LNG Unlimited

LNG JOURNAL PUBLICATION 14 March 2023

Gasunie's year marked by FLNG, reversed gas and Nord Stream

Dutch utility wrote off Russian pipeline stake and is also seeking new Chief Executive

LNG News Editor

Gasunie, the co-owner of the Dutch Rotterdam and Eemshaven LNG import facilities and a stakeholder in the onshore German regasification facility planned for Brunsbüttel, said annual results were impacted by the energy market turmoil caused by Russia's invasion of Ukraine.

As a consequence, Gasunie saw operational upheavals with the reversal of European Union gas flows, increased revenues and the writing off of the Nord Stream stake held by the company.

"Russia's aggression triggered resolute action to reduce Europe's dependence on Russian gas and led to a reversal of the gas flows on the Continent," said Gasunie Chief Executive Han Fennema in an overview of the year in Gasunie's annual report.

"In addition to our focus on the gas crisis and our measures to safeguard the security of supply, we also managed to realize our planned investments for the energy transition," the CEO added.

FLNG move

Gasunie pointed out that it made major efforts to ensure security of supply in 2022, resulting specifically in the completion of the new floating LNG import hub at the Dutch port of Eemshaven and the expansion of the Gate terminal in Rotterdam.

"This doubled the import capacity for LNG in the Netherlands and allowed a sharp reduction in our country's dependence on Russian gas," added Fennema.

Eemshaven floating LNG hub at port in Groningen province

The loss of the supply of gas from Russia caused a reversal of gas flows throughout Europe.

"Whereas gas previously flowed mainly from East to West, we are now seeing a reversal with gas flowing from northwest Europe to Germany and onwards to Central and Eastern Europe," explained Gasunie.

Gasunie leases and auctions transport capacity on its networks in the Netherlands and Germany to parties wishing to transport gas from one place on the networks to another.

"The reversal of the gas flows resulted in high additional demand from customers for capacity in Gasunie's networks in the Netherlands and Germany, bumping revenue up by €872 million to €2.59 billion," said the utility.

"At the same time, Gasunie also felt the effects of the high energy prices, specifically the energy costs associated with transporting gas and modifying gas to achieve the right quality," explained the company.

"These costs were almost €300M higher in 2022 than in 2021, bringing the result after taxation to €555M (€311M in 2021)," added Gasunie.

Janneke Hermes, Chief Financial Officer, explained that more than 85 percent of the additional revenue in 2022 fell within the scope of the regulatory powers of the Authority for Consumers and Markets (ACM) in the Netherlands and the Bundesnetzagentur (BNetzA) in Germany.

Revenue return

Under the regulations of these supervisory bodies, much of the additional revenue will be returned to Gasunie network users over the next few years in the form of lower tariffs.

"When the revenue to be offset is deducted from the revenue achieved, the underlying revenue amounts to €1.51Bln (€1.37Bln in 2021)," said CFO Hermes.

Gasunie added that it had fully written off its stake in the Gazprom Nord Stream natural gas pipeline system.

"In July 2022, Gasunie had announced that it would reduce the book value of its 9 percent stake in Nord Stream from €508M to €240M," said the report.

"In late September, we learned that Nord Stream's pipelines had been purposely damaged and the two Nord Stream pipelines were no longer being used by Gazprom for gas deliveries to Europe," added Gasunie.

■

UNLIMITED AGENDA

Papua LNG expansion enters FEED process and expects first gas production by 2027

LNG News Editor

Papua LNG, the joint venture expansion project in Papua New Guinea involving France's TotalEnergies, US major ExxonMobil and Australia's Santos, has launched a full front-end engineering and design (FEED) process to expand the existing PNG LNG plant's production by up to 6 million tonnes per annum.

After initial engineering studies, the Papua LNG partners have selected a concept using four electric-powered LNG Trains with a combined capacity of 4 MTPA to be developed within the existing PNG LNG plant operated by ExxonMobil and currently producing more than 9 MTPA.

