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Spain's Enagás hits LNG bunkering record pace after recent expansion

Terminals operator reports a surge in customers for its refuelling services

LNG News Editor

The Enagás jointly-owned 'Haugesund Knutsen' refuels a cruise ship amid growing list of customers in region

Enagás, the Spanish natural gas operator of six large LNG terminals and with gas assets in other European countries and overseas, has reported a surge in customers for its LNG bunkering services along the Spanish coastline and even more fuel will be supplied in 2024 as bunkering vessels arrive on station.

The volume of LNG loaded as fuel by the plants operated by Enagás in 2023 amounted to 1,359 gigawatt hours, the equivalent of around 108,350 tonnes of LNG fuel during the year, more than four times the figure logged in 2021 when the total was 300 GWh.

The figure is expected to be surpassed in 2024 as several LNG bunkering vessels are now serving Spanish ports.

"This growth in the use of LNG has made it possible to stop emitting more than 74,000 tons of CO2 equivalent, as well as practically all emissions of sulfur and nitrogen oxides, improving the air quality in port environments," said Enagás.

Terminals network

Enagás owns or has stakes in five large Spanish terminals at Barcelona in the northeast, at Cartagena in the southeast, at Sagunto in the east of Spain, at Huelva in the southwest and the El Musel facility in the Port of Gijón in northwest Spain.

Enagás additionally holds a 50 percent stake at another northwest facility serving the northwest port of Bilbao and owns two small regasification terminals in the Canary Islands.

Enagás said it was offering comprehensive solutions by adapting its terminals and building supply barges, through its subsidiary Scale Gas and positioning itself as the European operator with the most aggregate cargo capacity.

Bunkering vessels

It added that this progress is due to the success of public-private collaboration in projects co-financed by the European Commission.

"These initiatives, led by Puertos del Estado, the Spanish Ports Authority and coordinated by Enagás, have led the development of an integrated, safe and efficient logistics chain for the supply of LNG as fuel on the Iberian Peninsula," stated Enagás.

Enagás noted that its regasification plant in Barcelona can now carry out direct bunkering operations (pipe to ship, PTS) and, since the "Haugesund Knutsen" vessel, co-owned by Norwegian shipping line Knutsen AS and Scale Gas, began operating in the northeast port at the beginning of 2023, it supplies LNG as fuel also through ship-to-ship transfers.

The "Haugesund Knutsen" is a Spanish-built bunkering ship with 5,000 cubic metres of capacity.

With the start of operations of the "Levante LNG" vessel, co-owned by Península and Scale Gas, the volume loaded in the first four months of 2024 at the Enagás regasification terminal at Huelva in southwest Spain increased by 82 percent compared with the total supply in 2023.

"This terminal loads LNG on STS supply barges and will soon carry out PTS operations," the company said.

"In addition, Scale Gas is building a third LNG and BioLNG supply ship, with the support of the Spanish Government through Next Generation funds, which will operate mainly in the Canary Islands from 2026," Enagás added.

Pioneering plants

At the Enagás LNG terminal at Cartagena in southeast Spain, a pioneer in Europe in offering PTS LNG services, it will soon been offer the possibility of STS operations.

In addition to three regasification mentioned, which are 100 percent owned by Enagás, the three other terminals majority owned by the company in Spain also provide bunkering services. ■

UNLIMITED AGENDA

Golar LNG swings to profit as FLNG project for Senegal and Mauritania moves forward

LNG News Editor

Golar LNG Ltd, the shipping company with a small but growing fleet of floating liquefied natural gas production and project vessels including the "Hilli Episeyo" offshore Cameroon and the "FLNG Gimi" for offshore Mauritania and Senegal, swung to a profit from a previous loss.

Golar reported net income to the end of March 2024 of $66.49 million compared with a loss of $31.07M in the same three months of 2023.

However, total operating revenues were lower at $64.96M versus $73.97M in the prior-year quarter.

