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Pavilion Energy and partners hold naming of Singapore bunker ship

The ‘Brassavola’ is first newbuild LNG bunker vessel for the Temasek unit

LNG News Editor

Pavilion Energy of Singapore and Japanese shipping company Mitsui OSK Lines held a ship-naming ceremony at Sembcorp Marine’s Tuas Boulevard shipyard for the 12,000 cubic metres capacity bunkering vessel “Brassavola”, the largest of its kind to be built in the Asian city state.

The Lady Sponsor of the vessel was Mrs Pamela Heng, spouse of Pavilion Energy’s Group Chief Executive Alan Heng.

The Lady Sponsor of the vessel Mrs Pamela Heng with to her right her spouse Pavilion Energy’s Group Chief Executive Alan Heng and to her left Captain Muhammad Segar, Assistant CEO at the Port of Singapore. On the far left is Wong Weng Sun, Sembcorp Marine’s CEO, next to Kenta Matsuzaka, Managing Executive at Mitsui OSK Lines

Flower power

The ship is named after a species of orchid and orchids are the national flower of Singapore.

Pavilion, which is a unit of the Singapore wealth fund Temasek, said that the “Brassavola” is the first newbuild LNG bunker vessel for Pavilion Energy.

The ship is also Sembcorp Marine’s first LNG bunker vessel construction project.

“When launched into operation, it will be the largest LNG bunker vessel in service in the Port of Singapore,” said Pavilion.

Registered in Singapore, the vessel is 116.50 metres in length and 22 metres broad with 12,000 metres of capacity.

The vessel has three Azimuth thrusters and a service speed of 11.5 knots.

The “Brassavola” is owned by Indah Singa Maritime Ltd, which is a wholly-owned subsidiary of MOL, and will be chartered by Pavilion LNG Bunker Ltd.

The ship will be employed by Pavilion to supply LNG bunker in the Port of Singapore.

Under a long-term agreement with Pavilion, TotalEnergies Marine Fuels will also be employing “Brassavola” to supply LNG fuel to its customers.

Pavilion and TotalEnergies Marine Fuels are among three licensed suppliers of LNG bunker fuels in the Port of Singapore.

“The vessel features two GTT Mark III Flex membrane tanks, known for its superior characteristics including lower internal pressure, temperature and boil-off rate. This translates into greater tank durability, safer fuel transfer operations and reduced cargo loss through evaporation,” said Pavilion.

The “Brassavola” has dual-fuel engines and will be capable of running on LNG or marine diesel oil.

Pavilion said the vessel was scheduled to be operational in the first quarter of 2023.

“Brassavola’s size and length specification enhances operational flexibility and manoeuvrability,” said the company.

“Leveraging state-of-the-art technology, which include superior loading and a bunkering rate up of up to 2,000 cubic metres per hour, the vessel offers customers higher operational efficiency and faster bunkering turnover,” said Pavilion.

Debut time

Captain Muhammad Segar, Assistant Chief Executive of Operations of the Maritime and Port Authority of Singapore, said he was looking forward to the vessel entering service.

“We look forward to having ‘Brassavola’ join our bunkering fleet, as the Port of Singapore continues to build up our capability as a LNG bunkering hub to help the maritime industry in its decarbonisation journey,” stated Capt. Segar

Kenta Matsuzaka, the Senior Managing Executive Officer of MOL, said he would like to express his sincere gratitude to all the people involved in the project.

See Page 2: Pavilion succeeds with digital bunkering method

UNLIMITED AGENDA

Pavilion Energy and DNV welcome progress of digital LNG bunkering method at Singapore port

LNG News Editor

Pavilion Energy and European classification society DNV have jointly developed a successful digital LNG bunkering method for employment in the Port of Singapore.

The collaboration came up with the bunkering platform called "FuelBoss" to meet customer requirements.

Transparency

Pavilion, a subsidiary of the Asian city-state's wealth fund Temasek, said the system improves process integrity, data transparency and operational efficiency for customers and provides electronic Bunker Delivery Notes.

The "FuelBoss' system has become the market leader in end-to-end digital bunkering of alternative fuels, initially focused on LNG.

"Over 400 bunkering operations have now been completed through 'FuelBoss', connecting more than 20 different customers with their bunker suppliers, primarily in Europe," explained Pavilion.

