



Trafigura to supply second cargo for LNG-to-power plants in Batangas

Philippine power producer First Gen has awarded a tender to Trafigura to deliver one LNG cargo between November 25 and December 25 to the floating regas and storage terminal BW Batangas, berthed at the First Gen Clean Energy Complex in Batangas City. The regasified LNG will fuel First Gen's gas-fired power plants, with a combined capacity of 2,017 MW.

The cargo will be the second LNG delivery to the FSRU BW Batangas after it had been commissioned in April 2023.

For First Gen, a steady stream of LNG shipments is increasingly important to uphold fuel supply for its four gas-fired power stations – the 1,000 MW St Rita, 500 MW San Lorenzo, 414 MW San Gabriel and the 97 MW Avion plants – which currently run on gas from the Shell-operated Malampaya field where production will cease by 2024.

The FSRU BW Batangas is hence expected to play a "critical role" in ensuring energy security on the Luzon grid by helping to source alternative supplies to replace dwindling Malampaya volumes. Prior



BW Batangas berths at the FGEN LNG terminal

to berthing in Batangas, the FSRU vessel was modified at the MMHE shipyard in Johor, Malaysia.

BW Batangas is the second LNG import terminal in the Philippines as Singapore-based AG&P already commissioned the country's first import terminal in April, following the arrival of FSU Ish at a jetty in Batangas Bay. The AG&P-managed terminal is sourcing fuel for the

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Record global LNG trade to grow another 5% as Asia's gas-burn soars

If Latin American countries realise their pledged wind and solar PV build-out, renewables would meet all new energy demand this decade and allow for oil exports to rise by nearly 2 million barrels per day by 2030, the International Energy Agency (IEA) forecasts. Revenues from critical minerals could double to nearly \$200 billion, exceeding those from oil and gas.

China overtook Japan to become the world's largest LNG importer and gas demand in southeast Asia is poised to double by the end of the decade as countries decarbonise. "Natural gas has been (...) reducing emissions from the power sector in Europe and north America over the past 30 years and is expected to play a critical role in the energy transition in Asia and Africa for decades to come," IEF secretary general Joseph McMonigle commented.

Southeast Asia emerges as new LNG import hotspot

LNG already accounts for about 15% of all delivered gas worldwide today, with supply growth largely originating from the United States where liquefaction capacity is planned to rise by 17% by 2025 and another 43% by 2028. Over the medium term, southeast Asia will become the new LNG import hotspot, with demand poised to double by the end of the decade, driven



by Singapore, Vietnam, and the Philippines, a report by IEF and the satellite data analytics firm Synmac finds.

Volatile prices and gas supply disruption in the wake of the Russia/Ukraine war have, however, far-reaching effects on emerging economies: South Asia, including India, Paki-

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stan, and Bangladesh, slashed LNG purchases by 16% last year. Many buyers in the region withdrew from spot markets altogether, and suppliers under long-term contracts in some cases defaulted on deliveries to obtain higher profits in other markets.

"A lack of access to affordable natural gas led to fuel shortages and increased use of carbon-intensive fuels. This impacted countries' energy strategies and LNG's perceived reliability and affordability," McMonigle said.

Europe's gas demand to fall post-2030

Geopolitics has remapped trade flows and investments. European buyers have turned to LNG to fill the void left by Gazprom's halt in contractual Russian pipeline gas deliveries which contributed to Russia's gas production plunging 21% over the past two years to hit a 14-year low in 2023.

In Europe, LNG's share of gas demand rose from 12% a decade ago to more than 50% which prompted a flurry of regas and import terminal projects. "LNG is now an integral part of Europe's energy

mix, acting as a baseload and replacing the role of Russian pipeline gas," McMonigle noted, though things are about to change: By 2030, Europe's regas capacity could grow by another 48% which makes policymakers wary of overcommitting to gas infrastructure as demand is poised to fall as EU countries progress towards Net Zero goals.

"Europe has accounted for 31% of LNG contracts signed this year, while Asia Pacific has accounted for 46%," he said, suggesting as the decarbonisation progresses European buyers could cover more than 70% of their LNG from the spot market in 2030. ■

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Ilijan combined-cycle power plant and is also intended to serve San Miguel Corp's future projects, notably an 850 MW combined-cycle plant expansion.

