LNG Unlimited

LNG JOURNAL PUBLICATION 6 February 2025

Trump reins back on Canadian and Mexican tariffs

Following talks between US President Donald Trump, the Canadian Prime Minister and the Mexican President, the proposed 25% tariff implementation was suspended for about 30 days on Monday.

Trump said that the month's pause would give the countries time to engage in talks.

However, the US President took aim at the EU threatening to impose tariffs on the bloc.

Although oil and gas was not believed to be part of the tariff threat for now, last month, Europe took nearly nine put of 10 US LNG cargoes, which sailed from US terminals, according to LSEG data.

The US is trying to persuade European countries to buy more LNG to refill their gas stocks and shrink the trade surplus.

Had the 25% tariffs on Canada and Mexico and the 10% tariff on China, which is still in place, gone ahead as planned, this would have benefited Asian importers, giving them a bigger share of that market, Bloomberg Intelligence forecast last week.

For example, Japan's JERA recently said it was considering ramping up US LNG imports, seeking to diversify its sources but also falling in line with Trump's war against trade deficits, as Japan is another big US trading partner.

JERA buys some 30 to 35 mill tonnes of LNG annually, of which just 3.2 mill tonnes currently come from the US. The rest is imported mainly from Australia, Indonesia, and Malaysia.

These countries could suffer the biggest Asian market share losses should US exporters ramp up their shipments.

Meanwhile in retaliation against US tariffs, China's Ministry of Commerce announced yesterday it was implementing counter tariffs against the US on multiple products.

The government said that it would implement a 15% tariff on coal and LNG products, as well as a 10% tariff on crude oil, and other goods.

The US tariff against Chinese goods was due to go into effect Tuesday, although Trump planned to talk with Chinese President Xi Jinping in the next few days.

China's commitment

According to Bloomberg, China is planning to buy more US LNG. Chinese gas traders have committed to buying 14 mill tonnes from US producers beginning in 2026.

This is 50% more than China's previous US LNG purchase record, set back in 2021.

Other Asian nations are also increasing their purchases of US LNG. For instance, Bangladesh recently signed a supply deal with Louisiana-based Argent for the delivery of 5 mill tonnes per annum.

Oil prices eased on Friday and closed the week lower, as the oil and gas industry awaited news of the US 25% tariffs on Canadian and Mexican, plus 10% on Chinese imports, revealed on Saturday.

Brent crude futures for March, which expired on Friday, fell by 11 cents to $76.76 per barrel. The more actively traded second month futures went down by 31 cents to $75.58.

Asian spot LNG prices also fell last week amid low demand during the Lunar New Year holiday, encouraging cargo diversions towards Europe where gas prices are at a 15-month high, due to concerns over storage levels.

China has retaliated against Trump's 10% tariff, putting 15% on LNG

The average LNG price for March delivery into northeast Asia was $13.80 per MMBtu, down from $14 per MMBtu the week before, industry sources estimated.

High prices also discouraged price sensitive buyers in southeast Asian markets.

In Europe, colder weather and higher storage withdrawals continued to worry the market at the end of last week.

"Higher prices in Europe encouraged a burst of LNGCs to divert away from Asia to Europe in early January, with at least six making mid-Atlantic course changes. We saw a seventh last week, with the 'LNG Juno' changing course from Japan to Greece," said Alex Froley, ICIS' senior LNG analyst.

The US arbitrage to northeast Asia via the Cape of Good Hope for February slightly narrowed, but still gave strong signals that US cargoes were incentivised to deliver to Europe rather than Asia, said Spark Commodities analyst, Qasim Afghan.

LNG freight rates fell to new record lows, as Atlantic rates fell to $3,500 per day on Friday, the lowest on record, as increased vessel availability continued to apply downward pressure. Pacific rates also dropped to $11,500 per day, Afghan added. ■

UNLIMITED AGENDA

MARKETING

BUSINESS

FINANCE

TECHNOLOGY

US energy production to move forward

US President Donald Trump's ending of the moratorium on new LNG export permits imposed by his predecessor Joe Biden in January, 2024 was seen as part of a series of planned policy moves to encourage more US energy production.

Biden paused new approvals pending a study into the environmental and economic effects of the booming export industry. This study was published in December.

US LNG output was set to more than double regardless of the moratorium. Before Biden stopped the new permit approvals, the government had given the green light to projects that would increase LNG capacity to 200 mill tonnes per annum from around 90 mill tonnes. However, these projects were not affected by the ban.