PNG LNG plant at Caution Bay north of Port Moresby

Liquefaction

The Papua LNG venture has also secured access to up to 2 MTPA of existing liquefaction capacity from PNG LNG and first production from the expansion is expected by the end of 2027 or early 2028.

TotalEnergies holds a 40.1 percent stake in Papua LNG, ExxonMobil owns 37.1 percent and Adelaide-based Santos has a 22.8 per cent interest.

The State of Papua New Guinea may exercise its rights for up to a 22.5 percent interest at the final investment decision, which is planned by the end of 2023 or early 2024.

Should the State of PNG exercise its full back-in right, the stake of Santos for example would be reduced to 17.7 percent as would those of the other shareholders on a pro-rata basis.

Plant integration

"Integrating the Papua LNG midstream development within PNG LNG maximises the value of both projects and delivers increased capital efficiency by reducing upfront capital expenditure and maximising integration synergies," said a statement.

"PNG LNG will receive an access fee, pro-rata sharing of operational expenses and ongoing process tolling revenue that compensates PNG LNG for making the capacity available," it added.

The Papua joint venture is also seeking a cleaner LNG stamp by using electric power as well as the re-injection of carbon-dioxide into a CO_2 storage reservoir.

"The concept selected for Papua LNG maximises value through midstream integration with PNG LNG to deliver increased capital efficiency and lower operating costs, consistent with our disciplined operating model," explained Santos Chief Executive Kevin Gallagher.

"FEED entry for Papua LNG is a significant step for the project and we are working closely with our partners, the PNG government, communities and local companies to deliver new jobs and help support the local economy," stated Gallagher.

Lower costs

The Papua LNG partners said that the selected concept was expected to have a lower capital expenditure outcome than the previous concept.

"Costs will be refined during the FEED phase and the project participants intend to explore project finance opportunities for a portion of the project cost," they added.

Santos also has a 42.5 percent interest in PNG LNG after its acquisition of Oil Search and is now the largest shareholder in the plant.

Tanzania moves closer to becoming LNG exporter with Shell and Equinor contracts

The East African nation of Tanzania said contract preparations are under way with Norwegian energy major Equinor and UK-based Shell to construct a $30 billion liquefied natural gas export project.

Tanzanian Energy Minister January Makamba said the signing of the accords would pave the way for a final investment decision for Tanzania to become an LNG exporter from a plant in the south of the country and to transform the economy.

Drafting

"Minister January Makamba said negotiations on the construction of the LNG project were complete and now experts were at work drafting contracts," said a statement from Tanzania's Energy Ministry.

"Of these contracts, one is about the Host Government Agreement and another is on joining blocks 1, 2 and 4, which will provide natural gas for the LNG project," added the statement.

Tanzania's southern neighbour Mozambique became an LNG export in November 2022 with the start of a floating export project led by Italian major Eni while France's TotalEnergies is set to resume its onshore export development in the northeast Mozambican province of Cabo Delgado.

Shell operates Tanzania's Block 1 and Block 4, which hold 16 trillion cubic feet in estimated recoverable gas. All three parties involved signed a framework agreement in June 2022 aimed at bringing closer the start of the project's construction.

Stalled project

Equinor, which had in 2021 booked a $982 million write-down on the project having decided it would not be sufficiently profitably, is now joining Shell in the joint venture.

Equinor and Shell, along with US major ExxonMobil and Pavilion Energy of Singapore, had previously discussed building the LNG export plant in the southern Lindi region.

Equinor has the operatorship of Tanzania's Block 2, in which ExxonMobil also holds a stake and which is estimated to hold more than 20 Tcf of feed gas.

Equinor aims to initially work on the LNG project with Shell, which operates Block 1 and Block 4.

Tanzania already uses some of its natural gas discoveries for power generation and to run manufacturing plants. It also plans to build a fertiliser plant.

The government has put the country's total estimated recoverable gas at 57.54 Tcf.

Analysts note that the development of Tanzania's vast offshore gas resources has been held up for years due to regulatory and political delays.

