

LNG China

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PetroChina says gas demand could rise more than 7 percent through to March

Though China's gas demand has shrunk this year as Beijing's no-Covid policy hampered economic growth, PetroChina expects consumption will rebound by 5.5 percent to 7.2 percent between November and March 2023, depending on weather. To meet demand this winter, PetroChina procured an extra 110 Bcm of gas, half of which will be produced domestically and one third imported from Russia and Central Asia.

This year is the second time since 2005 when China's gas consumption grows at a lower rate than its GDP. While GDP is forecast to grow by up to 4 percent in 2022, gas demand increased by just 1 percent and may end up being negative this year, compared to 13 percent average growth rates in the 2005-2021 period.

"China's LNG demand hasn't

been there for most of the year as lockdowns continue which has taken a toll on the economy and on the demand for gas," Potens' head of data analytics Kristin Holmquist said in a podcast. China consequently resold a lot of cargoes, taking the profit from high TTF and JKM spot prices compared

shipments delivered under oil-linked contracts.

But an early onset of cold weather this winter and a speedy economic upturn have the potential to boost China's import requirement and divert supplies away from Europe. "Based on ex-

perience, a one-degree Celsius change in the average daily temperature will affect 2-3 percent of natural gas consumption and increase total demand by 20 million cubic meters/day," a PetroChina executive said at an industry event. And in fact, the China

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Sinopec seals \$60bn deal with QatarEnergy to buy 4 mtpa of LNG from 2026

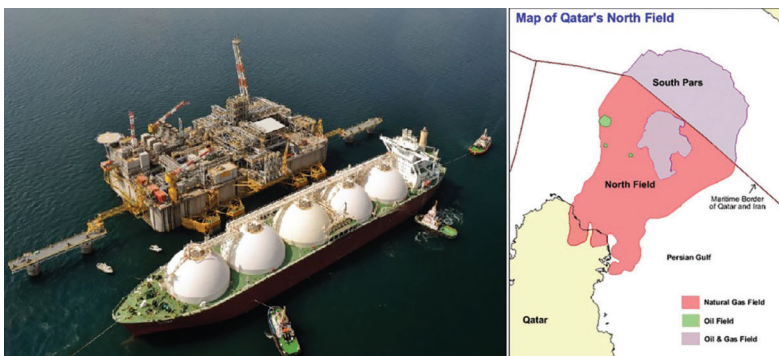
China's state-owned Sinopec has signed a \$60 billion agreement to buy 4 mtpa of LNG from QatarEnergy's North Field East project for 27 years, starting from 2026. The deal marks China's longest-reaching LNG supply accord to date, bolstering the country's energy security at a time when Europe is scrambling for alternative, non-Russian gas supplies.

Sinopec's willingness to commit to firm offtake over 27 years gave it the upper hand in securing Qatari LNG over rival European and particularly German buyers who are reluctant to sign long-term contracts as the clean energy transition progresses.

The gas for Sinopec will come from QatarEnergy's North Field East project which includes six LNG trains, designed to boost Qatar's liquefaction capacity

from 77 million tons to 110 million tons in three years. The massive expansion will cost Qatar and investors including Shell and

Exxon Mobil nearly \$30 billion – hence long-term offtake is vital to guarantee a stable rate of return.



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Meteorological Administration expects La Niña weather patterns will herald an early onset of freezing temperatures. Vortexa ship tracking data shows 22 LNG cargoes are set to arrive in China over 23-30 November.

"There is also a lot of storage available - both onshore and float - which can mitigate some of the supply risk," Jeffrey More, Platts' head of Asian LNG Analytics said in a podcast. But if that stor-

age gets depleted then spot prices are bound to soar.

Chinese demand underpins Corpus Christi expansion

Cheniere CEO Jack Fusco expects to bring the new Corpus Christi Stage 3 supply to market beginning in late 2025, supported by firm offtake from PetroChina. Over the summer the Chinese major agreed to purchase up to

approximately 1.8 mtpa per annum of LNG from Cheniere Marketing on a free-on-board (FOB) basis. Deliveries under the SPA will begin in 2026, reach the full 1.8 mtpa in 2028, and continuing through 2050.

Another SPA over 1 mtpa of LNG cargoes from Corpus Christi was signed with Thailand's PTT Global LNG Company. Deliveries will be made on an FOB basis and like the China deal indexed to the

Henry Hub price, plus a fixed liquefaction fee.

The EPC firm Bechtel "well underway" on executing construction works for Corpus Christi Stage 3, Fusco said when reporting a third-quarter revenue of \$8.85 billion. Cargo loadings at Sabine Pass and Corpus Christi for the nine months from January to the end of September were 14 percent higher and came to 472 shipments versus 413 in the prior-year period. ■

China's renascent LNG hunger may leave Europe 30 Bcm short of supply

Though gas storages in the EU are now 95 percent full, the International Energy Agency (IEA) warns Europe could face a gap of 30 Bcm in the 2023 summer refill season. Russian gas deliveries to the EU will most likely stay cut off and if China's LNG imports recover to 2021-levels, they would capture over 85 percent of the anticipated rise in global LNG supply.

In 2023, global LNG supply is expected to rise by "only 20 Bcm," with about one-third of the growth coming from the United States. "The expected rise in global LNG supply next year is about half the average increase during the 2016-2019 period and much less than the likely decline in Russian pipeline deliveries (80 Bcm) to the EU next year," analysts commented.