Rival LNG import projects are less advanced: Vires Energy is proceeding with a FLNG import unit with a capacity of 3 mtpa and an integrated 450 MW power station, which will be mounted on a barge.

The power station is due operational in mid-2026, though no firm timeline has been communicated for the floating regas terminal. In addition, Shell is planning to deploy a leased FRSU at Tabango, Batangas, while simultaneously trying to divest its 45% operating stake in the large but fast-depleting Malampaya field. ■

South Korean offtakers of US LNG cargoes bypass Panama Canal

Faced with tighter restrictions to transit the drought-stricken Panama Canal, South Korean utility buyers of US LNG have started bypassing the waterway. Cargoes are now shipped through the Suez Canal or around the Cape of Good Hope, ship tracking data shows, while the Asian gas price premium compared to Europe for the summer-2024 contract has more than doubled.

The number of LNG carries, allowed to transit the Panama Canal, has already been curtailed to 24, down from the typically 36 per day as draught reduced the water levels at Gatún Lake which is needed to operate the locks of the canal. Come January, this number will be cut short by half, analysts understand. Turning to alternative routes increases shipping time and costs.

"The margin for US LNG to the Pacific will keep shrinking, given the longer voyage days and higher shipping cost," said Xi Nan, head of LNG research at Rystad Energy. "East Asia spot price will have to provide a premium to attract US supplies to Asia instead of to Europe."

Congestion costs for an LNG cargo from Sabine Pass in the US to Futtsu in Japan soared by \$1.5 million from last week, making total spot freight \$6.2 million more expensive, according to Spark Commodities data. Such prices tend to deter many Asian utility buyers.

These days, power generators in Japan and South Korea shun LNG for power generation and rather make use of nuclear for baseload power supply. October-to-date US

LNG shipments headed for east of Suez fell to 27% of total US loadings, compared to 40% between July and September when Asian markets were tight due to maintenance at liquefaction plants in Australia and feedgas issues in Egypt.

But weather-risk remains, especially over the coming two weeks, with Rystad cautioning that "the difference between a mild and a cold winter is about 10 Bcm in China."

Spot trading activities normally pick up during the winter season. According to Rystad analysis, the netbacks from cargoes scheduled to load mid-December from US LNG facilities to Western Europe via the Panama Canal are at mid-\$14/MMBtu on 23 October, about \$0.5/MMBtu lower than East Asian destinations, as suggested by the forward curves. ■



LNG tanker transiting the Panama Canal

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Woodside expects rising LNG demand as buyers backstop renewables

Australian oil and gas giant Woodside thrives through the energy transition as LNG demand keeps growing because buyers seek to secure supplies to balance renewables in the power mix. "Our LNG-weighted portfolio is well suited to capitalise on that demand," Woodside CEO Meg O'Neill told investors with reference to projects in Australia, Senegal and Mexico.

"The world's demand for Woodside's products is expected to be resilient in the coming decades as populations and economies grow, with our target markets in Asia driving primary energy demand," she said. The need for flexible, LNG-fuelled peaking power plants will increase as government turn away from coal while needing dispatchable power gen capacity to backstop fluctuating renewable energy supply on the grid.

Looking at the numbers, Woodside's balance sheet is positioned to deliver growth and returns: "We maintained our dividend payout ratio at 80% in the first half of this year and have now returned a total of \$6.3 billion to shareholders since our merger with BHP Petroleum," CEO O'Neill pointed out.

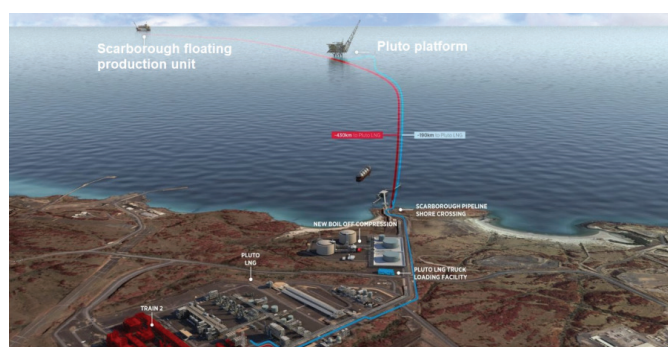
First LNG from Scarborough targeted in 2026

Three major projects are currently being executed: Sangomar in Senegal which is targeting first oil in mid-2024, Scarborough LNG in Australia and the Trion field in Mexico.