Green bonds are winner for Air Products

Air Products, the world leading LNG-equipment maker and industrial gases and chemicals company, has successfully issued its registered green bonds amounting to a total of over $1.34 billion in dollars and euros.

The green bonds consist of a $600 million aggregate principal amount of US dollar-denominated fixed-rate Notes and a €700M aggregate principal amount of euro-denominated fixed-rate Notes.

The two tranches comprise the $600 Notes due in 2033 with a fixed rate of 4.80 percent and a €700M aggregate principal amount of euro-denominated fixed-rate notes of 4 percent due in 2035.

"Put simply, sustainability is our growth strategy at Air Products," said Seifi Ghasemi, Chairman, President and Chief Executive.

In addition to its industrial gases and chemicals business, the LeHigh Valley, Pennsylvania-based company is the leading supplier of LNG liquefaction equipment and technology for the majority of plants operating worldwide.

Air Products equipment is lined up for several LNG projects under development, including Qatar's LNG production expansion, Sempra Infrastructure's Costa Azul LNG export terminal project in Mexico and the currently delayed TotalEnergies-led Mozambique onshore project in Cabo Delgado province.

"We want to grow responsibly through sustainability-driven opportunities that benefit our customers and our world," said Ghasemi on the green Notes issuance.

Clarksons reports record profit and strong year in LNG-tankers

LNG News Editor

Revenues still jumped amid industry uncertainties

Clarkson, the UK-based global shipping services company and maritime consultancy for LNG and other transported hydrocarbons and products, reported a jump in annual revenues of over 36 percent and record profits even as uncertainties remained in the industry from geo-political issues.

Clarkson reported revenues of £603.8 million ($727M) compared with the £443.3M posted in 2021.

Future signals

The company logged record underlying profit before tax of £100.9M, up by 45.4 percent from £69.4M in 2021.

"Tankers, specialised products and gas markets, covering LNG, liquefied petroleum gas (LPG) and other petrochemical gases, have had a strong year and continue to perform well with good market fundamentals for the future," explained Clarkson.

"The dry bulk market was also strong for much of the year, but freight rates have come off more recently due to short-term factors which we believe will reverse as the year progresses," added Clarkson.

Overall, segmental profit before taxation from broking was £117.6M, up £44.0M over the year and with a margin of 23.7 percent.

"Whilst there are considerable uncertainties in the geo-political landscape, we are confident that supply-side constraints brought about by years of under-investment and the pressure on shipowners and charterers to decarbonise, will provide significant opportunities for Clarksons long into the future," said Chairman Laurence Hollingworth in the earnings statement.

The group, listed on the London Stock Exchange and with subsidiaries in ship-broking, finance, research and port services employees over 1,800 people.

US forecasts increasing LNG exports and high gas inventories

The US government forecasts liquefied natural gas exports will increase by 14 percent in 2023 and as a result of less-than-expected natural gas consumption the nation will close the withdrawal season at the end of March with very high inventories.

LNG exports will average 12 billion cubic feet per day this year and the shipments are seen increasing by an additional 5 percent in 2024, according to the Short-Term Energy Outlook for March issued by the Energy Information Administration.

On stream

The high LNG exports in 2023 and 2024 are the result of Freeport LNG's return to service and other export projects under construction coming on stream by the end of 2024.

"The Freeport LNG terminal can produce more than 2.1 Bcf percent of LNG for export on a peak day, and exports from Freeport averaged 1.9 Bcf per day from January 2021 through May 2022, prior to the full shutdown of the facility in June 2022," said the EIA.

"Because of the Freeport shutdown, US LNG exports averaged 10.0 Bcf per day from June 2022 through December 2022, after peaking at 11.7 Bcf/ per day in March," explained the EIA's Outlook.

"The new Calcasieu Pass LNG export facility partially offset the decline in exports from Freeport LNG, with exports from Calcasieu Pass averaging 1.2 Bcf per day since June 2022," the report added.