Executives and workers join the celebrations for the naming in Singapore of the 'Brassavola' bunkering ship, the first LNG fuelling vessel for the city state's gas firm

"Users also report significant time savings through working digitally," said the company.

This joint project comes on the back of a cooperation agreement that Pavilion and DNV signed in 2021 to go ahead with the system.

"Ahead of our LNG bunkering vessel entering into operation early next year, Pavilion Energy has dedicated our attention to ensuring the marine bunkering processes are managed efficiently and are as transparent and trustworthy as possible," said Alan Heng, Group Chief Executive of Pavilion.

"To this end, we have fully embraced digitalization in our bunkering operations. With the streamlining and optimising of processes, we are well positioned to partner our customers in achieving greater efficiency in their bunkering operations," added Heng. Cristina Saenz de Santa Maria, the regional manager of DNV Maritime for South-East Asia, the Pacific and India, said software use plays a key role in shaping the maritime industry of the future.

"We are therefore thrilled to partner with Pavilion on this pioneering initiative, which we believe will accelerate the adoption of digitalization in LNG bunkering," added Saenz.

Trusted hub

Captain Muhammad Segar, the assistant Chief Executive of operations for the Maritime and Port Authority of Singapore, said that the world's leading and trusted bunkering hub welcomed Pavilion's and DNV's efforts.

"Digital solutions for LNG bunkering further increase the transparency and efficiency of bunkering operations and provide better assurance to LNG bunker buyers and suppliers in the Port, " added Segar.

LNG bunker prices fall from record levels in Rotterdam as orders build for LNG-fuelled ships

European maritime classification society DNV said that there was still momentum in orders for LNG-powered vessels from ship owners in the month of September even at a time of very elevated LNG bunker prices in ports such as Rotterdam in the Netherlands.

The DNV report said that at the end of September there were 833 confirmed LNG-powered ships, six more than in August, and 229 additional LNG-ready ships, while LNG bunkering infrastructure was continuing to be developed worldwide.

Advance

"According to the latest figures from DNV's Alternative Fuels Insight (AFI) platform, 14 LNG vessels were added in September. However, contract cancellations limits the net increase to six ships," explained DNV.

"This last quarter was the slowest on record since the fourth quarter of 2020 with a net increase of 26 ships, which we attribute mainly to reduced newbuild contracting in general," said the Norway-based class society.

"The total order figure for the year to date has reached 179 with mainly container liners helping to keep the momentum up this month," stated DNV.

For methanol-fuelled ships the data showed the total at 66 vessels with around 40 percent of the fleet also transporting methanol as cargo.

The DNV data showed that total number of LNG-powered ships in operation or on order at the end of September 2022 comprised in the largest sectors 211 containerships, 106 car carriers, 89 crude oil tankers and 54 oil-chemical tankers.

There were also 66 bulk carriers using and planning to use LNG, 50 car and passenger ferries, 39 cruise liners, 38 tugs, 37 offshore supply vessels and 33 RoPax ships.

This data does not include smaller inland vessels and barges that are part of the Amsterdam, Rotterdam, Antwerp (ARA) refining hub transportation in northwest Europe.

Analysts note that LNG remained the preferred low-carbon solution despite current gas pricing which is expected to last into the near future.

Bunker prices

That's as LNG priced in fuel oil terms at Rotterdam declined sharply at the start of October to $2,870 a tonne, well down from the previous record of around $4,545 per tonne at the start of September 2022.

Among other emissions-reducing fuels, Ultra Low Sulfur Fuel Oil (ULSFO) at the Dutch port declined during the period and was priced at the start of October at around $915 per tonne compared with $990 per tonne at the start of September.

Höegh agrees on FSRU purchase by KN firm

Höegh LNG Holdings, the owner of 10 floating storage and regasification units (FSRUs) and two conventional carriers, has agreed to grant a purchase option to Lithuania to buy the FSRU “Independence”.

The FSRU has been in operation at the port of Klaipeda since October 2014.

It was expected to be purchased by the Lithuanians from Höegh LNG and has been chartered since being deployed for around $68 million per annum.

The shipping company said that the charterer of the “Independence”, the Lithuanian, energy storage company Klaipėdos Nafta, had notified Höegh that it would like to exercise and option to acquire the FSRU.

“The transfer of ownership is expected to occur in December 2024,” said Höegh.

“Until then, the existing FSRU contract between a subsidiary of Höegh LNG and Klaipėdos Nafta continues unchanged,” it added.