New permits issued by Trump's administration would likely increase export capacity from 2030 onwards, as it obviously takes several years to build an LNG plant.

The US is already the world's largest LNG exporter shipping 88.3 mill tonnes last year. This year, three new plants should add nearly 50 mill tonnes per annum to the capacity.

Venture Global's Plaquemines LNG plant in Louisiana, which at its peak would add 20 mill tonnes per annum and Cheniere Energy's 10 mill tonne Stage 3 expansion at Corpus Christi, Texas, both began producing LNG in December and are still under construction.

The long delayed joint venture between ExxonMobil and QatarEnergy - Golden Pass LNG Texas - is also expected to produce its first LNG this year and at its peak would have a capacity of 18.1 mill tonnes per annum.

The following are the projects that were impacted by the halt to new permits, according to a Reuters analysis:

IN TEXAS:

- Sempra Infrastructure's Port Arthur expansion (13 mill tonnes per annum)
- Cheniere Energy's Corpus Christi 8 and 9 (3 mill)

IN LOUISIANA:

- Commonwealth LNG (9.5 mill)
- Venture Global LNG's CP2 project (20 mill)
- Energy Transfer's Lake Charles LNG facility (15.5 mill)
- Glenfarne Group's Magnolia LNG (8.8 mill)
- Gulfstream LNG (4.2 mill)
- Argent LNG (25 mill)

EXPANSION: There are also a number of plants that already have US Department of Energy (DoE) export permits but need approvals to increase their capacity.

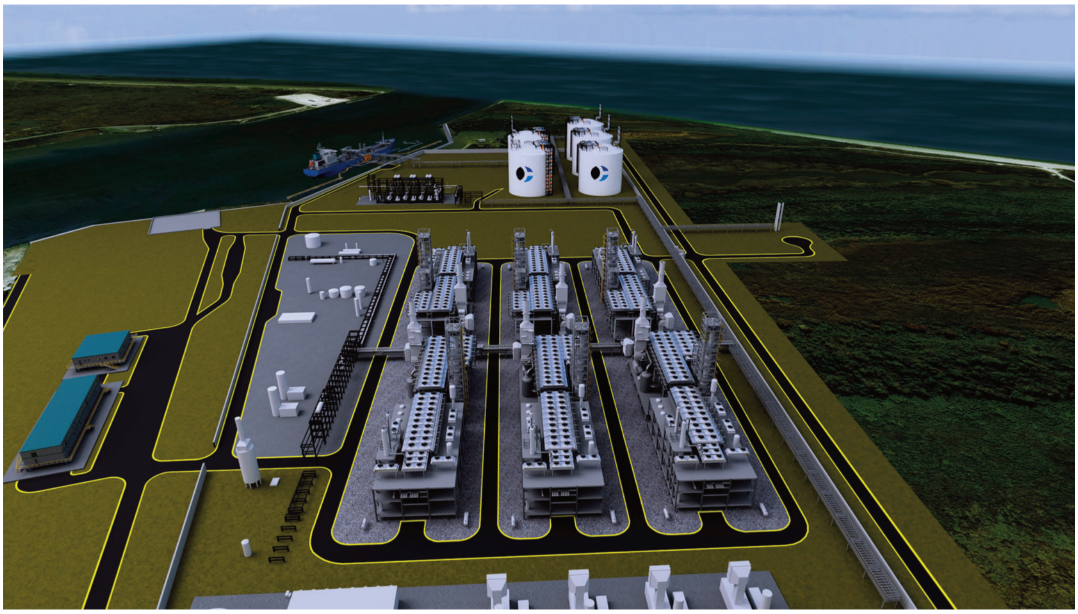
They include Venture Global LNG's Plaquemines and Calcasieu Pass plants, and Kinder Morgan's Elba Island LNG plant.

There are also other projects in earlier stages of development that could benefit from the restart of permit processing.

These include EOS FLNG, Barca LNG in Texas, plus CE FLNG, Main Pass Energy Hub FLNG and Monkey Island LNG in Louisiana.

In Mexico, the Mexico Pacific LNG project located in Saguaro will liquefy US gas and therefore needs a DoE permit.

New Fortress Energy's Altamira FLNG plant on Mexico's Pacific coast was the only project to get a license to export to countries not covered by free-trade agreements during the pause. ■



Commonwealth LNG could be a winner as Trump repeals the LNG permit pause

NEWS BRIEFS

Bintulu and Miri - business as usual despite floods

Malaysia's energy giant, Petronas has confirmed that its operations in Bintulu and Miri were unaffected by the severe flooding, which occurred on 29th January.