The EIA stated that once all three Trains at Freeport return to service, US LNG exports are forecast to exceed 12 Bcf per day in most months for the rest of the forecast period.

"We forecast that US LNG exports will increase to 14 Bcf per day by December 2024 because new LNG export capacity from three major projects under construction are scheduled to come online," said the Outlook.

On natural gas consumption, the EIA sad that it would average 99.1 Bcf per day in the first quarter of 2023, down 5 percent from the same three months of 2022.

CERAWEEK BRIEFS

Granholm speech

A highlights on day three was a speech from US Energy Secretary Jennifer Granholm when she rowed back on previous anti-hydrocarbon industry statements. “We know that oil and gas is going to remain a part of our energy mix for years to come,” said Granholm. “Even the boldest projections for clean energy deployment suggest that in the middle of the century we are going to be using abated fossil fuels,” she declared. Analysts said that the speech was a sign from the Biden Administration that its understanding of energy reality is evolving and policy is not being totally overshadowed by a green-and-extreme wish list.

Bahrain FLNG move

The Arabian Gulf state of Bahrain announced that it was considering the production of LNG using a floating liquefaction facility. The plan was revealed by Nasser bin Hamad Al-Khalifa, Chairman of Bahrain’s National Oil and Gas Holding Company. “We are studying the possibility of constructing a floating liquefied natural gas facility to export gas to capture some of the strong international demand,” Al-Khalifa said.

YPF-Petronas LNG plan

Argentina's state-controlled energy company YPF and Malaysia's Petronas said in a presentation that they expected to make a final decision in 2024 on the first phase of a huge natural gas project in Argentina backed by Malaysian-led finance. The YPF-Petronas venture has five phases comprising natural gas production, gas storage, pipeline transportation, liquefaction into LNG and then LNG exports. “Drilling rigs are expected to be imported for the upstream portion of the gas project,” said YPF Chief Executive Pablo Iuliano. ■

CERAWeek warned on possible ‘chaotic’ energy transition and the need for more US gas pipeline and oil investment

LNG News Editor

Delegates considered energy markets, climate and security

CERAWeek five-day conference took place last week in Houston and was attended by around 6,000 delegates including leading LNG sector executives as well as politicians and officials.

The theme of CERAWeek 2023 was “Navigating a Turbulent World: Energy, Climate and Security” and attendees examined how a new era of global uncertainty and change is reshaping the challenges and opportunities of the gradual transition to cleaner energy.

Chevron warns

“A disorderly energy transition could be painful and chaotic,” said Chevron President and Chief Executive Mike Wirth whose company is a key LNG exporter to Asia and Europe as operator of plants in Western Australia and Africa.

Wirth explained that maintaining secure and affordable supplies while at the same time managing the energy transition to the low-carbon industry of the future was “one of the greatest challenges of all time” facing the world.

“We have to be very careful about turning system A off prematurely and depending on a system that doesn't yet exist and hasn't been proven,” the Chevron CEO warned.

Wirth also told delegates that the global natural gas market had been more fundamentally changed for the long term than the oil market by Russia's invasion of Ukraine.

“The conflict in Ukraine and ensuing Western sanctions upended global oil and gas markets and disrupted supplies from Russia,” he explained.

“Europe has turned away from dependence on Russian gas supplies and has no intention of changing that in the future,” said Wirth.

“An attack that disabled the Nord Stream pipeline from Russia to Europe means changes would be long-lasting,” he added.

“Gas markets, I think, are structurally changed for the longest,” said the Chevron CEO.

He also explained that Russian oil was still getting to the market, though at a different costs as ships have longer distances to get Russian crude and fuel to countries that have not imposed sanctions.

He added that this had left the oil market and logistics tight and vulnerable to any unexpected supply disruption.

“There's not a lot of swing capacity, there's not a lot of inventory capacity,” said Wirth.

“There's now a lot of constraints and an unexpected event today would create a different balance,” he added.