The Klaipėda LNG terminal is still the main source of gas supply to Lithuania which is building up its already well developed gas transmission infrastructure.

Klaipėda Nafta is expanding its gas supplies and has gas transmission projects with European Union neighbours, helping Latvia to boost its gas storage volumes.

Höegh LNG Holdings in September 2022 finalised the acquisition Höegh LNG Partners, the affiliate company with five ships and listed on the New York Stock Exchange.

■

Enagás may take AlbGaz stake and signs cooperation accord

LNG News Editor

Leading European Union LNG import terminal owner and grid operator, Enagás of Spain, has signed a firm agreement in Albania to help the Balkan nation’s natural gas company AlbGaz develop its markets and infrastructure.

Enagás Chief Executive Arturo Gonzalo and his counterpart at AlbGaz, Arber Avrami, signed a strategic cooperation accord in the Albanian capital Tirana.

Step forward

Analysts note that the Balkan region is one of the most vulnerable in terms of the lack of energy diversity and security and the signing of this agreement is seen as another step towards helping Albania develop its economy and infrastructure.

AlbGaz is the Albanian Transmission System Operator (TSO) and has been working to modernize the gas system in the country and signed a preliminary accord with Enagás in June 2022.

The firm agreement just signed includes the possible acquisition of a stake in AlbGaz by the Spanish operator.

Albania’s Deputy Prime Minister Belinda Balluku hosted signing by executives from Enagas and AlbGaz

Spain is among the leading EU countries for energy security as it has six LNG import terminals and stakes in several pipelines, including one operating from Algeria.

The signing event took place at a meeting chaired by Albania’s Deputy Prime Minister and Minister for Infrastructure and Energy, Belinda Balluku, and attended by the Ambassador of Spain to Albania, Álvaro Renedo.

It includes an assessment of participation in natural gas and renewable gas projects currently being carried out in Albania and in the Mediterranean region.

“This agreement responds to the long-term commitment that Enagás has in Europe and, in particular, in the Mediterranean region, in line with its strategy of alliances with operators to further the security of supply,” explained Enagás CEO Gonzalo.

“Enagás already has a relationship with AlbGaz, thanks to the 16 percent stake held by Enagás in the Trans Adriatic Pipeline (TAP) linking Turkey with Italy through Greece and Albania, as well as in its eventual expansion,” added the CEO.

■

Baltic state of Lithuania allocates long-term LNG capacity at FSRU

The Baltic state of Lithuania has allocated the long-term capacity on a regional basis for the floating liquefied natural gas import facility at the port of Klaipėda.

Klaipėdos Nafta, the Lithuanian oil and energy storage company and the LNG terminal’s operator, said the capacity had been awarded to users from Lithuania, Latvia and Poland through 2033 in the form of four packages of 6 terawatt hours, totalling 24 TWh for a period of 10 years starting from January 2023.

Contracts

Following the renewal of the LNG terminal’s capacity allocation mechanism in 2022 about 60 per-cent of the LNG terminal’s annual capacity is allocated to terminal users with long-term contracts.

“The long-term LNG terminal capacity allocation mechanism has been under development during few past years, taking into account the new gas interconnections in the region that were only being planned at that time, and the higher forecast demand for LNG terminal services,” explained Darius Šilenskis, Chief Executive of Klaipėdos Nafta.

The floating storage and regasification unit (FSRU), “Independence”, handles all the country’s imports.

Šilenskis noted that Klaipėda Nafta’s LNG terminal had been the only such facility in Europe that had not previously allocated long-term capacities.

“The turbulence in the energy sector across Europe influenced by the war in Ukraine has only highlighted the importance of a long-term approach,” he said.

“We believe that long-term contracts with terminal users will contribute to reliable and uninterrupted gas supply in the region, will enable terminal users to manage supply contracts more easily and to procure natural gas in advance, thus securing the most favourable price,” added the CEO.

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NEWS BRIEFS

Stolt-Nielsen earnings

Stolt-Nielsen Limited, the Oslo-listed and London-headquartered storage, shipping and gas company with LNG assets, reported increased third-quarter net profit of $74.7 million with revenue of $744.0 million. The company with a stake in the Avenir LNG joint venture comprising small-scale carriers and an import terminal in Sardinia said overall group net profit for the first nine months was $185.6M with revenues of $2.04 billion, up from $43.8M and $1.59Bln in the first nine months of 2021.