Investment

The company said that a total of $45M was invested in "FLNG Gimi" during the quarter, with the total asset under development balance as at March 31, 2024 amounting to $1.6 billion.

The "Gimi FLNG" is now stationed at a nearshore hub located on the Mauritania and Senegal maritime border.

Golar's 'FLNG Gimi' at Greater Tortue Ahmeyim gas area

It will begin production as part of the first phase of the Greater Tortue Ahmeyim project owned by UK major BP and US partner Kosmos Energy.

"Hook-up and commissioning of the FPSO are on the critical path to first gas and are expected to be completed in the third quarter of 2024," explained Golar.

"Commissioning of 'FLNG Gimi' can commence thereafter and is expected to last for approximately six months," Golar noted.

The "Gimi FLNG" was converted from a 1975-built Moss-type LNG carrier with a storage capacity of 125,000 cubic metres and has liquefaction capacity of 2.7 million tonnes per annum.

Cameroon FLNG

Golar said that the "FLNG Hilli" offshore Cameroon maintained her market-leading operational track record, generating $68M quarterly distributable adjusted gross earnings.

The company noted in its results presentation that the "FLNG Hilli" has offloaded 112 cargoes since it began operations in 2018.

Golar explained that the FLNG business development plans were already focusing on the re-deployment of the "FLNG Hilli" following the end of her current charter in July 2026, and thereafter ordering and securing commercial terms for a third FLNG production vessel.

The framework agreement for potential FLNG deployment has now progressed to detailed contract negotiations for an up to a 20-year FLNG deployment.

Golar said that the next FLNG development has a planned start-up during 2027.

"Geographically, most of the activity remains in West Africa and South America, however we are pleased to see other regions with proven stranded and associated gas reserves seek FLNG development," said Golar.

Due to increased FLNG business development activity Golar has recruited Federico Petersen as Chief Commercial Officer. Golar added that a further two highly experienced maritime and upstream development team members will join later this year. ■

Southern Energy with main natural gas assets in north Gulf Coast hopes for price recovery

Southern Energy Corp., the established producer with natural gas and light oil assets in the northern US Gulf Coast, has posted earnings for the first quarter affected by declining gas prices compared with last year.

Southern Energy, which is listed on the Toronto Stock Exchange and the Alternative Investment Market in London, reported a widening of losses as prices and sales volumes fell.

Mississippi Salt Basin

The company, headquartered in Calgary, Alberta, posted a loss of US$3.12 million compared with US$1.12M in losses in the same three months of 2023.

Southern's main assets are in the Mississippi Interior Salt Basin (MISB) and is the most productive basin in the northeast Gulf Coast region, having produced more than 1.5 billion barrels of oil and 8.0 trillion cubic feet of gas.

Located on the north flank of the Gulf Coast Plain, with an average width of 125 miles and covering a total area of 6,000 square miles, it extends from northeast Louisiana to southwest Alabama.

Southern Energy's three main assets in the MISB are the Gwinville, Mechanicsburg, and Mount Olive East fields, which comprise over 89 percent of its proved plus probable reserves and around 88 percent of the present value of such reserves, with the remainder of the company's assets comprising a number of lower value fields in the MISB.

"The company's first quarter results show the resilience of our business in an environment which experienced one of the warmest winters in US recorded history," said Ian Atkinson, President and Chief Executive.

"Along with the warm weather came low heating demand for natural gas and supressed pricing," added the CEO.

"Our focus has been on improving our already low-cost structure, which our operations team has done an excellent job of executing," he said.

Southern said that sales volumes for natural gas and petroleum declined to $4.79M from $5.18M in the prior-year quarter.

The company's average production in the first quarter was 96 percent natural gas.

Realised prices

The company said that average realised natural gas and oil prices for the quarter amounted to $2.53 per thousand feet and $74.86 a barrel for oil compared with $3.25 per Mcf and $75.73 per barrel in same quarter of 2023.