Supply and demand

This year’s CERAWeek is framed around the so-called trilemma facing global energy: ensuring security of supply amid war and geopolitical tensions, while also transitioning toward a zero-carbon system and keeping energy affordable.

Among leading LNG companies at CERAWeek was Cheniere Energy, the largest exporter from plants in Louisiana and Texas and executives said that Gulf Coast pipeline infrastructure had to be improved.

Cheniere President and Chief Executive Jack Fusco said US development of natural gas pipelines was lagging as demand increases for exporters and the domestic market.

“Last year was the lowest year since 1995 that the US built pipeline infrastructure,” stated Fusco.

“It’s scary, that lack of investment,” he added.

Cheniere executives at CERAWeek also suggested that China may take more cargoes away from Europe in 2023.

US LNG and oil

Houston-based Cheniere shipped a total of 638 cargoes in 2022 and around 70 percent were delivered to Europe.

Cheniere said Chinese demand may rise to draw in cargoes currently pointed at Europe as China’s economy recovers.

“That’s a very large risk,” said Anatol Feygin, Cheniere’s Chief Commercial Officer.

“China has contracted for a lot of volume, and how China recovers, both from Covid and this 5 percent GDP growth commitment, could impact Europe’s ability to attract those marginal volumes,” he added.

The Cheniere executive also agreed with CEO Fusco about the need for more pipelines linked into and around the Gulf Coast.

It was noted that there were far fewer delegates attending CERAWeek from member states of the Organisation of Petroleum Exporting Countries, though the oil market was represented by large US shale producers. ■

CERAWeek also focuses on European and US natural gas and Mideast oil investment issues

LNG News Editor

The 41st edition of the CERAWeek conference ended in Houston last week after focusing on a myriad of issues, not least European and US natural gas and on the main commodity of Texas apart from steak - crude oil.

The conference heard from almost 1,000 speakers, including chief executives of Europe's energy majors who discussed how they were planning to replace the severed Russian pipeline natural gas volumes and their future investments and strategy.

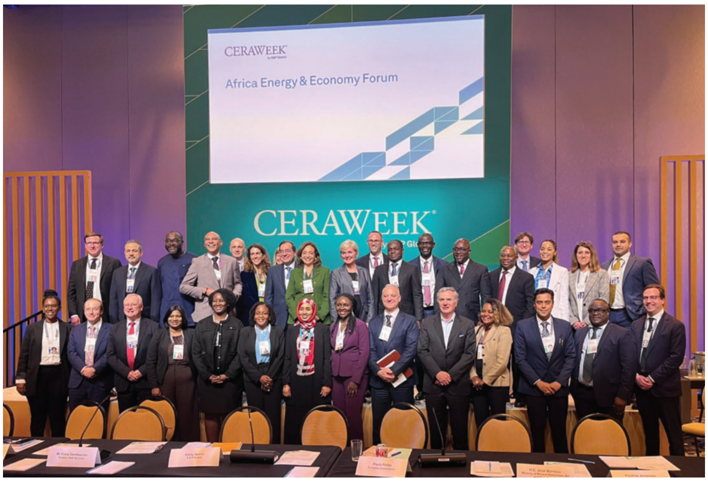
Equinor

Norway's energy company Equinor has ramped up deliveries to the European Union and the UK from its natural gas fields on the Norwegian Continental Shelf since Gazprom's deliveries gradually ended in 2022 after the Ukraine invasion and sanctions.

Equinor CEO Anders Opedal pointed out that his company increased gas output by around 8 percent in 2022 to supply the Continent.

"Trying to replace 150 billion cubic metres of (Russian) gas is a massive task. I'm impressed by how Europe coped with the situation," stated Opedal.

"However, the same uncertainty we had before this winter will repeat itself in 2024 and probably also 2025. It is only in 2026-2027 that we see new meaningful new energy supplies from the US and Qatar," stated the Equinor



African Energy and Economy Forum held at CERAWeek

Claudio Descalzi the CEO of Italian major and LNG player Eni, agreed with his Norwegian counterpart.