Shell profit outlook

Shell issued a third-quarter earnings forecast update saying cash flow from operations was impacted at the end of August 2022 by working capital outflows of around $2.5 billion. “Prevailing volatility could lead to additional outflows in CFFO in September from the combined effect of price, changes in inventory volumes (including gas storage), margining effects on derivatives and movements in accounts payable and receivables balances,” said the company.

Gazprom exports fall

Russian natural gas company Gazprom said its gas production decreased by 17.1 percent to 313.3 billion cubic metres in the first nine months of 2022 compared with the same period last year. Gas exports to the European Union and other nations outside of the states of the former Soviet Union dropped by 40.4 percent, or 58.9 Bcm, to 86.9 Bcm during the period. “Also notable is the level of reserves observed at Ukraine's gas storage, which as of October 1 contained 14 Bcm of gas out of the 19 Bcm required to be in stock by winter,” said Gazprom. ■

Germany’s energy funding escapes EU criticism and its spot gas price drops as storage sites are almost full

LNG News Editor

Germany, the leading European Union economy with plans for about half-a-dozen LNG import projects to replace halted Russian pipeline gas, has seen spot natural gas prices drop by over 55 percent since a government energy package was unveiled and the nation’s gas storage levels jumped to be almost full.

EU finance ministers approved the distribution of a €20 billion ($19.8 billion) energy fund needed to reduce dependence on Russian pipeline natural gas and oil, while Germany itself broke ranks by setting up its own 10-times larger energy fund of €200Bln in total.

Dependency

The ministers meeting in Luxembourg agreed that money to reduce EU dependency on Russian energy should come from two sources that are readily available.

“As regards the sources of financing of the additional €20 billion, instead of auctioning from the EU Emissions Trading System (ETS) market stability reserve, the Council (of ministers) opts for a combination of sources: the Innovation Fund (75 percent) and frontloading ETS allowances (25 percent),” said a statement.

This means that €15Bln will come from the EU's innovation fund and about €5Bln would come from selling carbon-dioxide emission licences to industries sooner than planned from the EU carbon market's “stability reserve”.

“The Council’s aim is to not disrupt the functioning of the EU ETS system while ensuring a credible revenue stream,” it explained.

“The formula takes into account cohesion policy, member states’ dependence on fossil fuels and the increase of investment costs,” the EU statement added.

At the same time as the EU finance ministers were meeting on October 4, German Chancellor Olaf Scholz was having talks in Berlin with visiting Dutch Prime Minister Mark Rutte.

German Chancellor Scholz (right) with Dutch PM Mark Rutte

Scholz, who is now a keen backer of LNG import projects along Germany’s northern coast, said on the day of the EU meeting in Luxembourg on October 4 that his €200Bln energy support package was justified and that similar steps had been taken elsewhere.

At the meeting in Luxembourg, criticism of the German independent policy move was muted and came only from one Brussels Commissioner.

“If we want to avoid fragmentation, if we want to face this crisis, I think we need a higher level of solidarity, and we need to put in place some further common tools,” said Economy Commissioner Paolo Gentiloni at the meeting of the finance ministers in reference to the independent German energy package.

Scholz had explained that Germany’s “defensive shield” included curbing natural gas price rises and cutting fuel sales tax with the aim of protecting businesses and households from the impact of rising energy prices.

After the EU’s acceptance of the solo German policy move and since it was announced on September 29, German spot natural gas prices have plunged.

In addition, the latest German natural gas storage levels showed that the nation now has the largest supply levels in the EU at 227.12 terawatt hours (TWh). This means the storage is 92.5 percent full, according to the data provided by Gas Infrastructure Europe.

Comparison

As a comparison of what this means for getting through the winter, in 2021 the whole of Germany’s electricity generation came to 553.9 TWh.

The Trading Hub Europe price of German spot natural gas on the European Energy Exchange was at the equivalent of $58.60 per million British thermal units on the day of the Scholz package announcement.

The German spot price then fell to $37.30 MMBtu on October 4, the day of the meeting of EU finance ministers, and then further declined to the equivalent of $26.15 per MMBtu on October 5.

“The measures we are taking are not unique but are also being taken elsewhere and rightly so,” said Scholz.

“Some have long been in the process, with major supports and measures, of doing exactly what we have set out to do this year and the next two years,” he added.