This summer, the process of filling EU gas storages benefitted from the fact that Russian pipeline deliveries were close to "normal" levels for much of the first half of the year - before Gazprom halted flows over a row on sanctions and payment terms. Russia delivered around 60 Bcm of pipeline gas to the EU in 2022, but the IEA cau-

tions this is "highly unlikely" to be repeated in 2023 when Russia could rather halt supplies completely.

Moreover, Chinese buyers diverted substantial volumes of LNG to Europe as Beijing's strict no-Covid policy and regional lockdown has slowed down economic growth and energy consumption. But

trade flows may well look very different in 2023: In the event of no Russian gas deliveries to the EU and China snapping up most of the length in LNG supply, Europe will struggle to refill its gas storages over the summer.

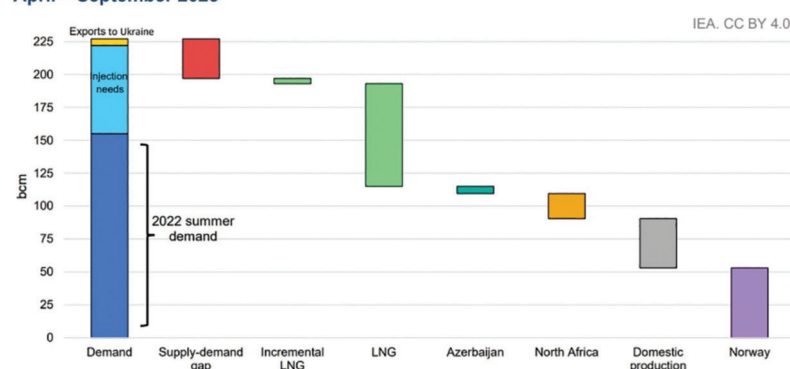
Gazprom is keen to build new pipeline links to China, notably the 38Bcm/year Power of Siberia-2

pipeline through Mongolia. But the IEA's demand projections for China raise considerable doubts about the economic viability of another large-scale gas link with Russia, once the existing Power of Siberia line ramps up to full capacity.

Analysts pointed out that Chinese buyers have already contracted large volumes of LNG for

the next fifteen years: together with expected supply from existing pipelines and new domestic projects, these more than cover China's demand requirements in the IEA's Stated Policies Scenario (STEPS) to 2035. Considering Beijing's policy preference for renewables and coal as a transition fuel, there is little to no room for buying additional supplies from Gazprom. ■

Breakdown of the summer 2023 natural gas balance of the European Union and the United Kingdom in case of full cessation of Russian flows and limited LNG availability, April - September 2023



LNG China

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"Long-term deals are important for both seller and buyer," QatarEnergy chief Saad al-Kaabi pointed out, adding the deal with Sinopec "takes our relationship to new heights as we have a SPA that will last into the 2050s."

North Field is part of the world's largest offshore gas finds that Qatar shares with Iran, which calls its share South Pars. The overall field is estimated to hold over 51 trillion cubic meters of natural gas and some 50 billion

barrels of gas condensate. Following from the North Field East project, QatarEnergy and three partners will pursue the North Field South expansion that will ramp up liquefaction and export capacity to 126 mtpa by 2027. ■

Atlantic LNG cargoes get diverted to Asia amid high stocks in Europe

Several prompt-delivery Atlantic LNG cargoes have reportedly been diverted to Asia due to sluggish demand in Europe amid unseasonably mild weather and healthy gas storage levels. Shipping companies are understood to be seeking a home for their cargoes, as more than 30 tankers – laden with \$2 billion combined worth of LNG – are idling off Europe's shoreline.

The number of LNG tankers queuing off northwest Europe and the Iberian Peninsula has doubled over the past two months, according to the shipping analytics company Vortexa. And another 30 tankers laden with US LNG are currently

crossing the Atlantic and are likely to join the queue – unless diverted to the Pacific basin.

Anxious European buyers had been snapping up LNG at almost any cost to substitute cut-off Russian gas, refilling storages to near

maximum levels prior to the winter. According to Gas Infrastructure Europe, gas storages in Belgium are nearly 100 percent full, sites in France at 99 percent and in Germany at 98 percent capacity – leaving almost no room for additional LNG purchases.

Though high freight costs make some sellers think twice about diverting their cargoes to Asia, many are prepared to swallow that extra cost rather than keeping their vessels afloat in the Atlantic basin. If winter comes late in Europe and the LNG tankers cannot discharge their cargoes, they could be late for their next scheduled loading and risk paying penalties.

A proposed EU-wide price cap along with joint purchased of gas and LNG would make sellers shift supply to Asia. Qatar's energy minister Saad Al Kaabi openly dismissed the European proposal to

cap LNG prices is "hypocritical", according to media reports. He said, although Qatar has pledged to not divert LNG cargoes from Europe, nothing is permanent.

It is premature to say whether Asia will once again become a premium LNG market, with much depending on weather patterns. "So far, Asian importers have not had a need to pull volumes away from the Atlantic Basin into the Pacific. But the big question is if we get some weather-related demand which could conjure up a need for Asia to start a 'price war'," Jeffrey Moore, Platts' head of Asian LNG Analytics said in a podcast.

Just one single Chinese buyer seems to seek spot cargoes for December to January delivery already now, but towards the end of this winter, large national energy companies will return to the spot market to fill gaps in supply. ■



Sinopec unloads Q-Max at Tianjin LNG terminal.

Asian utilities shun spot LNG, snap up 6-month charters instead

Deterred by high spot prices, Asian utilities have turned to term LNG charters to refill storage ahead of the winter. Charters for 6-12 months were snapped up in a rapid manner, creating a vessel shortage which, according to S&P Global, has driven up spot freight rates to around \$300,000 per day from under \$50,000 per day in just seven weeks' time.