The sell-down of a 10% non-operating interest in Scarborough to LNG Japan for \$500 million, in her view, "demonstrated the value of the project to customer."

In terms of execution, "construction of the FLNG unit is 50% complete while subsea flowlines and trunk-line are already complete. Fabrication of

the Pluto Train 2 modules in Indonesia and site works in Karratha are progressing well," O'Neill said, stressing the Woodside is engaging with the offshore regulator to progress secondary environmental approvals as it targets a first LNG cargo in 2026.



Scheme of Scarborough FLNG off the Pilbara coast

Asia does not call on US spot LNG amid higher nuclear availability

Utility buyers across Asia will unlikely need to call on US spot LNG over the balance of winter as higher availability of nuclear and renewables generation in Japan reduces gas-burn. Energy Aspects hence remains bearish against the JKM-TTF Dec-23-Mar-24 spreads, though a 0.2 million ton per month tightening in its Asian balance would create an interest for US cargoes.

Pricing of the Japan-Korea Marker (JKM), Platt's benchmark price assessment for spot physical cargoes to Asia, seems to hinge on a "small and inconsistent call on US spot cargoes at the margin," analysts commented. Any US cargoes headed to Asia would be shipped via the Cape of Good Hope, given restrictions on daily crossing at the Panama Canal due to draught.

October-to-date US shipments headed for east of Suez fell to 27% of total US loadings, compared to 40% between July and September when Asian markets were tight

due to maintenance at liquefaction plants in Australia and feedgas issues in Egypt. But weather-risk remains, especially over the coming two weeks.

Cold spell makes China turn to district heating

A cold wave has prompted many Chinese municipalities, including Beijing and some in Hebei and Shaanxi, to start district heating ahead of schedule with utilities dispatching coal- and gas-fuelled cogeneration plants. A short-lived cold spell should have little impact on LNG demand, analyst reckon, considering

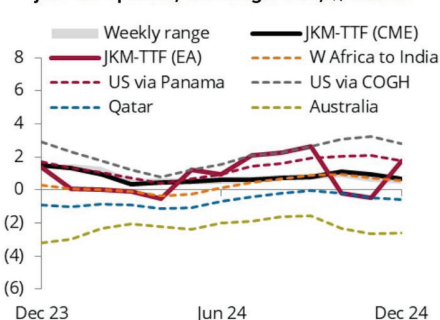
China can draw on robust domestic gas production, the ramp-up of Russian pipeline gas deliveries and higher stockbuilds estimated at 20.7 bcm.

Over in Japan, LNG is forecast to fall by 0.1 million tons y/y for the balance of winter amid higher nuclear availability and stronger stockdraws. Energy Aspects see Japan to have 5.7 Mt of LNG in stocks in November, 0.5 million tons less than the five-year average.

"Japan's power market is less tight than last year, with the lowest power reserve margin at 5.2% in areas including Tokyo and Tohoku in January 2024 under a cold-winter scenario, up from 4.1% last year," analysts commented.

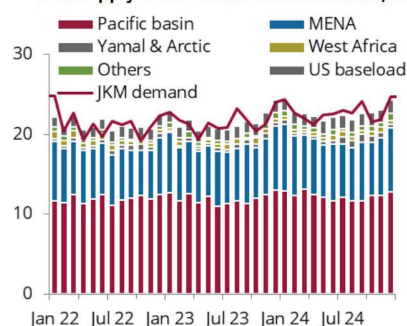
Electricity demand across Japan could rise by 1% y/y this winter but a rise in nuclear availability up 1.1 GW (due to the restart of Takahama Unit 1&2) and renewables will reduce aggregate calls on thermal for bal-winter. "Unfavourable economics" also limits oil- and gas-fired generation analysts said, explaining: JKM and oil-linked term LNG import contracts are both priced higher than the top of the fuel-switching range, hence utilities will favour coal over gas for power generation.