Southern said that as part of its risk management and sustainability strategy, Southern continuously monitors both the price of NYMEX, as well as the basis differentials, in order to mitigate some of the volatility of natural gas prices. ■

Tanzania plans small-scale LNG project with group from Egypt

LNG News Editor

The national oil and gas company of the East African nation of Tanzania has signed an agreement to develop a small-scale LNG project to boost domestic gas use ahead of a planned large-scale LNG export project.

Tanzania Petroleum Development Corp. (TPDC) said the agreement was signed in the port city of Dar Es Salam in Tanzania with Egyptian company Rosetta Energy Solutions, a subsidiary of the Taqa Arabia group, and the African investment bank Africa50.

"The project will feature a small-scale liquefaction plant in Dar es Salaam, a fleet of cryogenic containers for road transportation, and regasification plants near customer locations to convert LNG back to natural gas," the statement explained.

Domestic gas needs

"The Virtual LNG Pipeline will provide reliable, economical, and clean energy to households, industries and the transportation sector," it added.

Rosetta Energy of Egypt and Tanzanian and bank officials at the signing of the accord in port of Dar Es Salam

Rosetta Energy said it aimed to help Tanzania establish itself as a regional energy hub, leveraging the extensive expertise of Taqa Arabia in pipeline gas, LNG, renewables, power and water solutions.

With a modular design allowing scalable LNG capacity to match varying demand, the virtual pipeline can accommodate fluctuating energy demands in developing areas where future growth in energy requirements is anticipated.

"This agreement is key for our aspiration to be Tanzania's first LNG developer," said Karim Shaaban, Chief Executive of Rosetta Energy.

"It underscores our commitment to enhancing Tanzania's natural gas infrastructure, providing competitively priced and reliable energy to foster sustainable industrial growth and local community prosperity," Shaaban added.

"With a target investment exceeding $100 million, the project will generate multiple jobs throughout the value chain," he stated.

"Together with our partners, we aim to accelerate the project with potential construction starting as early as 2025," Shaaban said.

ARA Petroleum of Oman awarded licence to develop Tanzania field

ARA Petroleum, part of the Zubair Corporation based in the Sultanate of Oman in the Arabian peninsula, has been granted a 25-year development licence for the Ntorya gas discovery area onshore the far south of Tanzania.

The licence was awarded to the operator of the existing Ruvuma joint venture, ARA Petroleum Tanzania Limited (APT), a wholly owned subsidiary of ARA Petroleum.

APT took over operatorship of the onshore Ruvuma JV in 2020 and now owns a 75 percent working interest.

The Ntorya gas field lies within the Tanzanian onshore Ruvuma JV licence area and is adjacent to a region containing the world-class offshore natural gas resources with the same name in the Rovuma Basin underpinning LNG projects in Mozambique waters to the south.

ARA Petroleum is based in Muscat, Oman, and has affiliated offices in London, Dar es Salaam in Tanzania and Trondheim in Norway.

The award of the development licence allows ARA Petroleum's APT unit to proceed with Tanzania's largest onshore gas development with the goal of producing gas for the growing domestic market in the next year.

"We are delighted to receive this licence from the Ministry of Energy and thank all the Tanzanian agencies involved," said Erhan Saygi, General Manager of APT.

"We are ready to launch work immediately to bring this onshore development project into production," he stated.

APT explained that it had prepared a field development plan that includes, but is not limited to, converting an existing well into a producing well, building in-field gas processing facilities and contracting a rig operator to drill a third well to appraise the field further.

CNOOC of China gets Mozambique concession

China National Offshore Oil Corp. (CNOOC), the Chinese energy major with international and domestic LNG interests, has signed independent exploration and production agreement with the southeast African nation of Mozambique near where another Chinese major holds LNG project stakes.

CNOOC said five of its subsidiaries had signed oil exploration and production concession contracts with Mozambique's Ministry of Mineral Resources and Energy and Empresa Nacional de Hidrocarbonetos (ENH), the Mozambican state-owned hydrocarbons company.