Preparing for a harsh winter, gas buyers in China, Japan and South Korea seek to make sure that storages are well filled and that volumes are available under long-term contracts in order to mitigate spot LNG sales. So far, Asian buyer did not yet need to outbid their European rivals to pull gas volumes from the Atlantic into the Pacific Basin – but this might well be the case if winter arrives early.

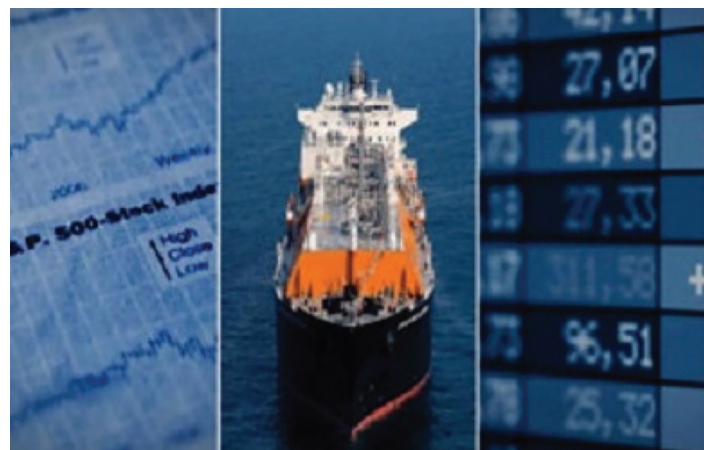
Contingency plans are key to avoid price risk. "Floating storage on LNG vessels has risen to around 31 carries in the Pacific Basin at

the start of this month because of a steep contango along the forward price curve. That incentives trading companies to load their ships and hold on to cargoes ahead early winter procurement," said Kenneth Foo, S&P Global's expert on Asia Pacific LNG Pricing.

When a market is in contango, the forward price of natural gas is higher than the spot price. This drives buyers to pay a premium to get the fuel now. "Concerns about the European supply situation and anticipation of greater heating demand from Northeast Asia has stretched the Contango [of the

forward price curve] to historically high levels. The Nov-Jan strip is as wide as \$7 per MMBtu

which drove greater gas procurement for storage," Foo explained in a podcast. ■





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Congratulations, again, to all of our 2022 winners!
We look forward to building off of this momentum in 2023.

LNG

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China massively builds out coal power to avoid future supply crunch

Electricity shortages in China this summer have triggered a build-out in coal-fired generation to avoid a repeat of rolling blackouts. Through to 2024, a flurry of new coal-fired plants with 80 GW combined capacity will start annually but some of these will end up balancing intermittent wind and solar power supply – putting project economics into question.

"We don't want to build new coal power plants," one electricity producer said bluntly to the Chinese business media Caixin. Setting up new coal generators needs substantial capital investment, followed operating costs for personnel on a daily duty and plant maintenance. But if the coal power station eventually ends up just balancing a renewables-powered grid, they would not be lucrative to run.

Over the past ten years, a rapid renewables build-out has seen several coal power projects being scrapped. Annual investment in new coal-fired capacity fell by more than half between 2016 and 2020, down from 117.4 billion yuan (\$16.5 billion) to 55.3 billion yuan, according to the China Electricity Council.

But this trend reversed this summer, when China was suffered the worst heat wave in nearly 60 years and hydropower reservoirs

dried out in Sichuan province. The local government was forced to curtail electricity supply to businesses and households which triggered a rethink about fuel sources.

Guangdong province, China's manufacturing hub, was crippled by severe energy shortages in summer 2021 when the province implemented days of "orderly power rationing." Many factories could operate only two days a week.

Electricity consumption up 4 percent

From January to end September, China's electricity consumption increased 4 percent year-on-year



Shanghai's largest coal power station

to hit 6.49 trillion kilowatt-hours, according to the National Energy Administration. Industry accounted for most of the electricity demand growth (up 8.4 percent) – a clear sign of an economic recovery.

But there is a risk that power shortages will become a 'new normal' during the 14th Five-Year Plan period: six provinces could

face tight electricity supplies in 2023, the China Electric Power Planning Engineering Institute reckons. Coal is hence increasingly becoming the fuel of choice for power generation, not least due to sky-high gas prices on global markets in the wake of the Ukraine war which makes Chinese buyers abstain from spot LNG. ■

Europe's gas crisis limits available FSRU vessels in Southeast Asia

Mounting gas shortages in Europe has not only drawn flexible LNG volumes away from Asia but

also limited the number of available floating storage and regas (FSRU) vessels, the International

Energy Agency (IEA) finds. To replace missing Russian supplies, European importers chartered 12 FSRU that were initially destined for LNG-to-power projects in Southeast Asia.

Just over 20 FSRU vessels were available or under construction as of August. Since the war in Ukraine started in mid-February, 12 FSRUs have been chartered by European utility buyers for recently approved import terminals. Nine

additional FSRU-based terminals are planned as EU gas buyers rush to replace Russian pipeline gas with LNG imports.

