LNG Unlimited

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UK National Balancing Point underpinned by Centrica draws

UK utility owner Centrica has filled storage with the equivalent of 18 LNG tanker cargoes

LNG News Editor

Centrica Plc, the UK owner of the British Gas utility business and an LNG importer, has released stored gas into the grid from the Rough Gas Storage system for the first time this winter season.

At full capacity Rough can store around 13.5 days of average total UK gas usage, including for non-domestic users and gas-fired power generation.

Offshore facilities

"Centrica has filled Rough with the equivalent of 18 LNG tankers," said the utility in a statement.

"Rough provides enough energy to heat over 3 million homes, every day, all winter, keeping families warm and bills down," Centrica added.

The UK's largest gas storage facility Rough is located 18 miles off the coast of East Yorkshire and now provides half of all of the UK's natural gas storage.

Centrica had stopped storing gas at Rough in 2017 but the facility was re-opened for gas storage in October 2022. Its capacity was then doubled in the summer of 2023 to underpin energy security.

"Customers are struggling with high energy bills which are driven by international energy prices," said Chris O'Shea, Group Chief Executive of Centrica.

"Gas storage is vital to ensure the UK can manage demand effectively, keeping prices down, and Rough contributes more than 50 percent of the UK's total gas storage," the CEO added.

"I'm proud of the actions our team has taken over the last 18 months, including our decision to bring Rough back online to underpin the UK's energy security," he said.

"However, we still have the lowest levels of energy storage of the world's major economies with the ability to store fewer than 8 days of peak winter demand and this leaves us susceptible to shocks in international markets," O'Shea explained.

"Gas will continue to be used as a transition fuel for the foreseeable future and we are prepared to invest around £2 billion ($2.53Bln) to quadruple the size of Rough and turn it into the world's biggest methane and hydrogen storage facility," he stated.

"But to invest this amount of money we need the right regulatory support framework," O'Shea concluded.

Centrica is based in Windsor near London and over the past year has signed important supply deals including one for US LNG and another for Norwegian pipeline gas.

Centrica signed an accord with Delfin Midstream to purchase 1 million tonnes per annum of LNG for 15 years on a free-on-board (FOB) basis from 2026.

The company also signed an additional agreement last year with Equinor for the delivery of more Norwegian pipeline natural gas to the UK for three winters.

Pipeline flows

The new supply agreement added around 1 billion cubic metres per annum to Equinor's existing bilateral contract with Centrica and brings the total volume under the contract above 10 Bcm per year.

In addition to importing Norwegian gas by pipeline, Centrica also receives LNG cargoes from several sources at the Isle of Grain LNG import terminal on the Medway River in Kent.

The Kent terminal is also close to power and natural gas pipeline links to the European Union. ■

The Rough gas storage facility located off Yorkshire coast

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Cheniere to export volumes using Canadian gas and signs SPA with landlocked Austria

LNG News Editor

Cheniere Energy, the largest US liquefied natural gas exporter with its two plants at Corpus Christi in Texas and Sabine Pass in Louisiana, said the Sabine expansion project known as SPL Stage 5 has signed a long-term Integrated Production Marketing gas supply agreement with the US unit of Canadian producer ARC Resources.

Under the IPM agreement, ARC will sell 140,000 million British thermal units per day of natural gas to SPL Stage 5 for a term of 15 years, commencing with commercial operations of the first Train in the expansion that will be Train 7 at the Louisiana facility.

Cheniere explained that the SPL Stage 5 project would pay ARC an LNG-linked price for its gas, based upon the European benchmark Dutch Title Transfer Facility (TTF) price after deductions for a fixed regasification fee, fixed LNG shipping costs and a fixed liquefaction fee.

The IPM agreement is subject to, among other things, a positive final investment decision with respect to Train 7.

The LNG associated with this gas supply agreement will see the production of 850,0000 tonnes per annum and will be marketed by Cheniere Marketing International.

Second deal

"This is the second long-term IPM agreement between Cheniere and ARC Resources, and further progresses the commercialisation of the SPL Expansion Project," said Jack Fusco, Cheniere's President and Chief Executive.

