through December 2021.

ISO deliveries

The US also sends regular ISO containers by cargo ship to the Caribbean nations such as Jamaica, Barbados, the Bahamas, Haiti Antigua and Barbuda and Nicaragua.

In December 2021, a total of 28 containers were delivered. The recipients were the Bahamas 15, Jamaica six, Barbados five and Haiti two.

The Caribbean volumes during the month were in containers shipped by American LNG Marketing from Fort Lauderdale in Florida.

Delek name changed to NewMed Energy

Israeli company Delek Drilling, the owner of natural gas resources in the East Mediterranean, is changing its name to NewMed Energy as it expands the Leviathan gas field, increases its exposure to the LNG market and pursues exploration licences in Morocco.

Chief Executive of former Delek Drilling and now of NewMed, Yossi Abu, said that the success in production from Leviathan in the past two years, and especially the successful realization of the regional exports, had in effect turned NewMed Energy into a leading energy entity of regional importance.

"Analyses showing the demand for natural gas (both regional and domestic) is rising constantly and justifies the expansion of production from the Leviathan field, in accordance with the approved development plans for 21 billion cubic metres annually," said Abu.

"The second phase of Leviathan will concentrate on expansion of the infrastructures for the transmission of natural gas from the reservoir to additional consumers in its export markets along with exposure to global LNG," stated the NewMed Energy CEO.

The company said it was also in an advanced process for the receipt of exploration licenses in Morocco as a leading partnership in its field with considerable professional knowledge and a proven track record in regional activity.

"NewMed Energy has identified Morocco as a country with tremendous potential in both geological and commercial terms," said the company. ■

Papua New Guinea LNG expansion project gas agreements now signed

LNG News Editor

Australian LNG producer Santos said a final agreement had been signed to give a framework for the Papua New Guinea LNG expansion project that would more than double output.

Santos said it had joined the Papua New Guinea Government and P'nyang project participants, including ExxonMobil Corp. and JX Nippon Oil and Gas Exploration of Japan to execute a gas agreement for the future development of the P'nyang gas fields.

Onshore gas fields will help expand PNG LNG plant

Framework

The signing of the gas agreement marks a landmark for the PNG expansion, setting out the fiscal framework and supporting project scoping and evaluation.

"Subject to a final investment decision by the P'nyang participants, the ExxonMobil-operated P'nyang project would deliver LNG through new upstream facilities in Western Province linked to existing infrastructure, including our world-class PNG LNG plant near Port Moresby," said Santos.

While ExxonMobil continues to operate the PNG LNG plant, Santos is now the main shareholder after its takeover of the Port Moresby-based oil and gas company Oil Search.

Santos added that up to 5 percent of P'nyang gas produced would also be made available to support the government's electrification efforts in Western Province or another agreed location.

The P'nyang Gas Agreement for onshore gas fields are in the PRL3 licence area of PNG and the lack of an accord had been holding up the expansion project.

The separate Papua Gas Agreement for other feed-gas resources to enable the LNG expansion has already been approved and signed by the shareholders led by France's TotalEnergies and the PNG Government.

The Papua Gas Agreement covers petroleum retention licence PRL15, including the Elk-Antelope onshore gas fields, among the largest in the Asia-Pacific region.

"The signing of the P'nyang project gas agreement demonstrates the commitment of all parties to the project and will bring economic benefits for the people of PNG when the project is developed," said Santos Chief Executive Officer Kevin Gallagher. ■

Australian utility AGL whose LNG plans were thwarted gets US$3.5 bid

AGL Energy, the Australian utility whose plans for an LNG import terminal in the state of Victoria were thwarted by regulators, has rejected an unsolicited joint bid of over US$3.5 billion from Brookfield Asset Management of Canada and one of Australia's wealthiest individuals.

Brookfield and Australian billionaire Mike Cannon-Brookes offered to acquire AGL for $7.50 per share by way of a scheme of arrangement, valuing the company at A$4.93 billion (US$3.54Bln).

AGL issued a statement saying it considered that the unsolicited proposal, which was received on the morning of Saturday, 19 February 2022, materially undervalued the company.

AGL, a leading Australian gas and power supplier and owner of several of the largest coal-fired power plants in the country, was forced to cease any further development of the proposed Crib Point LNG import project in the southern state of Victoria in May 2021 after the state of Victoria Planning Minister and an inquiry found that the project would have "unacceptable environmental" effects.

The LNG regasification terminal would have been sited at Westernport Bay, south of Melbourne, and had previously been described by the company as one of the vital tools in the cleaner energy transition.

Now Brookfield and Cannon-Brookes, Australia's second-richest man, said their aim was to speed up delivery of cleaner and cheaper energy in Australia by boosting renewables and shutting coal-fired power plants.