The scarcity of floating LNG import terminals risk to slow down the electrification of emerging markets in Southeast Asia, where FSRU were meant to account for a sizeable share of future regas capacity. Gas is no longer the fuel of choice for decentralized power projects in Asia, as prices have gone through the roof and developers opt for renewables combined with energy storage instead. ■



LNG cargo discharges at MOL's FSRU Challenger



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Chinese LNG Demand Outlook

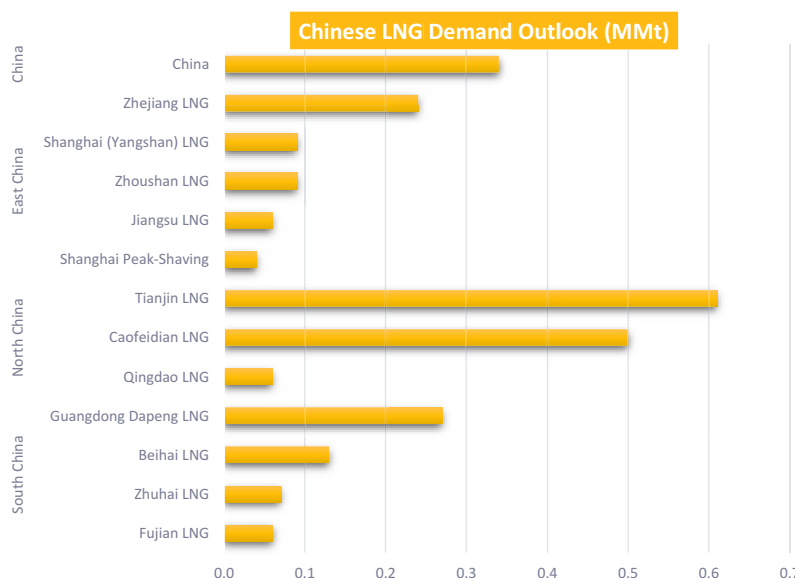
There were 2.56mmt of LNG on the water with destinations in China according to our market visibility at the time of writing on 24 November. These cargoes had an estimated delivery horizon of 13 December. None of these inbound cargoes had originated in the United States, however, whilst close to half (1.12mmt) was derived from Qatar followed by 0.67mmt from Australia. Four cargoes totalling 0.34mmt were broadly headed for China but still had to declare destination terminals.

Most LNG cargoes still in transit at the time of writing and with scheduled arrivals at specified ports in China were due to arrive in North China led by Tianjin LNG, which as a destination was followed by the Caofeidian LNG terminal. However, we highlight that cargoes are frequently diverted from Caofeidian to one of the Tianjin terminals, i.e. Tianjin LNG or Tianjin-Nangang LNG. Concurrently, the South China region was looking to receive roughly 0.53mmt, led by 0.27mmt headed for the Guangdong Dapeng LNG terminal. Anticipated LNG deliveries to East China amounted to 0.52mmt. Apparent demand there was led by 0.24mmt going to the Zhejiang LNG terminal at the time of writing.

Four cargoes amounting to 0.34mmt of loaded LNG were also headed towards China but without specifying an arrival port. Almost half of these shipments – amounting to 0.16mmt – had sailed from Australia, namely Queensland Curtis LNG and Wheatstone. There was also one cargo of 0.11mmt from Qatar's Ras Laffan LNG complex aboard the Q-Max carrier Bu Samra as well as a 0.07mmt shipment from Malaysia LNG that still had to declare their destinations in China.

November Demand Outlook

At the time of writing, we were expecting significant Chinese demand growth in November over October. Our data pointed to full-month imports of 6.17mmt in November compared to 4.77mmt in October, a difference of 1.40mmt (29 percent). Offtakes had already reached 5.13mmt and thus surpassed October demand by 0.36mmt (8 percent) on 24 November. Two of the undeclared cargoes outlined above – the Q-Max carrier Bu Samra as well as the Wheatstone LNG-derived LNGships Empress – are expected to arrive in China by the end of the month, accounting for 0.15mmt. This left 1.04mmt still to be delivered by the end of the month unless delays such as waiting times outside port limits or diversions push some of those cargoes into December.



Source: LNG Journal

North China

Of the 0.89mmt still scheduled to arrive in China by end of November, we are anticipating 0.43mmt to be delivered to North China, comprising the wider Beijing area and China's industrial north.

Among the roster of top-three northern Chinese terminals, Sinopec's Tianjin LNG was scheduled to receive 0.22mmt via three cargoes by 29 November. These shipments were exported by Australia via the Australia Pacific LNG-derived CESI Wenzhou and CESI Beihai as well as the Sakhalin-2 LNG-sailed Grand Elena.

Market visibility further indicated 0.21mmt were destined for CNPC's Caofeidian LNG by 26 November, comprising two cargoes from Ras Laffan in Qatar via the Q-Max Shagra and the Q-Flex Al Hamla.

Qingdao LNG and the Tianjin-Nangang terminal, meanwhile, did not have further scheduled imports before the end of the month, according to our data.

East China

At the time of writing, we expected the East China region – comprising the wider

Shanghai area and Zhejiang province – to receive 0.19mmt by 29 November. Shanghai LNG and the metropolis' peak-shaving facility are scheduled to receive 0.13mmt by 29 November, our data showed, comprising three Malaysia LNG shipments via the Puteri Nilam Satu, the Lagenda Serenity and the Lagenda Suria. We were also tracking a Sakhalin-2 LNG-derived cargo aboard the Abadi arriving at the Jiangsu LNG terminal by 27 September.

South China

In the south of the country, we were expecting 0.27mmt to be delivered by 28 November. Scheduled LNG imports in the South China region were led by Guangdong Dapeng LNG, which at the time of writing was expecting two cargoes amounting to 0.14mmt still to arrive before the end of the month. These shipments were derived from NWS LNG in Australia via the Dapeng Star and the Ras Laffan-derived Q-Max Al Bahiya carrying 0.09mmt. Concurrently, Beihai LNG was expecting a cargo of 0.07mmt via the Pluto LNG-sailed Golar Frost by 26 November. An additional shipment of 0.06mmt from Tangguh LNG aboard the Min Lu was headed for Fujian LNG by 25 November.