"This agreement will enable Cheniere to deliver increased quantities of Canadian natural gas to Europe, where energy security has never been more important," stated Fusco.

"We are pleased to build upon our existing long-term relationship with ARC Resources, and further demonstrate Cheniere's ability to construct innovative solutions that help meet the needs of customers and counter-parties along the LNG value chain while delivering value to our stakeholders," Fusco said.

Terry Anderson, President and CEO of ARC, said that Canadian natural gas can play a critical role in helping to meet growing global energy demand.

Sabine Pass will have a Train 7 in first phase of expansion

"Through this agreement, we are advancing our LNG strategy and delivering low-cost, low-emission natural gas to consuming regions in Europe – the first long-term arrangement of its kind for a Canadian producer. We are pleased to further our long-term partnership with Cheniere and bring more responsibly produced Canadian energy to the world," Anderson added.

OMV agreement

In addition to the IPM agreement announced with ARC, Cheniere Marketing has entered into an LNG sale and purchase agreement with Austria's OMV Gas Marketing and Trading GMBH.

Under the SPA, Cheniere will supply OMV with up to 12 LNG cargoes per year, or around 850,0000 tonnes per annum, at a TTF-linked price commencing in late 2029.

The LNG will be sold to OMV on a delivered ex-ship (DES) basis at the Dutch Gate LNG terminal in Rotterdam where OMV holds regasification capacity.

The SPL expansion is being developed with a production capacity of up to 20 MTPA of total LNG capacity, inclusive of estimated de-bottlenecking opportunities. ■

Canadian Spirit Resources outlines advantages and challenges of BC Montney feed-gas basin

Canadian Spirit Resources Inc., which recently reactivated natural gas production at Farrell Creek in Northeast British Columbia, is aiming for a share in supplying feed gas to regional LNG export projects as it outlined the advantages and challenges of operating in the Montney Shale basin.

CSRI is a closely-held Canadian public company focused on the exploration and production of natural gas in BC's prolific Montney Shale.

The company's assets are strategically located along the pipeline infrastructure that will deliver natural gas to the proposed LNG facilities on the West Coast of BC.

CSRI said in its most recent presentation that it provides "a significant investment value option either" as a stand-alone company or combined with another entity to supply natural gas to the approved LNG projects on the Pacific West Coast and the expanding markets in North America.

The company said that its Montney natural gas resources are focused in one core area at Farrell Creek where there are 17.0 trillion cubic feet (gross) of resources and 9.0 Tcf net.

In June 2023, the company and its joint venture partner, Canbriam Energy Inc., opted to shut-in its Farrell Creek natural gas processing facility and associated Montney wells as a result of negative netback caused by low natural gas prices.

However, the joint venture Montney wells were returned to production on November 17, 2023.

Based on the company's net average production over 60 days prior to the suspension of its joint venture operations, a production rate of approximately 2.5 million cubic feet per day is anticipated, with CSRI's 35 percent share being approximately 0.87 MMcf per day.

The company's activities straddle two large contiguous land blocks comprising 48,742 (gross) acres and 26,817 (net) acres.

CSRI said it had drilled five vertical and eight horizontal wells as part of the resource delineation process for its sections.

The company additionally noted that it has "unique access to fresh water resources" for hydraulic fracturing operations.

Water access

CSRI owns a 25 percent (Pacific Canbriam 75 percent) in a $21.3 million water pipeline that extends 25 kilometres (16 miles) from the Williston Lake Reservoir to the Montney joint venture gas plant.

"Access to water is becoming the greatest industry challenge," said the company.

The BC Government licence allows CSRI up to 10,000 cubic metres of water per day (gross) to be drawn on a year-round basis (term to December 31, 2031) from the Williston Lake Reservoir. ■

Zeebrugge low-carbon plan for natural gases

Fluxys of Belgium and its subsidiary Fluxys LNG said they were seeking market interest for importing low-carbon gases to the LNG terminal at the Port of Zeebrugge.

"With this market initiative, Fluxys is anticipating the need for large-scale decarbonisation. The call for market interest will run from November 2023 until February 2024," Fluxys explained.