German Finance Minister Christian Lindner, a member of the coalition government from the Free Democrats party, defended the German move to EU counterparts in Luxembourg. ■

South African LNG and helium company to ramp up production through as new gas wells start up

LNG News Editor

Renergen, the emerging South African company with liquefied natural gas and liquefied helium production plans, is continuing its drilling programme after starting LNG production in September and output is expected to reach about 50 tonnes per day early in 2023.

The company's Virginia Gas project has its base in the Karoo formation that underlies about three-fifths of South Africa, covering about 600,000 square kilometres, including the Renergen drilling area in the Free State.

Virginia Gas has rights in 187,000 hectares in the Free State

Virginia Gas

Production has commenced at around 20 tonnes per day through September 2022 and will be gradually ramped up.

Virginia Gas started producing the country's first commercial LNG on 5 September 2022 and from 19 September 2022 the plant began operating 24-hour shifts.

"The helium module is the next part of the plant to be fully commissioned, with ongoing testing of the critical components in the helium liquefier," said Renergen, which is listed on the South African stock exchange as well as the Australian Securities Exchange.

"Two additional wells called Han and Don Vito are being completed as gas producers and aeromagnetic and gravity surveys have been completed and are currently being interpreted," said Renergen in its latest report.

"In parallel, existing seismic data is being re-processed to improve the imaging of potential gas-bearing structures. To date, significantly more targets than anticipated have been identified," it added.

The company said that the Han well was drilled to a measured depth of 624 metres, striking gas of approximately 80,000 standard cubic feet per day.

"Drilling has been halted in order to log the well and to delineate the gas-bearing features in the well," the company explained.

"The Don Vito well, drilled in June 2021 as a vertical pilot hole to log and determine the depth to the base of the Karoo (in order to plan the trajectories of wells R2D2 and C3PO), was examined during the quarter and commenced flowing gas," stated the company.

Gas output

"The well is now producing approximately 75,000 scf per day. Given the hole was a pilot hole, it was not anticipated to produce gas, and so is now being completed for production before being connected to the pipeline," added Renergen.

The Virginia Gas project is located about 250 kilometres southwest of Johannesburg, South Africa's largest city, and holds the nation's only onshore petroleum production rights.

All of the Virginia Gas project comprises exploration and production rights of 187,000 hectares of gas fields across the areas and towns of Welkom, Virginia, and Theunissen in the Free State.

The fields contain one of the richest helium concentrations logged internationally.

The liquid helium when produced will be exported while the LNG will be used in South Africa, providing a competitive and cleaner energy source to the country for transportation as well as remote small-scale power plants.

Most of the LNG from the project will be used for vehicle fuel in a joint venture with European energy major TotalEnergies.

The source of the Virginia Gas project's natural gas is primarily microbial.

It originates from deep within the Witwatersrand Supergroup, via groundwater circulating through large faults.

The natural gas was first discovered in the Virginia gold mine in 1947 and the mine has been emitting combustible gas ever since.

This gas, with affiliated helium, comes to the surface via drill-holes, faults and cracks in all the mines of the goldfield area. ■

Technip wins contract for Thai project in Sarawak

Technip Energies, the French-listed energy and LNG engineering company, said it was awarded a contract by a unit of Thailand's national energy company for a gas plant near the Malaysian LNG export facilities at Bintulu in the state of Sarawak.

Thailand's Public Company Exploration and Production (PTTEP) through its PTTEP HK Offshore Ltd subsidiary has chosen Technip to perform the front-end engineering and design of the Lang Lebah Onshore Gas Plant 2 (OGP2) project at Bintulu.

"The gas coming from the Lang Lebah offshore field will be treated before being sent to the Malaysia LNG complex," explained Technip.

Technip said that the FEED contract covered the design of the onshore gas plant including the integrated flow assurance of carbon-dioxide capture, compression and transportation via pipeline up to the offshore wellhead platform where it will be reinjected.

"We are very pleased to have been selected by PTTEP for this landmark gas development in Sarawak," said Loic Chapuis, Senior Vice President of Gas and Low-Carbon Energies at Technip.

"Bringing Technip Energies expertise in designing large-scale gas plants with CO2 capture and transportation, we are committed to making this project another success in our longstanding relationship with PTTEP and our history in Malaysia," added Chapuis.