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A handwritten signature in blue ink, likely belonging to Jill Evanko.

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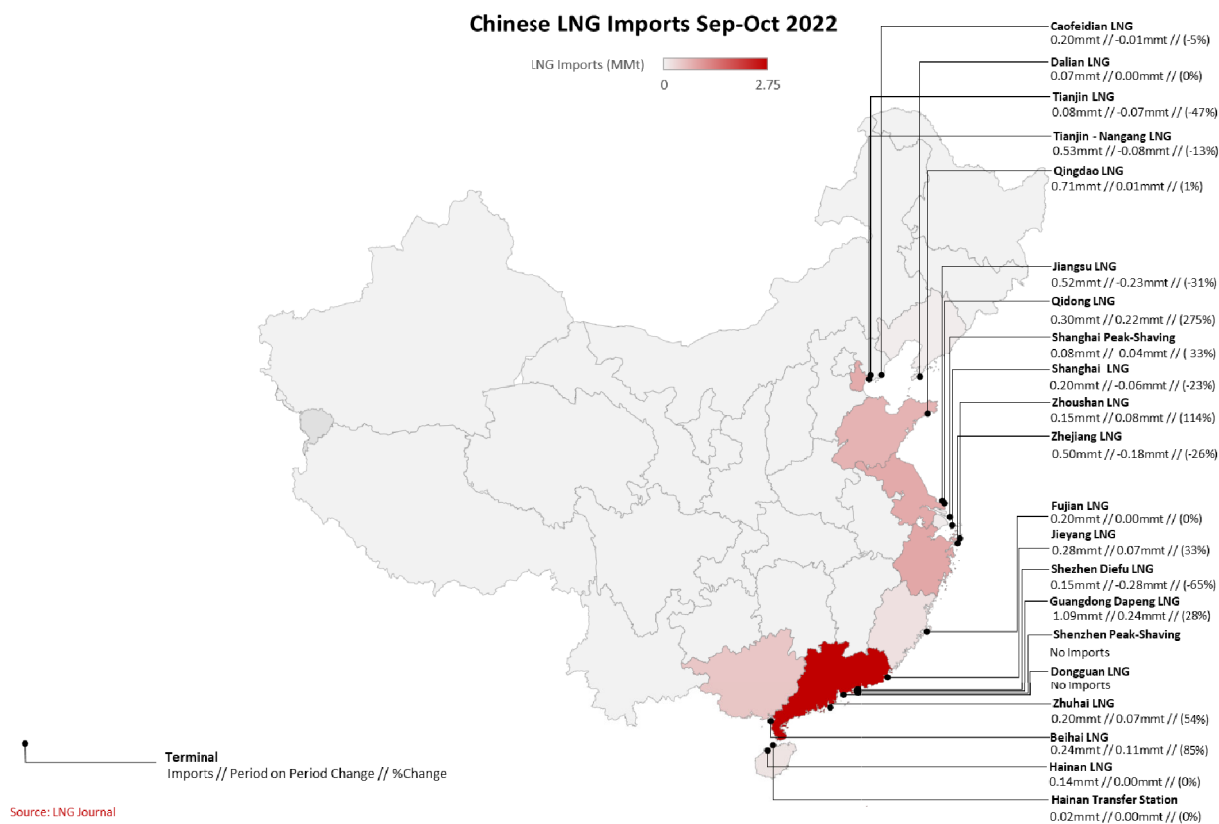


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Chinese LNG Demand: September-October 2022



Note: Pinghu LNG and Jiangsu Binhai LNG did not yet have period on period data.

China's monthly LNG offtake in October amounted to 4.77mmt, our data showed, which constituted negative monthly demand growth of 0.14mmt (-3 percent) from the 4.91mmt we recorded in September. Nevertheless, at 9.68mmt in total, Chinese demand during the reporting period of September and October remained broadly steady compared to total imports of 9.67mmt during the preceding two-month period of July and August. China's LNG imports in July and August stood at 4.96mmt and 4.71mmt, respectively. Accordingly, China's annualised LNG import capacity during the reporting period stood at roughly 61 percent, unchanged from the previous reporting period of July-August. However, the amount imported during the reporting period still constituted a significant net decrease of 2.90mmt (-23 percent) from the 12.58mmt we recorded during the September-October period of 2021, which was reflective of high spot prices fuelled by Europe's demand hike as well as the ongoing drag on Chinese economic output by anti-coronavirus measures.

Prices

Our data on Chinese gas prices suggest broadly flat demand growth was at least partially due to the prevailing high price environment in the Far East, with landed LNG costing as much as US\$35.92/MMBtu in September and US\$43.50/MMBtu in October, according to our calculations based on Chinese customs data. Whilst this represented a significant cooldown from prices as high as US\$49.33/MMBtu in August, they remained up to 68 percent above the high-water mark of US\$25.88/MMBtu for September/October 2021. The continued high-price environment was reflective of the increased competition by European buyers following Russia's stop to pipeline gas supplies to most EEA states.

Concurrently, parts of China continued to be subject to intermittent coronavirus-related lockdowns, which dampened domestic energy demand growth. These measures put significant pressure on domestic LNG prices and thus created a sizeable gap in landed prices, Chinese customs data for the current reporting period indicated. The Pacific market

continued to be tight and spot cargoes still demanded a steep premium as major buyers such as South Korea and India, for example, increased buying activity, our data showed.