"Petronas wishes to inform that its operations in Miri and Bintulu remain uninterrupted following the severe flooding in both areas on 29th January.

"The safety of our staff, their families, and the surrounding community is our top priority," Petronas said in a statement.

It also said that the company was working closely with the relevant authorities to ensure the well-being of the people, environment, and assets.

"We would like to thank all parties, including the authorities and Bintulu Port, for their co-operation.

"We will continue to monitor the situation closely and provide support where needed," Petronas said. ■

LNG Shipping News
2 Prospect Road
St Albans AL1 2AX
United Kingdom
www.lngjournal.com
Tel: +44 (0)20 7253 2700

Publisher
Stuart Fryer

Editor
Ian Cochran
+44 (0)7748 144265
Iancochran74@gmail.com

Ad sales enquiries
Narges Jodeyri
+44 (0) 20 7017 3406
narges@lngjournal.com

Subscriptions
Stephan Venter
Tel: +44 (0) 20 7253 2700
venter@lngjournal.com

Production
Vivian Chee
Tel: +44 (0) 20 8995 5540
chee@thedigitalship.com

LNG imports due to rise last month

Global LNG imports were set to reach the highest in a year last month, as Europe's winter demand drew cargoes away from Asia.

A total of 38.12 mill tonnes of LNG was on track to be imported in January, up from 37.69 mill in December and the most since January, 2024's 38.73 mill, according to data compiled by commodity analysts, Kpler.

According to Kpler, Europe's imports were expected to rise to 11.82 mill tonnes, up from 10.87 mill in December and the highest since April, 2023.

While Europe's LNG imports were set to rise 8.7% in January from the month before, arrivals from Russia were forecast to drop to 1.60 mill tonnes, down 11.6% from December's 1.81 mill tonnes.

Europe's Russian LNG imports are increasingly uncertain, especially with the return of Donald Trump as US President.

Trump is strongly in favour of boosting US energy exports, and LNG shipments to Europe offer one of the best opportunities to do so, sources said.

If European countries agree to phase out imports from Russia in favour of US cargoes, this move would help meet several objectives.

These include putting further pressure on Russian President, Vladimir Putin, to end the war in Ukraine, as well as giving Trump a ‘win’ that may help ease the threat of new tariffs on Europe's exports to the US.

Surplus predicted

However, the global LNG market may move into surplus soon, making it in the interests of both Trump and US LNG exporters to try and limit Russian export markets.

Europe's US LNG imports were expected to rise to a record high of 6.7 mill tonnes in January, up from 5.20 mill in December and 11.7% above the previous peak of 6 mill tonnes in January last year.

In contrast, Asia's imports of US LNG were predicted to drop to 1.81 mill tonnes last month, down from 2.2 mill in December and the lowest since February, 2024, according to Kpler.

Overall, Asia's total LNG imports were also set for a decline in January, dropping to 24.48 mill tonnes from a 10-month high of 25.50 mill in December.

This decline was largely down to a milder-than-usual winter, which has trimmed demand in China, Japan and South Korea, the world's top three importers.

Relatively high spot prices have also cut demand, especially in China, where January arrivals were forecast to be 6.29 mill tonnes, down from December's 7.58 mill and almost 20% below the 7.83 mill seen in January, 2024. ■

South Korea to import large amount of US LNG

South Korea is to import up to 7 mill tonnes of US LNG per annum, dramatically changing its energy import strategy.

This is aimed at gradually replacing its Qatari LNG imports, due to the expiration of long-term contracts and the desire to diversify its energy sources.

South Korea also plans to construct a new terminal on the US West Coast to facilitate imports, marking a pivotal shift in its energy procurement scheme.

This decision came in the wake of Korea Gas Corp (KOGAS) ending a long-term contract with QatarEnergy for 4.92 mill tonnes of gas last year, with an additional 2.1 mill tonne contract set to expire next year.

A senior South Korean Government official highlighted the benefits of this switch when talking to local media, saying, "Replacing these volumes with US LNG would be beneficial for national interests in many ways."

The official pointed out that the US LNG currently being imported from southern Louisiana involves long shipping routes and high logistics costs.

By constructing a terminal on the US West Coast or in Alaska these costs could be significantly reduced, making US LNG a more viable option.