Technip noted that the Lang Lebah OGP2 project is one of the key ventures of the Sarawak Integrated Sour Gas Evacuation System (SISGES) Development. ■

New Fortress closes Brazil plant sale and will spend funds on LNG

LNG News Editor

New Fortress Energy Inc., the expanding LNG terminals, production, shipping and power assets owner, has closed the sale of a power plant in northeast Brazil and said the proceeds would go to LNG projects.

NFE said that along with its joint venture partner Ebrasil Energia the companies had concluded the sell-off of the Centrais Elétricas de Sergipe (CELSE) Power Plant to Brazilian power company Eneva S.A.

Transaction

Under the deal, NFE explained that Eneva had acquired 100 percent of the shares of Centrais Elétricas de Sergipe Participações SA, the NFE-Ebrasil joint venture that had held the equity interests of the CELSE Power Plant, and 100 percent of the shares of Centrais Elétricas Barra dos Coqueiros SA which owns 1.7 gigawatts of expansion rights adjacent to the CELSE Power Plant.

"The closing of this transaction further deleverages and simplifies our capital structure and marks another significant step toward our goal of an investment-grade credit rating," said Wes Edens, Chairman and Chief Executive of NFE.

NFE will still control 'Golar Nanook' FSRU offshore Brazil

"We are pleased to redeploy these proceeds toward the capital needs of our 'Fast LNG' program and downstream LNG projects worldwide, internally funding our strategic growth initiatives to serve our customers' needs amid a structurally short global LNG market," stated Edens.

A portion of the proceeds from the sale was used to pay off the entire outstanding balance of the fully retire Standby Guarantee and Credit Facility Agreement with GE Capital EFS Financing Inc., while Eneva will assume the outstanding debt obligations of CELSE.

Energos Infrastructure, a joint venture established between New York-based asset management firm Apollo and NFE, will continue to operate the "Golar Nanook", a floating storage and regasification unit (FSRU) that remains chartered to CELSE for use at the CELSE Power Plant for more than 20 years.

NFE's latest priority activities are related to its "Fast LNG" program for LNG production in the Gulf of Mexico and at other locations.

The US company will produce the LNG using its "Fast LNG" platforms, some of which will be built at the new Kiewit Offshore Services shipyard near Corpus Christi in Texas. ■

Koreans to cut winter LNG use and use more coal for power

Korea Electric Power Corp., the state-run utility, said it planned to import more coal this winter because of the price differential between coal and liquefied national gas shipments in terms of generation compared with cost where there was a 40 percent saving.

Kepco said in a statement that it would produce 12.8 terawatt hours (TWh) with coal this year instead of using LNG.

Spot market

The amount accounts for nearly 8 percent of the country's LNG-fired electricity generation at about 160 TWh.

South Korea is the world's third-largest market for spot LNG cargo sales behind China and Japan.

The nation has imported around 19 million tonnes of LNG in the first half of 2022, which is 1.4 percent more than in the same period of 2021.

However, colder winter weather would have expected to help increase second-half volumes.

Kepco's statement explained that the cost of producing 1 kilowatt hour using LNG amounted to some 170 South Korean won (US$0.12) compared with about 96 won (US$0.07) for coal.

The utility said it had submitted its financial plans and budget to the government outlining more coal-fired power generation amid a temporary easing of emissions and environmental rules.

"The plan is designed to help improve the company's earnings and to stem losses and will be applied this year alone," added Kepco.

Korean LNG imports to its seven terminals around the country had surged by 12 percent in 2021 to 46.92MT versus 41.7MT in the previous year.

This is still far ahead of the fourth-biggest Asian LNG importer, India, where imports have stagnated in the past two years at just over 24MT. ■


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Qatari LNG chief reminds industrialized nations about commitments to LNG and energy transition

LNG News Editor

QatarEnergy Chief Executive Saad Sherida Al-Kaabi said the soaring cost of energy was "weighing painfully" on the world economy and eroding support among the general public for the transition to "green energy" while boosting coal-burning in the world's leading economies.

The Qatari CEO and the Arabian Gulf nation's Energy Minister made his point in a speech to the LNG Producer-Consumer Conference 2022 in Tokyo hosted by the Japanese Government.

Two expansions

Qatar is among the world's largest LNG producing nations with a current output of almost 80 million tonnes per annum and with two expansion projects progressing for a total of 126 MTPA.