"Fluxys as essential infrastructure partner is taking market-focused action to reshape and extend the Zeebrugge LNG terminal into a multi-molecule hub for importing low-carbon and climate-neutral molecules as well," said Fluxys.

"In this way, the terminal can make a significant contribution to the energy transition and further diversify the energy supply of North-west Europe," the company added.

Fluxys said it believed the "Zeebrugge Multi-molecule Hub" would provide direct access from the sea for large ships to ensure the supply of not only LNG but also hydrogen and hydrogen derivatives.

The company noted that Zeebrugge is also directly connected by pipelines to the major industrial zones in Belgium and Northwest Europe.

"The Zeebrugge multi-molecule hub showcases our ambition to play a key part in accelerating the energy transition," said Pascal De Buck, Managing Director and CEO of Fluxys and Fluxys Belgium.

"This project fully shoulders the federal hydrogen strategy and will help the Port of Antwerp-Bruges create a green energy crossroads in its ports. I'm proud that with Fluxys we're once again thinking ahead and working on the solutions that will be needed tomorrow and beyond for industry and society in Northwest Europe," De Buck stated. ■

Port Hedland in Western Australia advances LNG bunkering plans

LNG News Editor

Pilbara Clean Fuels said it was making progress with the development of a mid-scale LNG plant for bunkering and to be located at Port Hedland in Western Australia, the world's largest iron-ore export port.

The project will provide an Australian LNG fuel supply capability through a new facility for the conversion of pipeline natural gas to LNG, responding to market demand for cleaner marine bunkering fuel for dry-bulk iron-ore carriers operating "round-trip" voyages between the Pilbara coast and Asia.

Pilbara Clean Fuels said that the liquefaction facility would have initial capacity of 500,000 tonnes per annum with potential additional demand of 1 million tonnes per annum by 2030.

Electrified plant

"A key feature of the project is an electrified plant with outsourced power supplied predominantly from renewables," the statement explained.

"The design intent is to significantly reduce Scope 1 and Scope 2 emissions compared to conventional LNG plants. Thereby providing an ability for round-trip voyages bunkering in Port Hedland to achieve substantially lower overall greenhouse-gas (GHG) life-cycle emissions than other options," it added.

Bulk iron-ore carriers to have round-trip LNG fuel

The LNG re-fuelling concept is based on ship-to-ship bunkering of vessels while at anchor off Port Hedland.

One of the partners, Oceania Marine Energy, is developing a LNG marine fuel bunkering service capability based on the charter, ship management and operation of purpose-designed LNG bunkering vessels.

The vessels are to be provided by Norwegian ship-owner Kanfer Shipping.

Another project participant is the Italian classification society Registro Italiano Navale (RINA), the developer of a concept for a new 209,000 deadweight ton Newcastlemax dry-bulk ship design with an innovative LNG marine fuel system involving novelties such as pre-combustion carbon removal.

"Recognising the complementary aspects of their respective project interests and business objectives PCF, Oceania and RINA have entered into a memorandum of understanding," the companies said. ■

Singapore hand-over of Greek FSRU for Balkan LNG hub

Seatrium Group of Singapore, formerly called Sembcorp Marine Ltd and renamed as Seatrium following its merger with Keppel Offshore & Marine, has made the successful delivery and hand-over of the Greek "FSRU Alexandroupoli" to be deployed offshore northeast Greece as part of a Balkans LNG supply hub.

"The project was successfully delivered to GAS-fifteen Ltd, a wholly-owned subsidiary of GasLog LNG Services," said Seatrium.

The Seatrium work involved converting the conventional LNG carrier "GasLog Chelsea" into a floating storage and regasification unit with various additions and the vessel was handed over after testing.

The FSRU will be stationed in the Sea of Thrace in the northeast part of the Aegean and about 17.6 kilometres (11 miles) from the costal Greek town of Alexandroupolis.

Seatrium earlier in November handed over the LNG production unit for the BP-led FLNG project offshore Senegal and Mauritanian in West Africa.

The converted Greek vessel to supply LNG to the Balkans region was renamed "FSRU Alexandroupoli" to begin its service as an offshore storage and import facility.