Company split

AGL itself had decided in March 2021 to pursue a split-up of the company. A new AGL would remain as Australia's largest multi-product energy retailer with 4.5 million services to customers, including 24 terawatt hours of electricity demand and 74 petajoules of gas demand. ■


CLEAN & SUSTAINABLE
COOLER BY DESIGN®
Chart is at the forefront of the transition to a low carbon future through technology, equipment and services delivering hydrogen, LNG and biogas for energy and transportation. Our carbon capture technology also removes harmful pollutants including SOx, NOx and mercury.

CNOOC's giant Yancheng-Binhai Port LNG import and storage facility is on course for 2023

LNG News Editor

China National Offshore Oil Corp. said it completed the concrete castings for the foundations of six of the world's largest LNG storage tanks being constructed for the Yancheng-Binhai Port terminal in China's eastern Jiangsu Province.

CNOOC said the six storage tanks, each with 270,000 cubic metres capacity, have been designed and developed in China.

Total of 10 LNG tanks are being built with four completed

First phase

Upon completion, each of six new storage tank will be 60 metres high and with each having a diameter of 100.6 metres and with a total casting volume of 70,860 cubic metres.

The Yancheng-Binhai terminal first phase involves the construction of 10 large-scale LNG storage tanks, including four already built and which are smaller with 220,000 cubic metres capacity.

Ren Jianxun, deputy manager of the project, was cited by CNOOC as saying that low winter temperatures presented a problem in trying to avoid cracks in the massive volumes of concrete being used.

"We decided to adjust the concrete pouring area to be symmetrical scattered by 45 degrees, thus reducing the length of construction joints, effectively preventing cracks and improving construction quality," explained Ren.

CNOOC said that the cost of the six largest tanks was around 6 billion yuan ($950 million) and the Binhai venture would have two gas-fired power plants adjacent.

The first phase is scheduled to come on line by the end of 2023 with the 10 tanks operating.

Jiangsu's Yancheng-Binhai terminal will have an annual LNG regasification capacity of an initial 6 million tonnes per annum, though will also have the largest LNG storage base in China with the 10 tanks.

Further expansion

CNOOC has described the Binhai project as an important asset in the industrial upgrade of the Yangtze River Economic Zone.

For the next stage of the project, CNOOC said it would likely add a further 10 storage tanks, each of 270,000 cubic metres of capacity, to give an open-ended capability.

CNOOC has the largest regasification capacity of the Chinese majors with a presence in eight of the existing 22 import terminals, even after state-backed PipeChina bought and opened up several CNOOC-owned terminals to third-party access.

A second large LNG import terminal with mega-storage, the Tianjin Port Nangang project in northeast China, is also under development. ■

Canadian regulator launches inquiry process and funding for Ksi Lisims LNG project plan in BC

The Impact Assessment Agency of Canada (IAAC) has made funding available to Canadians and Indigenous groups to participate in the impact assessment process for an LNG export project proposed for Pearse Island in the Pacific Coast province of British Columbia.

Pearse Island is located in the Portland Inlet of BC and a total of 790 kilometres (490 miles) north of Vancouver.

Three partners

The project is proposed by three parties, the Nisga'a First Nation and two project companies, Rockies LNG LP and Western LNG LLC.

The venture on Pearse Island is called the Ksi Lisims LNG project and will comprise a floating liquefaction facility and a marine terminal, located at Wil Milit on the island. "As proposed, the Ksi Lisims LNG would produce up to 12 million tonnes per year of liquefied natural gas and be in operation for at least 30 years," said the IAAC statement offering the funding.

"Natural gas would be transported to the site via a natural gas transmission pipeline originating in northeast BC," it added.

The IAAC noted that the Nisga'a Nation, is represented by the Nisga'a Lisims Government, which was party to the Nisga'a Final Agreement peace treaty for Canada and BC.

"The Nisga'a Final Agreement is a treaty and land claims agreement within the meaning of Sections 25 and 35 of the Constitution Act, 1982 and represents the first modern treaty in BC," added the IAAC in its description of the project participants.

"Funding is available for eligible individuals and groups to assist their participation in the impact assessment's planning phase," said the IAAC.

Review

"Specifically, it covers reviewing and providing comments on the draft information requirements that will inform the assessment," it added.

The agency stated that applications received by March 20, 2022, would be considered for funding.

The Ksi Lisims LNG project is subject to the federal Impact Assessment Act and British Columbia's Environmental Assessment Act.

"The agency and British Columbia's Environmental Assessment Office are working cooperatively during the initial phase of the project's review," said the IAAC.

The IAAC added that as a next step, it would determine whether a federal impact assessment is required for the project.

"If one is required, the federal Minister of Environment and Climate Change will consider the Government of British Columbia's request for the province to conduct the assessment on behalf of the federal government," explained the IAAC.

"If approved, the agency will continue to provide funding to support the participation of the public and Indigenous groups in the substituted process," it stated. ■