JKM-TTF spreads, LNG freight diffs, \$/mmbtu



Note: Freight diffs are the increases in freight costs to send cargoes to Northeast Asia instead of Europe
Source: CME, Fearnleys, Argus Media Group, Energy Aspects

Asia supply-demand stack ex. US flexible, Mt



Note: US baseload reflects assumed firm cross-basin flows regardless of spreads
Source: GTT, Refinitiv, Bloomberg, Energy Aspects

Global gas market “well supplied” but risk from freeze-offs remain

Despite full inventories and about 4 Bcf/d of LNG export capacity available this winter, US government analysts warn that extreme cold weather and unplanned outages pose a risk to a delicate market balance. China’s demand recovery remains a key uncertainty while production freeze-offs in the US and Norway could create supply shortages and price spikes.

Severe cold weather over several weeks could rapidly drive up global LNG spot prices as buyers compete for spot cargoes. Cold weather in both Europe and Asia would compound this bullish demand-side effect. In terms of supply, apart from freeze-offs at wellheads, other supply disruptions could be caused by a spread of the military conflict in the Middle East, worker strikes at LNG facilities, or further reduction in Russian gas pipeline exports transiting through Ukraine.

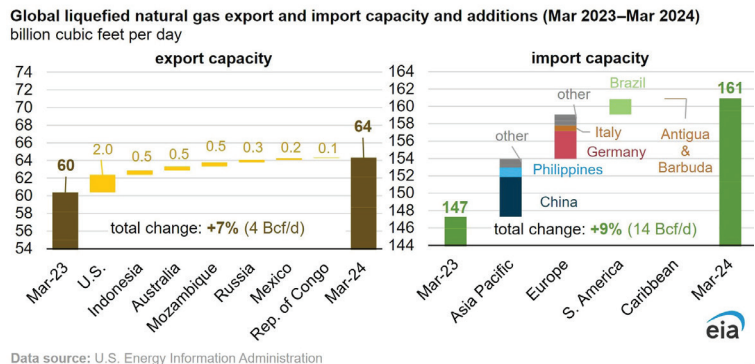
The return to service of Freeport LNG has pushed up gas exports by 2.0 Bcf/d so far this year. On the other hand, LNG import capacity has expanded by 13% (18 Bcf/d) so far this year in both Europe and Asia, analysts find, suggesting: “we expect more import projects to enter operation in Germany and China this winter.”

Ample gas in storage

Inventories in Europe are almost full at

the start of 2023–24 withdrawal season, with 3,657 Bcf, equalling 99% of capacity stored in the EU-27 as of October 31. “We estimate that volume represents 65 days of natural gas consumption at peak five-year (2019–23) winter usage rates and 84 days of natural gas consumption at rates reached last winter,” analysts commented.

In Japan and South Korea, on-site storage capacities at regas facilities has also been “consistently full” this year. Moreover, inventories in the US – a key swing supplier – exceeded last year’s inventories by 8% as of October 27.



Looking at prices, the LNG front-month futures this year have been trading consistently at lower levels than last year, mainly due to rising inventories in Europe. Gas prices in East Asia are at the TTF in Europe are down more than 50% compared with this time last year, averaging close to \$15.00 per million British thermal units (MMBtu), according to Bloomberg data.

Gas is central to energy transition in developing nations; Crescent CEO

Crescent Petroleum CEO Majid Jafar views natural gas as central to a successful energy transition in the developing world but these countries need better access to finance projects. Switching from coal- to gas-fired power generation could cut 15% of global CO₂ emission – for an investment of about \$2 trillion which may prove hard to come by.

Investors, policymakers and the energy sector need to align and closely collaborate to achieve affordable, available and sustainable energy supply, Jafar said at the opening of the World Energy Capital Assembly in London. “The urgency of this mission,” he noted, “is underlined by the fact that by mid-century global energy demand will surge by 50% as the world’s population grows from 8 billion to an estimated 10 billion.”