The "FSRU Alexandroupoli" will be linked to a pipeline system of 28 kilometres connecting the floating unit to the Greek National Natural Gas Transmission System.

The ship of 155,000 cubic metres capacity has also been reflagged to the Greek flag.

"We are pleased to support Gaslog and contribute towards Greece's energy future with the delivery of the first FSRU for the country through the Alexandroupolis Independent Natural Gas System (INGS) project," said Chris Ong, Chief Executive of Seatrium.

"This project marks a significant milestone for Seatrium, affirming our position as a global player with industry-leading engineering expertise in the gas value chain," added Ong.

"As the first FSRU for Greece, the INGS project will become a critical energy gateway, supporting its energy security while advancing the energy transition trajectory of Southeast Europe," stated the CEO. ■

NEWS NUDGES

Italy LNG capacity

SNAM, the Italian natural gas grid operator and floating and onshore import terminal owner, has launched a consultation regarding the first assignment procedures for the regasification capacity at the proposed floating storage and regasification unit (FSRU) to be deployed at the port of Ravenna. The FSRU "BW Singapore" will be on station at the Adriatic port of Ravenna and be operational by the end of 2024. "The first assignment procedures for the regasification capacity at the FSRU Ravenna Terminal have been published,' said SNAM. "Interested parties can submit their observations on the procedure for the first assignment by 17 December 2023. As part of the consultation, interested parties may also submit expressions of interest for capacity products with a duration shorter than the assignment period by 30 November 2023," added SNAM.

Saipem contract wins

Italian LNG and energy engineering company Saipem has been awarded two South American offshore oil and natural gas contracts, one in Guyana and the other in Brazil, worth around $1.9 billion. Saipem said the first contract was awarded by ExxonMobil Guyana for the proposed Whiptail oilfield development located in the Stabroek block offshore Guyana at a water depth of 2,000 metres. Saipem's scope of work includes the design, fabrication and installation of subsea structures, risers, flowlines and umbilicals for a large subsea production facility. The second contract has been awarded by Norwegian energy company Equinor for the Raia project, the development of a pre-salt gas and condensate field in the Campos Basin, located about 200 kilometres (124 miles) offshore the state of Rio de Janeiro in Brazil. ■

TC Energy forecasts feed-gas surge on US Gulf Coast and progress in spin-off of Gulf and Midwest liquids

LNG News Editor

TC Energy Corp., whose activities include the building and ownership of pipelines in the US, Mexico and Canada and the LNG project called Coastal GasLink in British Columbia, has held an investor day with forecasts of a surge in feed gas for US Gulf Coast LNG and more progress on the spin-off of its liquids business.

TC Energy's five divisions include Canadian Natural Gas Pipelines, US Natural Gas Pipeline, Mexican Natural gas Pipeline, Liquids Pipeline and Energy and Power Solutions.

François Poirier, TC Energy's President and Chief Executive, told investors that the Coastal GasLink was completed while its US Southeast Gateway venture was on track for costs and schedule.

TC Energy's presentation showed that the Calgary-based company was providing 30 percent of US LNG feed gas which is set to surge to 40 billion cubic feet per day of supply for liquefaction in the years ahead.

LNG wave

"We are well positioned to capture the next wave of LNG exports," said the CEO.

At the start of October 2023 TC Energy completed the sale of 40 percent stakes for a total of C$5.3 billion (US$3.9Bln) in two US assets, Columbia Gas Transmission and Columbia Gulf Transmission, transporters of 20 percent of US LNG feed-gas volumes.

The company confirmed that the Columbia Gas and Columbia Gulf transactions were completed to the buyer, the New York-headquartered asset management firm Global Infrastructure Partners.

The Columbia Gas and Columbia Gulf pipelines span more than 15,000 miles across the North American natural gas network and are underpinned by strong long-term natural gas supplies and a rate-regulated commercial framework.

Southeast Gateway

"The Southeast Gateway Pipeline project continues to progress with its US$4.5Bln cost estimate and schedule," said the company.

"TC Energy has made significant progress against its 2023 priorities, including project execution, deleveraging and maximizing the value of its asset base, which continues to generate excellent operational and financial results through all points in the economic cycle," investors were told.