Chinese domestic LNG prices continued to slide during the reporting period following their peak of US\$27/MMBtu in March. In the current reporting period of September/October, the highest privately quoted domestic price had decreased to US\$20.32/MMBtu on 28 September before slumping to around US\$15.51/MMBtu by the end of the month. For the reporting period overall, the upper and lower price bounds thus grew more apart than during the previous period of July/August. The range of around US\$4.60/MMBtu then widened to US\$4.81/MMBtu during the reporting period. Nevertheless, Chinese domestic LNG prices remained elevated following a jump during the February/March period. The current reporting period's maximum price stood at US\$21.51/MMBtu whilst the floor constituted US\$16.89/MMBtu. In July/August the maximum price stood at US\$20.32/MMBtu with a floor of US\$15.51/MMBtu.

Meanwhile, the average domestic price indicated by the National Bureau of Statistics (CNBS) stood at US\$19.20/mmBtu for September (the most recent available full-month dataset by the CNBS), which represents a decrease of US\$1.43/mmBtu (-7 percent) from US\$20.63/mmBtu in August.

North China

LNG demand grew in the north of China during the reporting period, with offtakes increasing by 0.24mmt (11 percent) from 2.21mmt in the two months of July-August to 2.45mmt for the reporting period of September-October. One of the largest shares of LNG influx into the region during the reporting period again took place via the Qingdao LNG terminal, although it was tied with the Tianjin-Nangang terminal at 0.84mmt. However, the sum of LNG imports of 2.45mmt in northern China for the period of September-October this year was still significantly behind its equivalent of 4.31mmt in 2021, down by 1.86mmt (-43 percent).

China's North again led by Qingdao LNG

Leading the roster of northern terminals by volumes imported, Qingdao LNG took in 0.84mmt during the reporting period of September-October. This constituted steady offtakes compared to the previous two-month period. Imports consisted predominantly of five Australian cargoes from Australia Pacific LNG and Wheatstone LNG amounting to 0.37mmt. Papua New Guinea also delivered four cargoes, supplying 0.28mmt. In addition, Nigeria's Bonny Island LNG delivered a cargo of 0.06mmt whilst Russia's Sakhalin-2 LNG and Sabine Pass LNG in the United States supplied

a cargo each of 0.06mmt and 0.07mmt, respectively in September/October.

Tianjin - Nangang LNG

Imports at Tianjin - Nangang LNG were tied with those going to Qingdao LNG, increasing slightly by 0.02mmt (2 percent) from 0.82mmt in July-August to 0.84mmt in September-October, according to our data. The bulk of imports came from Russia's Sakhalin-2 LNG

plant, amounting to 0.18mmt via three cargoes. Qatar and Australia each supplied three cargoes totalling 0.27mmt and 0.18mmt, respectively. The roster of Tianjin - Nangang's imports was completed by a 0.07mmt cargo from the United States Calcasieu Pass LNG.

Tianjin LNG

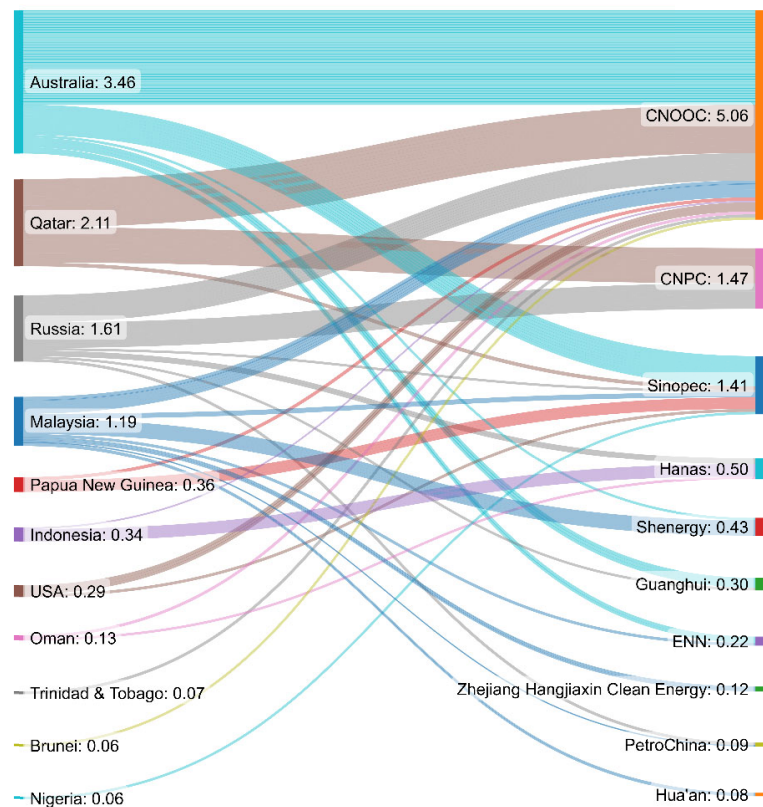
Tianjin LNG, meanwhile, had offtakes amounting to 0.33mmt over the reporting period compared to 0.27mmt in July-August. The terminal thus saw an increase in imports of 0.07mmt (26 percent). Cargoes comprised two from Malaysia LNG amounting to 0.13mmt and one each from Gladstone LNG, Queensland Curtis LNG and Australia Pacific LNG that totalled 0.20mmt.