Gas and renewables – the cheapest way to cut emissions

Pairing natural gas with renewables is, in fact, widely accepted as most effective to curb emissions quickly and affordably. But when investment in gas upstream and gas-fuelled power generation is staved, the global South is forced to turn to cheaper fuels, notably more polluting coal or even wood.

Unlike oil, which in many parts of the

world is dominated by national oil companies, natural gas hinges largely on private sector producers who serve local markets and exports part of the gas bounty abroad in the form of LNG. Many of these projects are, according to the Crescent Petroleum CEO, “heavily reliant on private sector investment, sourced from Western capital.”

Reduce flaring and methane leaks is “good business”

As a responsible oil and gas producer, Crescent Petroleum has reduced its carbon intensity to 6.0 kgCO₂e/boe, the lowest in the MENA region and less than half the industry average. To that end, the privately-owned company cut total flared and leakages of methane 31% compared to 2021, amounting to just 0.12% of total production, while cutting hazardous waste 90%.

“We have long believed that reducing fugitive emissions is not just good

citizenship but good business,” said Jafar, explaining that the fugitive emissions campaign that started in 2021 at Crescent’s Khor Mor gas plant uses infrared technology to identify and fix leaks. The program already reduced methane fugitive emissions by 42% and is seen to be “progressing toward zero methane emissions within years.”



Oil & gas platform at the Mubarek field off Sharjah, UAE

China's new fixed-capacity tariff benefits coal power plants

Coal, not cleaner-burning gas power plants in China will be guaranteed payments based on their installed capacity from 2024, as Beijing seeks to ensure stable and affordable electricity supply. Fitch Rating believes this policy will compensate coal-fired power gencos' earnings loss from lower utilisation hours due to rising renewable installations, while making gas peaking plants less attractive.

From January 2024, China's National Development and Reform Commission (NDRC) allows operators of coal-fired power plants to charge a fixed-capacity tariff of CNY330 (\$45.25) per kilowatt per year, which is calculated based on a thermal power plant's investment cost. The tariff will be paid to power producers by the grid operators.

The intermittency of power supply from China's rapidly expanding wind and solar power sources have raised concerns about energy security which made policymakers in Beijing single out coal as a backstop power source. Introduction of the capacity tariff means that coal-fired power is incentivized to reduce output in hours when renewable

power output increases in a bid to lower the risk of oversupply, analysts explained. On the other hand, coal-fired power is required to produce maximum output to meet peak load demand when required; and its capacity tariff will be reduced if it fails to do so.

The new tariff empowers operators of coal-fired plants in northern China to recover some 30% of their capital costs between 2024 and 2025, NDRC said, adding the capacity payment rate will be raised to at least 60% in all regions starting from 2026.

Pay-outs will be based on plant availability. Fitch Rating hence anticipates the new tariff will constitute 15%-30% of coal-fired power gencos' total profit in the interim period up to 2025, and over 50% of total profit when the

tariff charged increases to the full amount. Critics warn the new policy will cement coal's dominance over natural gas in the Chinese power sector, locking in carbon emissions for decades to come.



Coal brought by train to a Chinese power station

China Belt & Road Initiative brings 128 GW of new power capacity in 10 years

Chinese developers have made significant strides in the Belt & Road (B&R) initiative's overseas power projects: With an estimated investment value of around \$200 billion, they completed 300 projects over the past decade with an installed capacity of 128 GW, though Wood Mackenzie finds that over 20% of proposed project have been shelved or cancelled.

Asia has been the primary destination for Belt & Road power projects, accounting for 75% of the total capacity, with Pakistan, Vietnam, and Indonesia being the top three markets. Among the completed projects, 62 are fired with coal and 30 are running on natural gas, while the share of renewables in newbuild capacity has increased significantly from 19% ten years ago to 47% last year.