"The natural gas market will be more difficult for Europe this winter through 2025 due to a lack of supply from Russia," said Descalzi.

"This next year, and also in 2024 and 2025, will be more difficult because last year until July we relied on about 80 percent of the Russian gas," the Italian CEO told CERAWeek delegates.

BP CEO Bernard Looney said the UK major's shareholders and employees were delighted by plans for higher spending on oil and gas even as there was an outcry from environmental extremists.

BP view

"The reality of the markets today means companies like BP need to continue to also invest in today's mostly fossil fuel energy system to keep supplies affordable and secure," stated the BP CEO.

CEO Looney said BP had still set aside $8Bln for energy transition investments, which is 30 percent of the capital budget compared with just 3 percent a few years ago.

The head of the largest US natural gas producer EQT Corp. spoke about the domestic gas market.

EQT CEO Toby Rice, who is also an advocate of more US LNG exports, said the US domestic market would come back into balance in the "middle half" of this year as production adjusts following the recent collapse in prices.

EQT's natural gas is produced from hydraulic fracturing from shale across the Marcellus and Utica formations of western Pennsylvania, Ohio and West Virginia and the resource basins are among the most prolific hydrocarbon reservoirs in the world.

Rice noted that natural gas futures had crashed by more than three months because of the "pullback in drill-rig deployment" especially in the Haynesville shale basin in Louisiana and East Texas.

"Simply put, weather did not show up this year, and that's created a surplus of about 500 billion cubic feet of gas," Rice said. "But as a result of these lower prices, we do think that activity levels will adjust accordingly," he added.

OPEC policy

The Secretary General of the Organisation of Petroleum Exporting Countries, Haitham Al-Ghais from Kuwait, also had his say and said that slowing oil consumption in Europe and the US was causing concern for the global market, even as Asia experiences "phenomenal" demand growth.

"We see a divided market, almost like two markets," Al-Ghais said.

"Ensuring security of demand is as important as ensuring supply," he said.

"However, companies aren't willing to invest billions in energy production if they're being told by governments that oil won't have a place in the energy mix in the coming years," he declared.

"OPEC cannot shoulder this alone," he said in reference to the need for continued high investment in oil production.

Kuwait Petroleum Corp. is continuing to invest in the sector and the KPC Deputy Chairman and CEO, Nawaf Al-Sabah, said he expected his nation and other OPEC members to be participating in global oil markets for at least another 85 years.

Al-Sabah added that Kuwait had not lost any Asian market share even amid the competition from relatively inexpensive Russian crude oil.

"They have built their refineries (in Asia) to handle exported Kuwaiti crude so it's not easy for them to switch around," Al-Sabah added.

Shell quits Russian Salym venture

Shell plc is continuing with its pull-out from the Russian oil and gas industry as part of sanctions over Ukraine and has how divested its 50 percent stake in the large Salym project in Western Siberia after divesting its main Sakhalin LNG stake in 2022.

Shell said its Shell Salym Development BV subsidiary completed the withdrawal from its 50 percent interest in the Salym project, which had been jointly developed with Gazprom Neft, a subsidiary of Gazprom.

"This follows the receipt of all necessary regulatory approvals," added Shell.

The UK-based major said all of its Shell's shares in the Salym venture in Western Siberia, along with other associated interests, have been acquired by Gazprom Neft.

Shell had already written down the value of its stake with an impairment of $233 million and Shell-nominated directors resigned from the Salym project July 2022.

Shell's most high profile Russian withdrawal was from the Sakhalin II LNG export project in the Russian Far East, while the Japanese investors in Sakhalin LNG, Mitsui & Co. and Mitsubishi Corp., have retained their stake in signed up for a new holding company led by Gazprom.

The Salym project is a conventional oil field with natural gas condensate volumes onshore Russia and is operated by Salym Petroleum Development.

Production at the Salym venture has been logged at around 167,000 barrels of oil per day.

After the Shell pull-out from Sakhalin LNG, Russian President Vladimir Putin ordered that the LNG company's assets be expropriated and passed on to a new entity.