They were also told that the Liquids Pipelines business spin-off would be called South Bow Corp.

"South Bow symbolizes the historical roots of the company in Alberta, Canada, while acknowledging the pipeline system's strategic path southwards to the strongest US refining markets in the Gulf Coast and Midwest," stated TC Energy.

"After a strong October and reflecting strength in the US dollar, the 2023 comparable EBITDA is now expected to be approximately 8 percent higher than 2022," the company explained.

2024 priorities

"The company reaffirms its priority areas for 2024 and provides its expected comparable EBITDA growth outlook of 5 percent to 7 percent from 2023 to 2024, excluding any potential impact of its announced asset divestiture program, and prior to giving effect to the spin-off, which is expected to take place in the second half of 2024," said TC Energy.

CEO Poirier added that over the past few years, TC Energy has been strategically pivoting capital to optimize its portfolio, leveraging core competencies and capturing the long-term growth potential in the natural gas and power businesses.

"Focusing on the value that can be delivered with two distinct strategies, the spin-off will unlock the evident value we see from each company's unique opportunity set," the CEO added.

"Subject to the requisite shareholder and regulatory approvals, upon closing of the spin-off transaction, South Bow is poised to be a low-risk liquids transportation and storage business, and with its anticipated investment-grade credit ratings, it can respond quickly in a market where it holds significant competitive advantages," Poirier declared. ■

The Coastal GasLink for LNG feed gas is now completed

Moody's says record storage helped by LNG imports positions EU well this winter and next

LNG News Editor

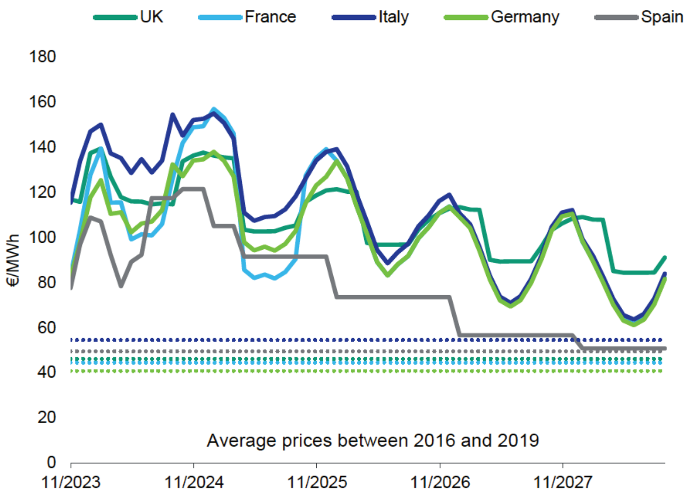
Moody's Investors Service, the US credit rating agency, said that record high natural gas storage of almost 98 percent as of end November helped by LNG deliveries positions the European Union well to meet the needs of this winter season with very limited risks of energy shortages.

"It would also place the region in a stronger position than we previously anticipated to refill gas storages for next winter," said the Moody's report.

"However, European gas prices will likely remain volatile given increased geopolitical risks, which reflect their intrinsic vulnerability to supply disruptions," Moody's stated in its base case.

The report explained that Europe's improved energy reserves going into this winter are the result of "the effectiveness of government actions" on the supply and demand side, and consistent energy savings by both households and companies despite lower energy prices.

Forward electricity prices for major European economies (2023-27)



Forward EU power market prices estimates out to 2027

LNG availability

The greater LNG availability in 2023 and the higher availability of nuclear and hydro-electric power plants and a mild winter season so far have also helped improve the supply and demand balance.

The Moody's report forecasts that gas storage level would still be at around 55 percent at the end of March 2024, which is higher than it had earlier anticipated.

"This will position Europe well for refilling gas storage ahead of the following 2024-2025 winter," said the report.

"However, European gas prices will remain high and volatile. The future market indicates Dutch Title Transfer Facility (TTF) prices will remain around €50 a megawatt hour (MWh) in the next two years," Moody's added.

"This price level is higher than the historical average. We expect spot electricity prices to also remain higher than the historical average," it stated.