But "despite making progress, Chinese companies have faced significant chal-

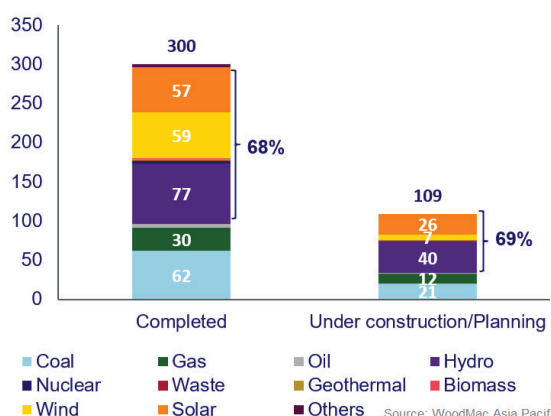
lenges, particularly in developing markets," WoodMac's head of Asia Pacific Power, Alex Whitworth said, specifying: "Of the 481 BRI projects that we monitored, 72 were either cancelled or put on hold after initiating them. Most affected projects were in Asia and Africa, with Asia contributing 60% and Africa contributing 32% of the total capacity."

No new overseas coal

A total of 54 GW of projects were cancelled or shelved and analysts found Chinese

companies faced more risks when developing greenfield projects, with a 27% rate of cancellation or shelving, compared to a 9% failure rate for pure EPC turnkey projects.

Coal was most affected from project cancellations (33 GW compared with just 6 GW for gas), primarily due to changes in policy and increased political pressure to reduce carbon emissions. China's 'No new overseas coal power' policy, announced in September 2021, has altered the project pipeline significantly.



Focus on RES and direct investment

In the face of challenges, China's outlook for overseas power projects remains steady, with analysts estimating the project pipeline at around 13 GW per year focussed on markets in Africa and Asia.

The Belt & Road initiative's influence on global power markets is growing with a further 80 GW already under construction or at the planning stage. But Beijing has changed its overall strategy and Whitworth said he expects to see more focus on renewables, and more direct investment than the bilateral lending.

NET prepares for combustor demonstration at La Porte test facility

US clean energy developer NET Power is preparing for combustor and turboexpander demonstrations with Baker Hughes at its 50 MW La Porte test facility in Texas. Based on the Allam-Fetvedt cycle, La Porte converts natural and renewable gas into zero-emissions power as a front-runner for the 300 MW Project Permian which was pushed back to late 2027.

Demos and combustion test at La Porte will “de-risk our first utility-scale project,” NET CEO Danny Rice said, specifying the company’s operations team is “progressing through FEED and site-related permitting for Project Permian.”

The timeline slipped for the 300 MW clean energy project in West Texas which was initially scheduled to start operation in 2026. “Due to the tightness in the global supply chain, we are incorporating a 12-month cushion into our schedule for Project Permian,” Rice said, specifying initial power generation is now expected to be achieved “sometime between the second half of 2027 and first half of 2028.”

Bottlenecks in the global supply chain will likely be resolved by the time NET will deploy its second utility-scale plant, the CEO suggested. He was quick to add that NET Power was “over-capitalized upon going public,” hence the company expects to have “meaningful cash on hand at commercialization of Project Permian.”

While various equipment demonstrations will be carried out at the La Porte test facility, Zachry Group is progressing with FEED for Project Permian, situated near Midland-Odessa, Texas. During the third quarter 2023, NET Power released initial bid packages for long-lead equipment and progressed negotiations for supply and offtake agreements.

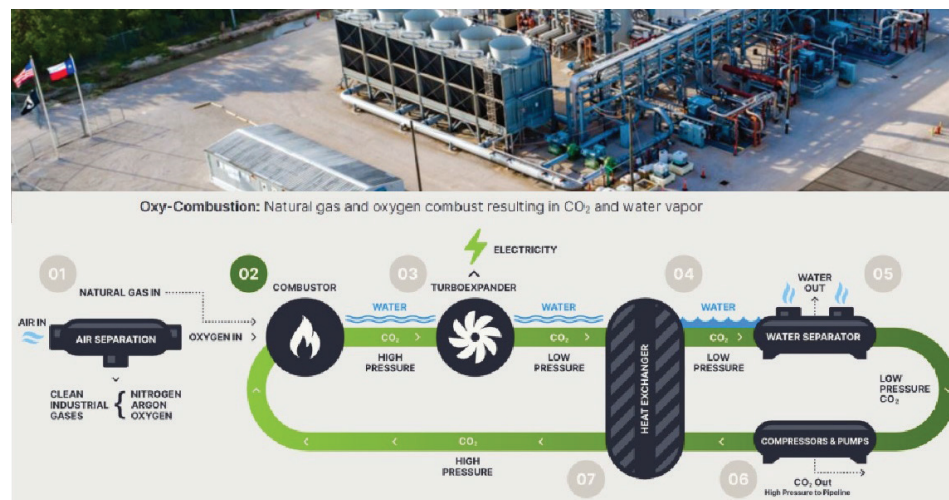
Expenditures related to Project Permian totalled \$2.5 million in the third quarter of this year. Looking ahead, NET expects to release initial long-lead equipment orders in the first half of 2024, and achieve initial revenues from power generation sometime between September 2027 and June 2028.