Caofeidian LNG and Dalian LNG

The remaining two northern terminals - Caofeidian LNG and Dalian LNG - imported 0.37mmt and 0.07mmt over the reporting period, respectively, which in the case of Caofeidian LNG stemmed predominantly from Qatar with 0.30mmt. A 0.07mmt shipment from Russia's Yamal LNG via the Northern Sea Route completed imports at Caofeidian.

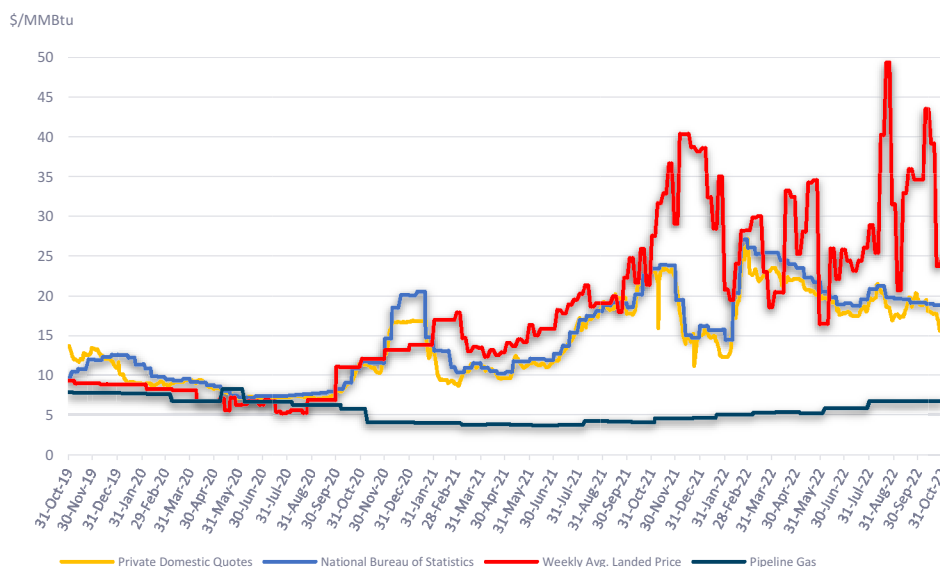
September-October supply to the Dalian terminal came solely from Russia's Yamal LNG via the Northern Sea Route through the delivery of 0.07mmt aboard the Clean Ocean.

Chinese LNG Buyers (MMt)



Source: LNG Journal

Chinese Gas Prices



Source: LNG Journal, CNBS, GACC, Domestic Traders

East China

At the time of writing, demand in East China was dominated by the wider Shanghai area, where Jiangsu LNG imported 1.10mmt during the reporting period. This placed the terminal third among China's leading terminals in September-October. Accordingly, it operated at well-above nameplate capacity. Overall LNG demand in East China had increased by 0.16mmt (5 percent) to 3.39mmt in September/October from 3.23mmt recorded in July-August.

Wider Shanghai area

The remaining wider Shanghai area – comprising Qidong LNG, Shanghai LNG, the metropolis' peak-shaving facility as well as China's latest terminal additions Pinghu LNG and Jiangsu Binhai LNG – imported a total of 1.02mmt over the reporting period, up 0.20mmt from the 0.82mmt recorded in July-August on account of five cargoes totalling 0.21mmt going to Pinghu and Jiangsu Binhai. Pinghu LNG received its cargoes from Malaysia LNG under a long-term contract whilst Jiangsu Binhai received a Qatari delivery aboard the Q-Max Al Ghashamiya. The two terminals aside, the sub-region's imports were led by the Shanghai LNG terminal, which took in 0.43mmt despite it having slashed imports by 0.19mmt (-30 percent) period-on-period. Shanghai's peak-shaving facility was also seen in the market with an import of 0.08mmt, down 0.04mmt (-30 percent) from July-August. North of Shanghai, the Qidong LNG terminal boosted imports by 0.22mmt (275 percent) to 0.30mmt period on period, our data showed.

Zhejiang & Zhoushan LNG

At neighbouring terminals Zhejiang and Zhoushan LNG, imports amounted to 1.05mmt and 0.22mmt, respectively. Although Zhejiang LNG thus showed the second-highest level of imports during the reporting period, its offtakes remained broadly flat compared to July-August as it reached its throughput capacity ceiling. Meanwhile, Zhoushan LNG boosted imports by 0.15mmt (214 percent) to 0.22mmt from 0.07mmt. LNG to Zhejiang LNG was mainly supplied by Australia, with Queensland Curtis LNG delivering seven cargoes totalling 0.48mmt whilst Wheatstone LNG supplied one shipment of 0.07mmt. Qatar's Ras Laffan also supplied 0.22mmt via three cargoes alongside a shipment each from Yamal LNG, Atlantic LNG and Cameron LNG amounting to 0.21mmt. Zhoushan's three imports totalling 0.22mmt came from

Australia Pacific LNG in Australia and the PFLNG Dua facility offshore Malaysia. Zhoushan is one of the few Chinese LNG import terminals not controlled by one of the state-owned petrochemical giants PetroChina, Sinopec and CNOOC.

South China

Regional imports in South China – where LNG demand is primarily determined by the southern industrial centre of Shenzhen – saw a significant demand decrease in September-October, our data showed. The region's imports amounted to 3.84mmt over the reporting period, which meant they were down by 0.39mmt (-9 percent) from the 4.23mmt recorded in July-August.