Algeria outlines transition plans backed by domestic gas and LNG

LNG News Editor

Sonelgaz, the national electricity and natural gas company of Algeria, has been put in charge by Minister of Energy and Mines Mohamed Arkab of helping to manage "a gradual and responsible" energy transition backed by gas while noting Sonelgaz has run renewable integrated energy projects since the 1980s.

During a speech at Algeria's 27th Energy Day held on March 4 with an event at the National Polytechnic School of Algiers, the Minister outlined the North African nation's approach to complement its domestic energy needs while exporting more LNG and pipeline gas to Europe.

Algiers headquarters of power and gas utility Sonelgaz

Responsible

"Algeria's energy policy aims to move forward resolutely towards the realization of a progressive and responsible energy transition," said Arkab.

"This requires the adoption of a diversified energy mix taking into consideration all the energies available, the least expensive and the cleanest while benefiting from the achievements of improving energy capacity and working to control energy consumption and to preserve natural resources for future generations," explained Arkab.

In this regard, Arkab recalled that Algeria has worked since the 1980s, through Sonelgaz, to integrate renewable energies, by supplying 20 villages with solar energy in the South of the country with the creation of solar power stations with a total power of 344 megawatts (MW) and the launch of hybrid projects with capacity of 50 MW.

As part of the development of the use of electric vehicles in Algeria, the Minister said that Sonelgaz would carry out experimental projects with a view to setting up 1,000 charging stations for electric vehicles.

Arkab added that natural gas flaring in Algeria was targeted to reach zero and that was the responsibility of oil and gas company Sonatrach.

The Minister also explained that similarly, Sonatrach was working with the Algerian Space Agency and in collaboration with the World Bank to carry out scientific and technological research with a view to measuring and definitively limiting methane gas emissions.

LNG producer Qatar congratulates Namibia on potential of discovery

National Petroleum Corporation of Namibia (Namcor) in southwest Africa said a third discovery had been made by partners Shell and QatarEnergy in the deep-water offshore Orange Basin as hopes were also raised for future revenues from associated gas like northern neighbour and LNG exporter Angola.

State-owned Namcor said the light oil discovery was the third made in the Basin after drilling the Jonker-1X exploration well.

The well is located in Block 2913A and 2914B (PEL 0039), 270 kilometres (168 miles) offshore southern Namibia.

Shell and QatarEnergy each hold a 45 percent stake in the PEL 0039 concession while Namcor has a 10 percent shareholding.

The well was drilled in Block 2913A and 2914B, following drilling operations which commenced in December 2022 and were completed safely early in March 2023.

The Jonker-1X discovery is the third well drilled in the past year in the licence area held by Shell.

Namcor said that the "Deepsea Bollsta" semi-submersible rig owned by offshore firm Odfjell drilled the well to a total depth of 6,168 metres in a water depth of 2,210 metres. The acquired data is being evaluated and further appraisal drilling is planned to determine the size and recoverable resources potential of the discovery.

"The discovery has proven the exciting potential of the deepwater Orange Basin," said Namcor Managing Director Immanuel Mulunga.

Saad Sherida Al-Kaabi, the Qatar Minister of Energy Affairs and the Chief Executive of QatarEnergy, said he was pleased with the encouraging discovery.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Sener and Cobra win contract to build German onshore LNG terminal at Brunsbüttel on the Elbe

LNG News Editor

French and Spanish engineering companies have been awarded the contract for the onshore LNG import terminal being developed at Brunsbüttel on the Elbe River north of Hamburg.

The consortium comprises Cobra, a company of France's VINCI group, and Spanish firm Sener with project shares amounting to 62 percent and 38 percent respectively.

EPC work

Both companies will carry out the engineering, procurement and construction on behalf of development group German LNG Terminal GmbH.

German utility RWE has already set up a floating import terminal at Brunsbüttel using the floating storage and regasification unit (FSRU), the "Höegh Gannet" which arrived in January 2023, as Germany sought a fast-track solution after the cut-off of Russian pipeline gas on the Nord Stream import system.