LCOE below \$40/MWh

The NET Power Cycle uses existing technologies, notably the Allam-Fetvedt supercritical carbon dioxide (sCO₂) power cycle, to generate clean energy in a closed-loop environment. Hereby, natural gas is combusted with pure oxygen, producing CO₂ and water which gets mixed with recirculated CO₂ and use it to spin a turboexpander which produces electricity.

When the turboexpander exhaust cools, water and by-products are removed while most of the CO₂ is compressed and recirculated back to the turboexpander. Excess carbon exits the cycle, gets captured and sold to the chemical industry.

Oxyfuel combustion plants are designed to generate reliable power with a carbon intensity similar to solar or wind, coupled with a short-duration battery, at a levelized cost of electricity (LCOE) of approximately \$21-\$40/MWh, the developer said, adding a single utility-scale 300 MW NET power plant would generate enough electricity for over 220,000 homes per year in the United States.



NET's La Porte test facility

GE's Fleet Orchestration software helps balance RES with fossil assets

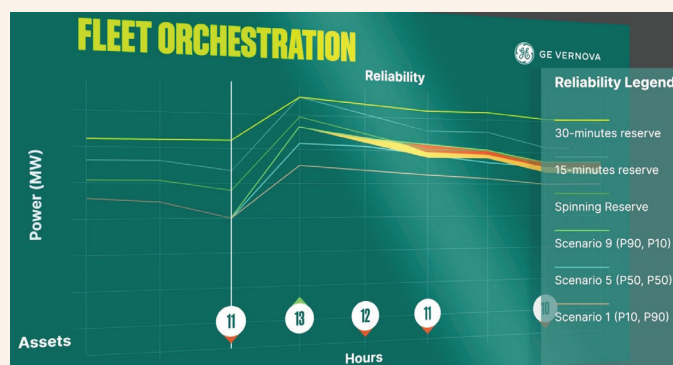
Fleet Orchestration, a new AI-based software launched by GE, allows vertically integrated utilities to combine renewables with their existing gas- and coal-fuelled power plant assets. Performance predictions – previously only available for thermal power generators – are now also available to model and anticipate the contribution of wind and solar power sources.

The module automates these predictions for various time intervals ranging from 15 minutes to weekly for each unit, block, and plant within the fleet. Using a fast-running stochastic model, the new Unit Commitment Optimizer provides

probabilistic insights for planning and real-time dispatch recommendations when conditions change.

These recommendations help utilities set appropriate reserve margins and maximizing the use of renewables with their near-zero operating costs. A study of ISO New England finds that to reach 56% renewables use, the reserve margin – how many extra resources

are needed to keep the system reliable in times of stress – may need to increase from 15% to 300% by 2040.



Indiana utility plans to build gas power plant despite criticism

Northern Indiana Public Service Co. (NIPSCO) is upholding plans to build a 400 MW gas-fired power plant that critics deem unnecessary and in conflict with clean energy goals. But NIPSCO says it needs the \$643 million gas peaker on the site of the retiring 1,625 MW Schahfer Generating Station since it wants to exit coal by 2028 and transition to renewables.

In September, NIPSCO filed to the Indiana Regulatory Commission for a certificate of public convenience that is necessary to build the plant.