CNOOC said in a statement that the contract is for five offshore blocks covering a total area of about 29,000 square kilometres in water depths ranging from 500 metres to 2,500 metres.

"The first phase of the exploration period is four years, with five CNOOC subsidiaries serving as operators in the exploration and development phases, having independent operator rights and interests," CNOOC explained.

CNOOC said its activities in the five blocks would focus on oil exploration under the contract covering S6-A, S6-B, A6-D, A6-E and A6-G which are all located offshore Mozambique.

CNOOC's blocks are in the Angoche offshore region of Mozambique's Nampula province located just south of the troubled Cabo Delagdo province where an onshore LNG project has been suspended for several years because of an armed incursion.

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NEWS BRIEFS

Algeria-Mozambique talks

Long-standing LNG exporter Algeria has held talks with one of the newest LNG nations Mozambique on future cooperation. Mozambique's Minister of Economy and Finance, Ernesto Max Tonela, met in Algiers with Algerian Energy Minister Mohamed Arkab and both countries have agreed to cooperate on natural gas exploration and production issues and on LNG markets. "Algeria offered to share its experience in terms of the natural gas sector in addition to the development of gas fields and the production and transportation of LNG," said Arkab. "Algeria also wishes to provide support to Mozambique from state energy company Sonatrach through training in the hydrocarbon professions as well as the transfer of Sonatrach's know-how in international energy trading markets," the Algerian minister added.

South Korean exapansion

South Korean project company GS Engineering and Construction is advancing with plans to build an LNG import terminal in the southwestern city of Yeosu in South Jeolla Province, which would be Korea's eighth import facility. GS Engineering estimates the terminal will cost around 600 billion South Korean won ($440M) and will have two LNG storage tanks, each with a capacity of 200,000 cubic metres as well as auxiliary facilities and port infrastructure. The company added that once completed by around 2028, the terminal would supply regasified LNG to industrial companies and power plants at the national industrial complex at Yeosu. The oldest Korean terminal was completed in 1986 at Pyeong-Taek, followed by an expanded network comprising Incheon (1996), Tong-Yeong (2002), Gwangyang (2005), Samcheok (2014), Boryyeong (2016) and Jeju (2019).

■

US LNG report shows Netherlands as leading destination for start of 2024 and Germany and Dominican Republic paying high prices

LNG News Editor

US cargo being delivered to Gate terminal in Rotterdam

The US Department of Energy issued its May 2024 liquefied natural gas and pipelines export and import data report with the Netherlands heading the cargo destination list for the first three months of 2024 and with Germany paying the second-highest prices for cargoes of any nation apart from the Dominican Republic.

The DoE's May 2024 LNG and pipeline natural gas report gave volumes, prices and trends for March 2024.

In March, the US said it exported 668.0 billion cubic feet and imported 250.4 Bcf of natural gas, which resulted in 417.5 Bcf of net exports.

Top 10 destinations

The Top 10 recipients of US LNG deliveries in March was headed by France with 19 cargoes and 12 percent of them were spot transactions.

In second-place was the Netherlands with 18 shipments followed by Japan with eight, Spain with eight, South Korea with six, China with six.

In seventh place was Germany with five cargoes and with one being a spot shipment.

The eighth, ninth and 10th places were shared by Thailand, India and the UK with each taking delivery of four cargoes.

The Top 10 overall importers by number of cargoes in the first three months of 2024 through March were: 1. The Netherlands 43 cargoes (8 percent spot); 2. France 42 cargoes (8 percent spot); 3. UK 27 (12 percent spot); 4. Spain 24 (13 percent spot); 5. Turkey 23 (0 spot); 6. Japan 22 (0 spot); 7. South Korea 17 (0 spot); 8. Germany 15 (20 percent spot); 9. Italy 15 (1 percent spot); 10. China 13 (0).

US data also showed the 10 nations who paid the highest average prices. These were on a free-on-board (FOB) basis including all costs of the LNG up to the point of export, including commodity costs and liquefaction fees.