In the Moody's downside scenario, a further cut in pipeline gas supply and a colder winter would lead to gas storage of around 35 percent by March.

It noted that this was still a stronger position than previously forecast and was comparable to the 10-year average at the end of the heating season.

"From such a position at the end of the heating season, the EU would be able to refill storage ahead of the 2024-25 winter, although this will require greater efforts than in the base case," said Moody's.

Below peak

"Gas prices would rise but probably not as high as their August 2022 peak, given lower reliance on Russian gas, greater diversification in gas supplies and lower demand," it said.

Nevertheless, the agency said that geopolitical tensions between Europe and Russia and episodes of supply disruption like strikes at Australian LNG facilities could lead to further tightness in gas supplies and introduce additional uncertainties into the market. ■

NEWS NUDGES

Gunvor US deal

Delfin Midstream, the US LNG project developer, and global commodities firm Gunvor Group, have signed a long-term LNG Sale and Purchase Agreement. Delfin said that under the 15-year SPA, Delfin would supply between 500,000 tonnes and 1 million tonnes of LNG per annum to Gunvor on a free-on-board basis at the Delfin Deepwater Port to be located 40 nautical miles off the coast of Louisiana. "We continue to support US LNG projects and unlock new sources to meet the growing global LNG demand while further expanding our supply portfolio," said Kalpesh Patel, Co-Head of LNG Trading at Gunvor. ■

African gas-fired plans for Botswana

Tlou Energy, the company developing projects in Sub-Saharan Africa, said the Lesedi gas-to-power project remained on track to get natural gas-fired power into the grid in Botswana from the southern African nation's own coal-seam gas (CSG), a resource that is used by companies in Australia to produce and export LNG.

Tlou Energy has a large gas field in Botswana with independently certified gas reserves and contingent resources.

"Gas has started to flow at the Lesedi 6 production pod and has been flared," said Tlou in a project update filed to the London Stock Exchange Alternative Investment Market.

The company is also listed on the Australian Securities Exchange and the Botswana Stock Exchange.

The Lesedi production wells continue to produce gas and a key focus in 2023 and 2024 has been to drill more production wells for the 10 megawatts Botswana gas-to-power project.

Tlou then plans to rapidly expand to 25 MW and beyond. The first electricity generated at the Lesedi project will be sold under a 10MW power purchase agreement (PPA) to Botswana Power Corp., the national power utility in Botswana.

The latest Botswana gas flows followed the drilling of the new Lesedi 6 production pod and the redrill of the lateral sections of the Lesedi 4 production pod.

Post drilling operations for each pod comprised flushing to clear the wells.

"Production equipment was then installed and dewatering commenced in late October 2023," the company explained.

Contract to proceed for Trinidad to boost LNG and domestic gas

US energy engineering company McDermott has received a limited notice to proceed for an engineering, procurement, construction and installation (EPCI) contract from Shell for the Manatee natural gas field development project offshore the East Coast of Trinidad and Tobago with supplies destined for LNG production and domestic gas supplies.

Subject to Shell taking a final investment decision, the Manatee project scope is for the design, procurement, fabrication, transportation, installation and commissioning of a wellhead platform and offshore and onshore gas pipelines.

"This award follows our successful delivery of the front-end engineering design for the Manatee gas field," said Mahesh Swaminathan, McDermott's Senior Vice President for Subsea and Floating Facilities.

Capabilities

"It is testament to McDermott's integrated EPCI capabilities built over the last 100 years around the world including many successful projects in Trinidad and Tobago," Swaminathan added.

Region's largest exporter from Atlantic LNG plant

"We will again deliver for Shell, building on a partnership marked by trust, collaboration, and shared success, to execute this important project," he stated.

The Manatee field is a conventional gas development and once commissioned, gas will supply both domestic and export markets from Trinidad and Tobago.

The field is part of the cross-border Loran-Manatee discovery shared by Trinidad and Tobago and Venezuela.

It is believed to hold around 10 trillion cubic feet of natural gas, with 7.3 Tcf on Venezuela's side and the remaining 2.7 Tcf on Trinidad's side.