"Energy from renewable resources does not follow the load," David Walter, NIPSCO vice president for power delivery, testified before the commission. "In order to have generation available when the load is there but sufficient energy from renewable resources is not, it is critical to have sufficient fast-starting, quick-ramping dispatchable generation," he stressed with reference to the proposed flexible gas power plant.

Putting a clean face on the project, NIPSCO also stressed the gas peaker could be converted to run on a blend of natural gas with hydrogen. The US Department of Energy



The gas peaker is meant to be built on the R. M. Schahfer site

(DoE) is supporting hydrogen as a zero-emission fuel for power generation and industrial use by freeing up funding for regional hydrogen hubs.

Today, NIPSCO's power plant portfolio consists of 43% coal, 26% natural gas, 17% solar and 15% wind power assets. In its latest

integrated resource plan, the utility vowed to shut down its entire coal power fleet by 2028 while keeping the existing Sugar Creek gas power plant in operation.

By 2028, NIPSCO aims to source 31% of its power output from natural gas, 12% from wind and 55% from solar and energy storage. The proposed 400 MW gas power plant is claimed to be vital to balance rising volumes of inherently intermittent renewable energy and rule changes in the MISO wholesale market.

Critics claim that rather than building a new gas peaking plant, NIPSCO could be buying balancing power from the wholesale market or incentivise its offtakers to reduce peak power use through attractive demand-respond mechanisms. ■

Libya's GECOL connects first unit at Tobruk power station to the grid

Engineers at General Electricity Company of Libya (GECOL) have completed operational tests at the new Tobruk gas-fired power station. The first unit, with a capacity of 185 MW, has been successfully connected to the national electricity grid, GECOL said, vowing the second unit will be operational no later than 15 December and third unit in early January 2024.

The Greek construction firm Mytilineos is carrying out EPC works for the dual-fuel power plant at Tobruk, capable to run on natural gas or fuel oil and powered by four GE GT13E2 gas turbine in open-cycle configuration. Components for the fourth unit are expected to arrive shortly at the port of Tobruk, a GECOL spokesman told local media.

Once fully operational, the three units of the plant will have a combined capacity of 740 MW and will help stabilise the supply of electricity to Libyan cities in the eastern part of the country. The conflict-ridden nation has for long suffered power shortages and rolling blackouts, despite being home to substantial oil and gas resources.

Striving to boost production from existing power plants, GECOL has asked GE to carry out overhaul works at the North Benghazi combined-cycle power plant. In the same context, Siemens Energy has supplied spare parts and equipment to the Misrata combined-cycle plant.

New-build capacity is also on the horizon: In March, South Korea's Daewoo

E&P was awarded a \$790 million contract to design, built and commission the Mellitah/Misurata Fast Track Power Generation Project. The plan is to add two gas-fired power plants in the Mellitah and Misurata regions to help cope with peak power demand during the summer season. ■



Tobruk open-cycle gas power station in eastern Libya

Black Rock supports Capital Power's \$1.1bn CCGT acquisition

Capital Power has agreed to acquire two gas-fired power plants in the United States for \$1.1 billion in a deal that is partly backed by Black Rock and would make the Canadian utility the fifth-largest generator in North America. The acquisition includes the 1,061 MW La Paloma combined-cycle plant in California, and the 1,092 MW Harquahala CCGT in Arizona.

Under a newly established partnership, Capital Power and Black Rock will each fund 50% of the cash consideration for the Harquahala acquisition. Subsequently, Capital Power will operate and maintain the asset for which it will receive an annual management fee.

"Harquahala (...) benefits from a contract for 100% of the plant's capacity through 2031 with an investment grade utility," said Mark Florian, head of BlackRock's Diversified Infrastructure Group. The asset fits well into Black Rock's approach to partner with operators to acquire and manage contracted critical infrastructure.

The equity interest in CXA La Paloma, meanwhile, will be bought by Capital Power outright. Both acquisitions are expected to close in the first quarter of 2024.

Avik Dey, CEO of Capital Power said acquisition of La Paloma and the partnership in Harquahala's gas generation assets "unlocks an interesting market opportunity in WECC, where we can play a leading role in supporting the shift to low-carbon energy solutions." ■

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