The countries that paid the highest prices for US LNG shipments during March 2024 were: 1. Dominican Republic $9.18 per million British thermal units; 2. Germany $8.97 per MMBtu; 3. Chile $7.83 per MMBtu; 4. Turkey $7.17 per MMBtu; 5. Lithuania $7.14 per MMBtu; 6. Singapore $6.37 per MMBtu; 7. UK $6.22 per MMBtu; 8. Colombia $6.02 per MMBtu; 9. China $5.92 per MMBtu; 10, Poland $5.48 per MMBtu.

The US data also shows the total number of cargo deliveries since February 2016 from the Lower 48 states through March 2024. The Top 10 nations are: 1. South Korea 595 cargoes; 2. France 498; 3. Japan 478; 4. UK 461; 5. Spain 447; 6. Netherlands 432; 7. China 360; 8. Turkey 256; 9. India 244; 10. Brazil 238.

The number of cargoes exported in March 2024 from each of the seven US export facilities came to 119 in total versus 116 in February 2024.

Sabine Pass in Louisiana exported 40 shipments, Cameron, Louisiana (20), Corpus Christi, Texas (18), Calcasieu Pass, Louisiana (14), Freeport, Texas (10), Cove Point, Maryland (10) and Elba Island, Georgia (7).

FOB prices

Average US LNG export prices on a free-on-board (FOB) basis, including all costs of the LNG up to the point of export as well as commodity costs and liquefaction fees, dropped in March 2024 to $5.47 per million British thermal units from $6.31 per MMBtu in February 2023.

LNG cargoes from the Calcasieu Pass plant cost the most at $9.23 per MMBtu in March 2024 compared with $10.21 per MMBtu in the previous month of February 2024 and $21.38 per MMBtu back in March 2023.

The Cove Point plant had the second-highest average prices in March at $6.01 per MMBtu, down from $6.70 per MMBtu in the previous month of February 2024.

The prices at the Corpus Christi facility were the third highest in March at $5.39 per MMBtu versus $6.10 per MMBtu in February 2024.

Freeport LNG had the fourth-highest average prices in March at $5.17 per MMBtu, down from $5.94 per MMBtu in the previous month of February 2024.

Sabine Pass was in fifth place with $4.70 per MMBtu and in the previous month the price was higher at $5.67 per MMBtu.

The Cameron LNG plant was sixth in the prices line with $4.51 per MMBtu in March versus $5.26 per MMBtu in February.

The Elba Island plant in Georgia was at the bottom of the prices list in February at $4.39 per MMBtu versus $5.09 per MMBtu in February 2024.

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Dallas-based Energy Transfer seals $3.35Bln deal for WTG Midstream in M&A activity

LNG News Editor

Energy Transfer, the owner of pipeline and other assets in the Permian Basin and other shale basins in the Gulf Coast states as well as the Cushing crude oil delivery system and with a currently stalled LNG export project at Lake Charles, has signed a deal to acquire WTG Midstream for $3.25 billion in cash and shares.

The latest US oil and gas acquisition comes in the busiest year on record for US mergers and acquisitions numbering more than a dozen in the past 12 months and involving energy majors like ExxonMobil Corp. and Chevron Corp. as well as second-rung operators.

Energy Transfer said it was buying WTG Midstream from affiliates of US assets manager Stonepeak, the Davis Estate and Midland, Texas-based Diamondback Energy.

The Energy Transfer terminal located near Houston

Transaction terms

The total consideration for the transaction will comprise $2.45Bln in cash and around 50.8 million newly issued Energy Transfer common units.

The transaction is expected to close in the third quarter of 2024, subject to regulatory approval and customary closing conditions.

Energy Transfer, based in Dallas, Texas, said that WTG provided comprehensive midstream services including wellhead gathering, intra-basin transportation and processing services.

"The company's 6,000-mile pipeline network serves significant operators in some of the most active areas of the Midland Basin including Martin, Howard, Upton, Reagan and Irion counties," said a statement on the deal.