Earlier in 2023, Shell submitted, and the government accepted, the field development plan that calls for peak production of 700 million cubic feet per day.

Trinidad is the region's largest LNG exporter from the Atlantic LNG export plant at Point Fortin, though has been hindered in recent years by a lack of feed gas. However, exports increased last year.

Exports from the Point Fortin facility rose as more gas came on stream and the shipments amounted to 7.73 million tonnes, up my 1.57MT or 25.4 percent, from the previous year.

The main importers of Trinidadian volumes include the US, Puerto Rico, Thailand, the UK, Spain and Portugal.

Northern Oil and Gas targets natural gas assets in the Appalachian Basin

Northern Oil and Gas Inc., the US energy company based in Minneapolis, is proceeding with two acquisition transactions for natural gas in the Appalachian Basin and oil and gas in the Northern Delaware Basin in an action-filled year of US merger and acquisition activity.

Northern Oil and Gas (NOG) is a company with a primary strategy of investing in non-operated minority working interests in oil and gas properties with a core area of focus in the premier basins of the US.

NOG is the nation's largest publicly traded non-operated exploration and production company.

The acquisitions of its latest non-operated working interest properties have a combined initial purchase price of $170 million in cash and 107,657 shares of common stock in NOG, which is listed on the New York Stock Exchange.

Ohio assets

In the Appalachian Basin, NOG has entered into a definitive agreement with a separate private party to acquire non-operated interests in Jefferson, Harrison, Belmont and Monroe Counties in Ohio with the primary target zone being the Point Pleasant-Utica Shale.

Current production is around 23 million cubic feet equivalent per day and 100 percent gas and the company expects average production in 2024 to be at slightly higher levels.

"These transactions demonstrate our continued ability to successfully acquire high quality assets in the core of their respective basins, with best-in-class operating parties," said Nick O'Grady, Chief Executive of NOG.

"We expect the assets to be accretive in 2024 and to accelerate further in future years. We are also pleased to expand our Appalachian presence into some of the best parts of the Ohio Utica Shale as we continue to grow our natural gas portfolio in the region over time," O'Grady stated

NOG expects to incur around $14 million of capital expenditures on the assets in 2023 and $8M in spending in 2024.

"Substantially all the assets are operated by Ascent Resources, one of the top Utica producers in Ohio," said NOG.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Eni signs agreement with Swiss gas supplier to guarantee flows of gas on Switzerland's system

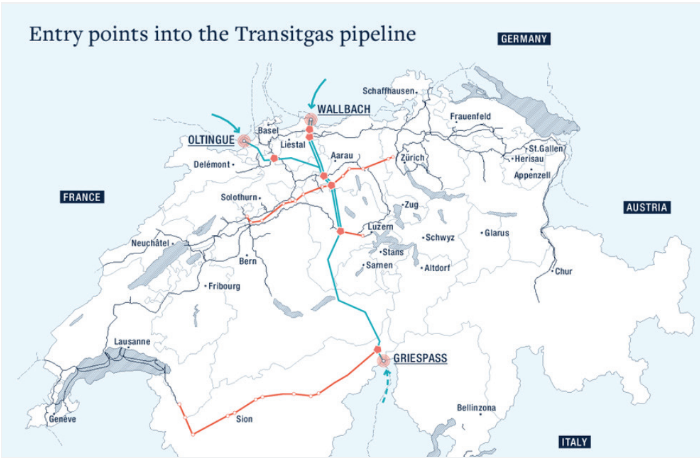
LNG News Editor

Italian energy company Eni and Swiss gas supply company Open Energy Platform AG signed an agreement to guarantee the flow of natural gas to Switzerland and Italy in the event of interruptions or significant gas flow reductions from Germany.

The agreement promotes the efficient use of the Swiss Transitgas transport infrastructure for gas flows from France to Italy through Switzerland to also support Swiss supply security.

The Zürich-based Swiss Open Energy platform is a gas supply and balancing market player that manages gas procurement.

The company is involved in securing short-term, physical gas supply via the spot market or flexible contracts while also managing storage.