The Arabian Gulf country has heard from Western bankers, politicians and energy executives in recent years about the importance of making LNG itself more "green" and has adopted a landmark solar facility for the Ras Laffan expansion project.

QatarEnergy CEO Al-Kaabi speaks to Tokyo conference

"Sadly, the growing economic burden has fizzled the euphoria over the series of energy transition plans, causing severe erosion in public support for reducing carbon emissions," said Al Kaabi at the online LNG Producer-Consumer Conference 2022 hosted in Tokyo.

"Many countries particularly in Europe which had been strong advocates of green energy and carbon-free future have made a sudden and sharp U-turn," he said.

"Coal-burning is once again on the rise and reaching its highest levels since 2014," stated Al-Kaabi.

Analysts note that in regions such as the 27-nation European Union, where politicians neglected energy security and relied too heavily on renewables while attacking oil and gas development, are giving tax cuts, handouts and subsidies to counter their mostly self-imposed energy crisis.

Al-Kaabi went on to emphasise the importance of investing in cleaner and renewable energies, including natural gas, to keep reliable electric power production a high level.

"The lack of such investment is putting a heavy burden on both producers and consumers. Producers must find supplies that may not exist due to the lack of investment," he said.

Al Kaabi said that hydrocarbons were going to "disappear" in the near future and cleaner hydrocarbon forms were necessary for the energy transition.

"Natural gas is certainly the cleanest fossil fuel, and a much-needed reliable and economic solution to manage intermittency issues, when the sun is not shining, or when the wind is not blowing," he declared.

Qatar will supply a growing portion of renewable electricity in the Gulf state through the 800 megawatts Al Kharsaah solar power plant project at the Ras Laffan liquefaction plant. ■

Australia's LNG earnings jump as Asia-Pacific price seen at near average of US$45 per MMBtu

The Australian government said the nation's LNG export earnings are forecast to rise to A$90 billion (US$58.2Bln) in the current fiscal year from A$70Bln in the previous year as the fallout from Russia's invasion of Ukraine continues to place upward pressure on LNG spot prices.

Australia's LNG export volumes are forecast to ease and stabilise at around 81 million tonnes through to 2024, after reaching 83MT the previous year, according to the government's latest Resources and Energy Review.

Asian demand

"Spot prices for Asian LNG are expected to reach over US$49 per million British thermal units in the December 2022 quarter as Europe attempts to replace pipeline gas curtailed by Russia," said the report.

"Prices are forecast to average US$45/MMBtu and US$44/MMBtu in 2023 and 2024," it added.

Australia's share of total Chinese LNG imports has remained steady at 38 percent even as high prices and lockdowns reduced Chinese LNG imports, which fell 14.5MT in the second quarter, down by 28 percent from June quarter 2021.

"But the re-emergence of Chinese LNG buying in the closing stages of 2022 could place global markets under further strain," said the report.

"Much depends on whether Chinese LNG buyers become more price sensitive than buyers from other parts of Asia," it added.

China only obtains 25 percent of its gas from LNG imports. Most of China's gas supply is produced domestically (57 percent), and a sizable quantity is imported via pipelines from Russia and Central Asia (15 percent).

"Gas consumption in China is similarly diversified, with the electricity and industrial sectors each accounting for roughly 24 percent of China's gas demand," said the report.

"The residential sector makes up roughly 20 percent of gas consumption, with the remaining consumption occurring in the transport and commercial sectors," it added.

Japanese LNG imports in the June quarter of 2022 were up by 8.5 percent year-on-year to reach 17.6 MT.

Australian LNG exports to Japan rose 32 percent over the same period, reaching 7.8MT in the quarter compared with 5.9MT the year before.

"Rising Australian exports helped offset falling LNG imports from the US and Qatar, which collectively fell by 54 percent year-on-year, from 3.1MT to 1.4MT in the June quarter," said the report.

The Australians said that South Korean imports remained steady amidst the high prices.

South Korea's LNG imports in the quarter came to 9.5MT and were unchanged from the March quarter, rising only 1.4 percent year-on-year. ■

Santos signs accord on projects with JBIC

Santos, the operator of two Australian LNG plants and the largest stakeholder in the Papua New Guinea export facility, has signed a new memorandum of understanding aimed at securing stable energy in various projects with the Japan Bank for International Cooperation.

The JBIC is a Japanese state financial institution that offers funding support to overseas projects involving companies from Japan.