WTG also operates eight processing plants with a total capacity of around 1.3 billion cubic feet per day and is constructing two new plants with an additional capacity of 0.4 Bcf per day.

The first new plant is expected to be in service in the third quarter of 2024 and the second plant the third quarter of 2025.

Huge portfolio

Energy Transfer currently owns and operates one of the largest portfolios of energy assets in the US comprising more than 125,000 miles of pipeline and associated energy infrastructure.

The company's strategic network spans 44 states with assets in all of the major US production basins.

Energy Transfer's acquisition also includes a 20 percent interest in BANGL Pipeline, a 425-mile Natural Gas Liquids pipeline with an initial capacity of 125,000 barrels per day, expandable up to more than 300,000 barrels per day and connecting the Permian Basin to markets on the Texas Gulf Coast.

"The company benefits from well positioned assets in the Permian which is the most active region in the US and this acquisition is expected to provide future upside as the basin continues to develop on and around Energy Transfer's infrastructure," explained the company.

RBC Capital Markets is serving as financial advisor to Energy Transfer, and Vinson & Elkins LLP is acting as Energy Transfer's legal counsel on the transaction.

Jefferies LLC is serving as financial advisor to WTG and Sidley Austin LLP is acting as WTG's legal counsel. ■

NEWS BRIEFS

Equinor gas field opening

Equinor, the Norwegian LNG and pipeline natural gas supplier to Europe, said it was investing 12 billion crowns ($1.12Bln) to further develop the infrastructure underpinning the Troll West gas province on the Norwegian Continental Shelf. "This project will secure high gas production from the Troll field. The partnership's decision is important in order for us to fully utilise the capacity of existing infrastructure. We've chosen to use solid, familiar suppliers, most of whom already have framework agreements with us," said Geir Tungesvik, Equinor's executive vice president for Projects, Drilling and Procurement. The new infrastructure will accelerate production from the reservoir equivalent to about 55 billion standard cubic metres of natural gas. ■

Santos in supply deal gas utility Hokkaido

Santos Ltd, the Australian operator of two liquefied natural gas export plants and a main shareholder in Papua New Guinea LNG assets, has signed a long-term supply deal with Hokkaido Gas Co., the Japanese utility.

The binding long-term LNG Supply and Purchase Agreement (SPA) with Hokkaido Gas will provide cargoes from the Santos world-class portfolio.

The Supply and Purchase Agreement (SPA) will ensure the delivery of 400,000 tonnes per annum of LNG for 10 years starting in 2027.

The volumes will be shipped to Hokkaido, the northernmost of the main Japanese islands, on a delivered ex-ship (DES) basis whereby the Australian company organises the shipping.

A statement said that Hokkaido Gas and Santos also intended to collaborate to explore carbon sequestration and e-methane opportunities across their respective portfolios.

Santos Chief Executive Kevin Gallagher said the SPA contract was consistent with the strategy of maintaining long-term LNG pricing and demonstrates the value of having a "high-quality" portfolio.

Gallagher noted that the agreement further demonstrated the strong demand "for high heating value LNG" from projects such as the Santos Darwin LNG facility and its Barossa gas project in the Timor Sea and the PNG LNG production and expansion ventures.

"This SPA is a significant step in developing Santos's equity LNG portfolio and establishes a long-term relationship with Hokkaido Gas, a Japanese gas utility providing natural gas within the Hokkaido region of Japan," added Gallagher.

Tellurian signs accords to sell US gas assets to investment firm Aethon

LNG News Editor

Tellurian Inc., the developer of the Driftwood LNG export project in Louisiana, has signed an agreement to sell its Haynesville gas production business in East Texas and Louisiana to Dallas, Texas-based Aethon Energy Management, a private investment firm.

Tellurian said Aethon had agreed to pay $260 million for the shale gas business and additionally signed an accord to purchase 2 million tonnes per annum of LNG from the Driftwood liquefaction plant.