Transitgas pipeline transport infrastructure carries EU flows

States deal

"The initiative is part of the commitment to strengthening cooperation between Italy and Switzerland, stipulated through the Joint Declaration on energy security between the Italian Ministry of Environment and Energy Security and the Swiss Federal Department of Environment, Transport, Energy and Communications, signed on 6 July 2023," said a statement.

"The agreement will be effective from 2 December 2023 until 30 September 2024. During this period, the Swiss authorities will not adopt any restrictive measures on Eni's rights to gas transportation through Switzerland," it added.

The Transitgas transport system consists of a 292 kilometres (182 miles) of natural gas pipeline.

The system runs from the northern border to the southern border of Switzerland and has capacity to carry more than 18 billion cubic metres of natural gas.

Available transport capacity on Transitgas is allocated to FluxSwiss SA and Swissgas according to a fixed distribution key.

Eni said it continued to advance its strategy of consolidating gas supplies in response to "the energy crisis caused by the difficult, ongoing international situation, confirming the value of gas as the most reliable source" to support the energy transition.

"The basis is the efficient use of the Swiss gas transport infrastructure, regulated by the regional network operators Natural Gas Eastern Switzerland, Gasverbund Mittelland, Gaznat and Natural Gas Central Switzerland as well as Transitgas," Swiss Open Energy explained in its statement on the Eni agreement.

"The solution package is supplemented by commercial measures. This significantly strengthens the security of supply for all customers," the Swiss company stated. ■

Uniper with imports at Wilhelmshaven LNG to pay $600M to counter-party in arbitration ruling

Uniper, the German utility almost brought down by the stoppage of pipeline natural gas supplies from Russia's Gazprom and which is now importing LNG at Germany's North Sea port of Wilhelmshaven, has suffered another setback by having to pay €550 ($602M) to a European LNG player after an arbitration ruling.

The Düsseldorf-based company, which had to receive a stabilization package from the German Federal government in 2022 to survive and reported net losses of €19 billion ($20.4Bln) in its most recent annual earnings, said the ruling came from an arbitration court over a contract concluded prior to the group's spin-off in 2016.

Uniper said that the arbitration proceedings, under the rules of the International Chamber of Commerce, began in early 2021 and related to the pricing provisions of a long-term LNG supply agreement with an undisclosed counter-party.

Proceedings

"Uniper has been notified on 24 November 2023 of an award against a subsidiary in arbitration proceedings under the rules of the ICC which began in early 2021," said the Uniper statement.

"The proceedings between the Uniper subsidiary and a European energy company relate, inter alia, to the pricing provisions of a long-term agreement for the supply of liquified natural gas (LNG), concluded prior to the spin-off of Uniper in 2016 and which has since expired," Uniper explained.

"A payment to the opposing party of an estimated €550 million related to the retroactive re-pricing of the long-term agreement would be due under the terms of the award," it added.

"The additional payment will have a full impact on the annual result of Uniper. Uniper is currently analyzing the reasoning of the decision and reviewing all possible avenues of legal recourse against the award," stated the company.

The 2017 report of the International Group of LNG Importers (GIIGNL) showed a 15-year contract under which Italian energy company Eni agreed to supply Uniper with 650,000 tonnes of LNG per annum between 2007 and 2022.

However, Milan-based Eni has so far declined to comment on the issue.

Uniper said in October 2023 that it expected adjusted earnings before interest and tax of between €6 billion to €7Bln and adjusted net profit of €4Bln to €5Bln.

Uniper was spun from German utility E.ON in 2016 and has also been involved in lawsuits against Gazprom, the former supplier of pipeline natural gas to Germany. At the time Uniper was under the control of the new owner, the Finnish power company Fortum.

Gazprom issues

However, Uniper was then formally taken over from Fortum in December 2022 in a deal with the German State that had included clearances from the European Commission to save Uniper from collapse.

Uniper itself had launched legal proceedings in 2022 against Gazprom which first cut and later suspended deliveries, sending Uniper into crisis.

Uniper's bad luck was compounded in 2022 as it was also a buyer of LNG cargoes from the US Freeport LNG plant in Texas closed for part of 2022 and early 2023 by the June 8 fire. ■