Santos Chief Executive Kevin Gallagher said the MOU built on the long history of collaboration between JBIC and Santos.

"Santos and JBIC have been working together for decades and this MOU further bolsters those ties with a particular focus on energy security and decarbonisation projects," explained Gallagher.

"Given the current global pressures, this partnership aims to further strengthen Japan's energy supply security, particularly focussing on its existing LNG business and Japan's clean fuel targets," added the Santos CEO.

"We will also explore the establishment of clean-fuel supply chains, investment and business opportunities for Japanese companies in decarbonisation projects in Australia and the Indo-Pacific region, including carbon capture and storage hubs and infrastructure investment," explained Gallagher.

Santos said it had a track record of working collaboratively with Japanese companies including buyers, trading houses, engineering, procurement and construction firms and shipping companies.

The JBIC last pledged funding for the currently stalled LNG export project in Mozambique in southeast Africa.

LNG Canada looks to double output with electrification of liquefaction process in second phase at Kitimat

LNG News Editor

LNG Canada, the Shell-led project in the Pacific Coast province of British Columbia, may decide to double the current capacity from 14 million tonnes per annum to 28 MTPA if the five shareholders agree to proceed before the first cargo is shipped by around the end of 2024.

That's the view of LNG Canada Chief Executive Jason Klein who is overseeing the construction of the plant near Kitimat which along with the Coastal GasLink pipeline bringing feed-gas from northeast BC will be 70 percent complete or even slightly more by year-end.

A giant module for liquefaction plant is delivered to site

Investment

The largest private investment in Canadian history and with an export licence for 40 years it is ideally placed to satisfy the LNG cargoes needs of the growing Asia-Pacific market.

CEO Klein said in an interview with Canada's "Financial Post" that he regularly hears the word "completion" of first phase followed by the word "expansion" in his calls with the project partners who are all Asia-based.

"There is more urgency, but we are already doing everything we can to build it as quickly as possible," said Klein.

As European and Asian countries compete to secure gas shipments for delivery this winter amid the worst energy crisis in decades, Klein stated that Canada's first LNG export project was progressing well.

The main engineers on the project are Fluor Corp. of the US and JC Corp. of Japan.

Among the shareholders, Shell owns 40 percent, Petronas of Malaysia has 25 percent, PetroChina holds 15 percent as does Mitsubishi Corp of Japan through its Diamond LNG subsidiary, while Korea Gas Corp. owns the remaining 5 percent.

The five shareholders had agreed in October 2018 to invest C$40 billion (US$30.2Bln at the time) on the brownfield site that had been an energy products terminal before being acquired by Shell in 2011.

The work on the initial two mega-Trains each with capacity of 7 MTPA has suffered hold-ups because of Covid-19 amid a dispute over schedules with the pipeline company TC Energy, so the final cost of the overall project could be much higher.

"When we start up, that's over 14 million tonnes of supply on phase one that's going to go into the market," said Klein in his interview.

"It's probably going to land in Asia in the first instance, just because of the shipping synergies," he added.

Asia centred

"I'm a firm believer that every cargo we put into Asia, frees up a cargo somewhere else to go to Europe. So I do think Western Canada has a role to play in this," explained Klein.

He noted that the LNG Canada project was originally conceived as a potential supplier for premium Asian markets.

However, in the seven months since the start of the war in Ukraine energy prices have skyrocketed and gas exporters, particularly along the US Gulf Coast, have pivoted to Europe. Klein acknowledged that one potential solution under discussion to curtail LNG Canada's greenhouse-gas emissions in the second phase would involve complete electrification of the liquefaction process.

Currently, in the project's first phase, the plant's huge compressors are powered by natural gas.

"I think the case remains compelling. It is very strong. And we're looking forward to a phase two positive (final investment decision) with our partners," stated Klein.

"It comes down to five decisions in five boardrooms around the world," he concluded.

He said the project was advancing quickly with its workforce expected to peak in 2023 at around 7,500 employees.

CEO Klein was nominated to his position by Shell in April 2022, having begun his career with the major in 2016, following its acquisition of BG Group where Klein worked in the Middle East, Europe, North America and Australia in roles spanning the legal function, upstream operations and LNG developments.

Following the BG takeover, Klein became Vice President of US LNG within Shell's Integrated Gas business, responsible for leading its development of the Elba Island LNG plant now operational near Savannah in the US state of Georgia.