"The assets will expand Aethon's footprint in the Louisiana Haynesville and Bossier shale basins with approximately 31,000 net acres, including gathering and treating systems that have capacity for up to 100 million cubic feet per day that will bring Aethon's pro forma gathering and treating capacity to over 3 Bcf per day across its assets," said a statement.

Executive Chairman Martin Houston pleased with sale deal

Lazards role

Tellurian earlier in 2024 hired the investment bank Lazards to explore a sale of its Haynesville gas production business as part of efforts to raise new capital to continue the Driftwood project with full permits to produce 27.6 million tonnes per annum.

The Driftwood project as it currently stands involves constructing 20 mid-scale processing Trains, each with 1.38 MTPA of capacity and built as five blocks of Trains.

According to the regulatory permits and building schedules the Phase One development would include the first two of these blocks for 11 MTPA of output and two of three planned 235,000 cubic metres storage tanks and the first of three planned loading berths for LNG carriers.

Tellurian's natural gas assets include 31,149 net acres, interests in 159 producing wells and over 400 drilling locations in the Haynesville Shale.

The Tellurian-Aethon Heads of Agreement contemplates the parties negotiating a 20-year offtake agreement which would be indexed to Henry Hub plus a liquefaction fee, with appropriate credit support, to provide the basis for project financing of Driftwood LNG.

Japanese loan deal for Australian Pluto LNG expansion project

The Japan Bank for International Cooperation (JBIC) has signed a US$1 billion loan agreement to help finance the Scarborough Gas Project in Western Australia to provide feed-gas supplies for the Train II development at Pluto LNG operated by Woodside Energy.

A statement from JBIC said the $1Bln loan agreement was signed by Woodside Finance Ltd and would sit alongside a loan facility from private financial institutions amounting to a total of US$1.45Bln.

"The loan is intended to provide funds to assist Woodside in developing the Scarborough Energy Project, which is located off the northwest coast of Western Australia," explained JBIC.

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

JERA funding

The loan follows an agreement signed by an Australian subsidiary of Japan's largest LNG importer, JERA Co. Inc.

JERA is acquiring a participating interest of just over 15 percent in the Scarborough joint venture through JERA Scarborough and will receive up to about 1.2 million tonnes per annum of LNG, equivalent to its equity interest in the project.

JERA, which buys around 35 MTPA of LNG, is Japan's biggest fossil-fuel electricity generator being owned jointly by Tokyo Electric Power Holdings and Chubu Electric, the two largest power companies.

The company currently oversees operations and provides fuel for a total of 26 power plants in Japan and imports LNG into 11 of Japan's network of 37 regasification terminals.

"The loan, which supports Japanese companies in obtaining a participation interest and procuring LNG, will contribute toward securing long-term, stable supplies of LNG, which is an important energy resource for Japan," stated JBIC.

US FERC issues estimates to September of LNG supply and natural gas and power market forecasts

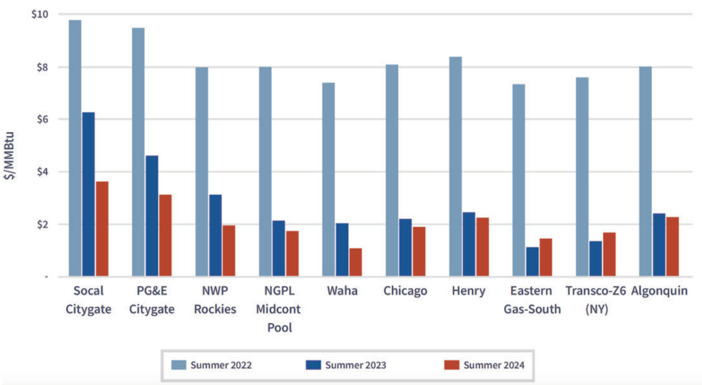
LNG News Editor

The US Federal Energy Regulatory Commission has issued the 2024 Summer Energy Market and Electric Reliability Assessment, providing outlooks for energy markets and power reliability through September 2024.