Spanish firm built the Sagunto terminal in southeast Spain

However, the onshore German Terminal project at Brunsbüttel will not be completed until 2026.

The future facility will have two 165,000 cubic metres capacity storage tanks and will be able to receive around 6 million tonnes per annum of cargoes with plans in place to expand for an additional 1.5 MTPA of shipments.

Broad services

"It will be equipped with two jetties, unloading arms, storage tanks, systems for regasification and gas emission, a boil-off gas recovery system, a flare stack, auxiliary systems, and a series of buildings specially designed for the operations," said a statement.

"The terminal will provide various services: loading and unloading of carriers, storage of LNG, regasification, injection into the German natural gas grid and distribution of LNG via tankers and railway tanker wagons," it added.

Sener and Cobra said that the German EPC contract was based on the track record of both companies on previous regasification terminals they have completed in Europe.

"These include the design and construction of the Sagunto and Bahía Bizkaia Gas LNG terminals in Spain, Gate terminal in the Netherlands, Dunkerque in France and Zeebrugge in Belgium," they said.

"There will be a first tranche of preliminary work lasting around nine to 15 months, with some construction work already taking place in parallel over a period of around 42 months," they explained.

"Under current conditions, it is realistic to expect completion in 2026. However, all parties involved are all working to further accelerate the project in compliance with all licensing and state aid requirements," they stated. ■

Enagás starts process of picking logistics services and launching open season for El Musel LNG

Enagás, the Spanish gas grid and LNG terminals operator, has held an event for marketers and the regulatory authorities at its headquarters in Madrid where it revealed plans to launch an open season on March 6 for logistics services at the re-activated El Musel import terminal in Northwest Spain on the Bay of Biscay.

"The process of contracting capacity to provide logistics services at the terminal begins, which is a milestone for the start of commercial operations," said Enagás.

Government plan

El Musel is part of the Government's "More Energy Security Plan" and the terminal will play an important role in strengthening Europe's security of energy supply being becoming an LNG trans-shipment hub for the EU. "The process will begin with a first non-binding phase in which trading companies will be able to express their interest in the logistics services offered for LNG unloading, storage and loading operations, on an unregulated access basis," explained Enagás.

"This will be followed by a binding phase in which marketers will bid for the capacity and the process will end with the allocation of long-term logistics services.," it added.

Under the regulated access regime, the El Musel terminal will only offer the essential regasification service for the proper management of the terminal, as well as the tank-loading service.

The El Musel terminal has received approval from the National Markets and Competition Commission for its special economic regime as a logistics facility, a necessary step to begin the process of assigning logistics services.

Enagás has invited regional energy company Reganosa to participate in the process by virtue of a recent agreement whereby Reganosa becomes a 25 percent shareholder in the El Musel terminal and Enagás acquires the entire regional transmission network in the northwest region hitherto owned by Reganosa.

The El Musel terminal in the Port of Gijón could contribute up to 8 billion cubic metres of additional LNG to Europe's supply.

The terminal has facilities for the berthing of vessels of between 50,000 cubic metres capacity and 266,000 cubic metres capacity and two storage tanks, each with capacity of 150,000 cubic metres.

Meanwhile, Enagás and Reganosa earlier signed an agreement whereby Enagás acquires Reganosa's 130-kilometres (81 miles) gas pipeline network for €54 million ($57M) and Reganosa purchases 25 percent of El Musel for €95M.

Under the terms of the agreement, Enagás acquires the entire transmission network that until now was owned by Reganosa and which consists of 130km of 80-bar pressure gas pipelines.

Gas flows

The transmission network delivers natural gas directly to the Pontes (800 megawatts) and Sabón (400 MW) combined cycle gas-fired power plants, to the Coruña refinery (120,000 barrels/day) and to the towns of Pontes and Cerceda.

The Reganosa name comes from Regasificadora del Noroeste (Reganosa) and stands for northwest regasification. ■


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