Shenzhen terminals

South China's imports were still led by Shenzhen's active terminals – Guangdong Dapeng and Shenzhen Diefu LNG. Dongguan LNG and the adjacent peak-shaving facility, on the other hand, continued their market absences. The region's most prominent terminal – Guangdong Dapeng LNG (GDLNG) – saw offtakes of 1.73mmt, placing it first among China's terminals. At 1.73mmt, the terminal had increased its September-October imports by 0.25mmt (17 percent) from 1.48mmt during the previous two-month period. Guangdong Dapeng LNG's average capacity utilisation stood at 158 percent over the reporting period, which resulted in neighbouring Shenzhen Diefu LNG importing 0.22mmt and pegging its terminal utilisation at 33 percent. Shenzhen Diefu usually steps in when GDLNG's throughput requirements are stretched beyond capacity.

Zhuhai and Jieyang LNG

Zhuhai LNG decreased offtakes by 0.24mmt (-35 percent) to 0.44mmt over the reporting period from 0.68mmt the previous period, which pegged overall capacity utilisation at 78 percent. Almost half of Zhuhai's imports – 0.19mmt – were derived from Malaysia LNG. Pacific Basin deliveries were completed by a Queensland Curtis LNG delivery from Australia. Additionally, there was some Atlantic Basin supply via the Yamal LNG-derived Boris Davydov with a 0.07mmt cargo via the Northern Sea Route as well as two Middle Eastern cargoes totalling 0.11mmt from Qatar.

Alongside Zhuhai, Jieyang LNG also saw a substantial decrease in imports during the September-October period. Full-period

offtakes were down by 0.07mmt (-14 percent) to 0.42mmt in September-October from 0.49mmt in July-August. Accordingly, Jieyang LNG saw capacity utilisation of 60 percent over the reporting period compared to 70 percent in July-August. The terminal has ascended to become an important indicator of Chinese LNG demand since the inauguration of China's state-owned China Oil and Gas Pipeline Network (also known as PipeChina) last year. PipeChina links the Jieyang terminal to Guangdong Province's existing pipeline network and further to China's massive West-East II and III trunklines. Between its commissioning in 2017 and the launch of PipeChina, the terminal had suffered from frequent periods without shipments arriving because its send-out options were mostly limited to truck loadings.

Fujian and Beihai LNG

In contrast to the overall demand decrease in the South China region, Fujian LNG saw demand grow in September-October compared to the previous reporting period of July-August. At 0.50mmt, imports were up 0.08mmt (19 percent) from the 0.42mmt recorded during the previous period. The terminal's capacity utilisation, therefore, stood at 48 percent. Concurrently, Beihai LNG also saw higher demand over the reporting period. Offtakes at the terminal had increased by 0.11mmt (85 percent) to 0.24mmt from 0.13mmt in July-August. The terminals' annualised capacity utilisation stood at 48 percent for the reporting period.

Hainan Island

The remaining two regional LNG terminals – Hainan LNG and the Hainan Transfer Station on Hainan Island – saw a slight demand decrease due to lower activity at the Hainan LNG terminal. Whilst the Transfer Station saw its two-month offtake remain steady at 0.02mmt period-on-period, Hainan LNG reduced imports by 0.02mmt (-7 percent) to 0.27mmt in September-October from 0.29mmt in July-August. Nevertheless, the terminal continued to take in supplies from international sources, chiefly by Australia and Malaysia but also by Brunei and Oman. Previously, supply to the terminal was limited to mostly re-exports from Beihai LNG. These re-exports stopped in August. LNG capacity utilisation on Hainan Island over the reporting period was thus 54 percent.

Region	Terminal	Export Basin			October 2022	September 2022	Rep. Period Utilisation
		Atlantic	Middle East	Pacific			
North	Dalian LNG	0.07	-	-	0.07	-	7%
	Tianjin - Nangang LNG	0.07	0.09	0.30	0.46	0.38	47%
	Qingdao LNG	0.07	-	0.34	0.41	0.43	84%
	Tianjin LNG	-	-	0.11	0.11	0.22	27%
	Caofeidian LNG	0.07	0.06	-	0.13	0.24	34%
East	Zhejiang LNG	0.14	0.15	0.34	0.63	0.42	210%
	Shanghai (Yangshan)	-	-	0.20	0.20	0.23	86%
	Jiangsu LNG	0.14	0.34	0.06	0.54	0.56	189%
	Qidong LNG	-	-	0.16	0.16	0.14	63%
	Zhoushan LNG	-	-	0.07	0.07	0.15	44%
	Shanghai Peak-Shaving	-	-	0.04	0.04	0.04	8%
	Pinghu LNG	-	-	0.10	0.10	0.02	72%
	Jiangsu Binhai LNG	-	-	-	-	0.09	18%
	Guangdong Dapeng LNG	-	0.24	0.66	0.90	0.83	153%
	Fujian LNG	0.07	0.06	0.10	0.23	0.27	48%
South	Beihai LNG	-	0.09	0.07	0.16	0.08	48%
	Zhuhai LNG	-	-	0.19	0.19	0.25	78%
	Hainan LNG	-	-	0.06	0.06	0.21	54%
	Jieyang LNG	0.08	0.06	0.07	0.21	0.21	60%
	Dongguan LNG	-	-	-	-	-	0%
	Shenzhen Diefu LNG	-	-	0.08	0.08	0.14	33%
	Hainan Transfer Station	-	-	0.02	0.02	-	33%
	Shenzhen Peak-Shaving	-	-	-	-	-	0%
	Total	0.71	1.09	2.97	4.77	4.91	61%

Source: LNG Journal

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