For the natural gas and LNG sectors the most interesting part of the 48-page report was the section on energy market fundamentals, including natural gas supply and demand expectations for North America.

"Natural gas exports, including liquified natural gas (LNG) and pipeline net exports, are expected to increase 11 percent from last summer, contributing the most to year-over-year summer demand growth and making up 14 percent of total demand this summer," FERC explained.

"As of May 7, 2024, the FERC-authorized export liquefaction capacity of the United States was 14.23 Bcf per day across seven LNG export facilities," said the report.



Latest natural gas futures prices at major US trading hubs

"The anticipated level of LNG exports is due primarily to sustained demand for LNG cargos in the European market and elevated international LNG prices," it added.

Gross LNG exports were forecast to average 11.60 billion cubic feet per day this summer combining June, July, August and September 2024, up from 11.29 Bcf per day in summer 2023.

The agency said that residential and commercial natural gas usage was expected to grow 7.8 percent from last summer, making up 9.5 percent of total demand this summer. "Industrial and other demand is forecast to be 1.6 percent lower than last summer, notwithstanding expected low natural gas prices, to make up about 30 percent of total demand this summer," the report added.

Henry Hub prices

The summer 2024 average natural gas futures prices at the benchmark Henry Hub and many major hubs were lower than the average final (settled) futures prices for summer 2023.

"However, futures prices at Transco-Z6 in New York City and Mid-Atlantic Eastern Gas-South near Pittsburgh were higher than the average prices for each location last summer as regional natural gas demand growth in these regions is expected to outpace stable natural gas production in the Northeast," said the report.

The FERC stated that as of May 1, 2024, the Henry Hub futures contract price for summer 2024 averaged $2.25 per million British thermal units (MMBtu), down 9 percent from last summer's settled prices.

On the West Coast, natural gas prices are expected to decline by more than 30 percent from last summer's prices, although they are projected to remain the highest of any region in the country during summer 2024.

Prices are projected to average $3.62 per MMBtu at SoCal-Citygate, the main southern California trading hub, and $3.12 per MMBtu at PG&E Citygate, the hub east of San Francisco Bay. ■

European Union brings in law to police worldwide carbon emissions from LNG and oil imports

The 27-nation European Union has brought into a law to try and reduce methane emissions from the energy sector in Europe and across the world, including LNG imports, and will police the emissions of other nations and decide whether imports from outside the EU are compliant with European standards.

Under the regulation, the EU executive agency, the European Commission, will establish and maintain a methane transparency platform setting out profiles of Member States, producers and importers that place crude oil, natural gas or coal on the EU market.

"The same applies to non-EU countries and producers who export crude oil, natural gas and coal to the EU. This will allow importers to make informed choices on their energy purchases," the Commission added.

Global moves

The new EU regulations oblige the fossil fuel, oil and gas and coal industries in Europe to measure, monitor, report and verify their methane emissions according to the highest monitoring standards, and to take action to reduce them.

It requires EU gas, oil and coal operators to stop avoidable and routine flaring and to reduce flaring and venting to situations such as emergencies, technical malfunctions or when it is necessary for safety reasons.

"With Europe importing a large part of the fossil energy it consumes, the regulation will also help to reduce methane emissions from imported fossil fuels," the Commission explained.

"The regulation will progressively introduce more stringent requirements to ensure that exporters gradually apply the same monitoring, reporting and verification obligations as EU operators," the EU stated.

Deadline

As of January 2027, the EU regulations further require that new import contracts for resources such as oil, LNG or coal can be only concluded if the same monitoring, reporting and verification obligations are applied by exporters as for EU producers.

However, the Commission explained that to preserve security of supply, for LNG imports for example, failure to meet the requirements of the regulation will not lead to an import ban to the EU market.

"Instead, a system of penalties, for example, periodic penalty payments or fines will be put in place and enforced by the Member States for infringements of this regulation," stated the Commission.

"Penalties will have to be set by the national authorities in the Member States at levels that are effective, proportionate and dissuasive," it added. ■