During Donald Trump's first term as President, the US expanded its energy exports, including LNG and crude oil, which increased its share of South Korea's energy imports.

By the end of his first term in 2021, US LNG exports to South Korea had risen to 18.5%, and crude oil exports to 12.1% of the total.

KOGAS rendering of the Pyeongtaek LNG terminal

Trade surplus

This increase reflected an alignment with US economic policies and a response to trade pressures, as South Korea sought to balance its trade surplus with the US, which reached $55.7 bill last year.

Ongoing discussions involve South Korea and Japan pushing the Trump administration to build the terminal through large-scale long-term contracts or joint investments by gas companies from the three countries.

A shipping industry official commented, "If the transportation distance can be shortened, aggressively increasing the import share of US LNG would be beneficial."

South Korea aims to formalise its LNG import strategy by the second half of this year or by the end of the year.

This transition will not only addresses economic and trade considerations but also reflect a broader strategy to reduce its dependence on Middle East energy sources, thereby enhancing energy security and stability. ■

EU gas price cap expires

> "First you have to have a deal because otherwise you will be left without gas from Russia and without the US"
> *- EU diplomat*

The European Union (EU) gas price cap, first introduced during the 2022 Russian gas crisis, expired last Friday, having not been triggered since its inception.

It was designed to kick in, if European gas prices hit €180 per MWh - a level the benchmark EU price has not reached since the energy crisis in 2022, caused by the Russian invasion of Ukraine, when it surpassed €300 per MWh.

The benchmark front-month gas contract at the Dutch TTF hub was trading above €52 per MWh on Friday - its highest since late 2023, but still far below levels seen during the 2022 energy crisis.

"Luckily, we never again got into the situation in which we could find out if the instrument was effective or not," one EU diplomat said talking with newswires.

The cap had split opinion among EU countries and industry, with Germany among those concerned it would disrupt the functioning of energy markets and hamper Europe's ability to attract gas supplies in price-competitive global markets.

Industry association Eurogas said on Friday that it supported the phasing out of emergency measures. "It is difficult to assess the real effectiveness of these measures and they might create market distortions," said Eurogas head, Andreas Guth.

Other countries, including Italy, wanted the EU to keep the price cap and re-assess it to limit prices at far lower levels.

EU sanctions avoided

As for sanctions, Europe did not propose a ban on Russian LNG imports during its latest package of sanctions announced recently.

EU member states had raised concerns about first securing alternatives, including from the US, officials explained.

"First you have to have a deal because otherwise you will be left without gas from Russia and without the US," a diplomat explained to newswires.

In June last year, the EU banned transhipments of Russian LNG during a package of restrictions imposed over Russia's 2022 invasion of Ukraine.

Russia had been using northern European ports to undertake LNG ship-to-ship (STS) transfers from Yamal Arc7s to conventional LNGCs for onward journeys to Asia.

Since the ban took effect, more Russian LNG has remained in Europe, prompting some member states to push for tighter rules and an all-out ban.

However, the EC did not propose tougher measures after a push back from other member states. EU sources said the cold winter weather, gas stocks drawdown and the timing of the 23rd February German election put a dampener on the idea.

US President Donald Trump has said that he wants the EU to buy more US LNG and that it will be made available.

It is unclear when the EU could secure more US LNG in the short term, as exports are already running at full capacity. ■

Italy's planned gas infrastructure will be under utilised - IEEFA

Italy's incentive programme for gas and LNG operators is out of step with market reality, due to its championing of investments in infrastructure projects that will be underutilised.

New Institute for Energy Economics and Financial Analysis (IEEFA) research said better alignment of government and regulatory support with the markets was needed.

The existing regulatory programme may encourage excessive capital expenditure on redundant gas and LNG infrastructure, despite Italy's recent declining demand for both fuels.

Italy's gas demand dropped 19% from 2021 to 2024, while LNG imports fell 12% last year.

However, the country is on track to overbuild its regasification capacity, which is set to triple between 2022 and 2026.

As demand continues to decline, Italy's LNG consumption could be less than one-third of its import capacity by 2030, IEEFA claimed.

Domestic energy company, Snam is the main beneficiary of this incentive scheme. The company's regulated revenues increased by €272 mill (20.1% year-on-year) in the first half of 2024.

Of this, the vast majority (€160 mill) was from a higher weighted average cost of capital and regulated asset base growth in its gas transportation and storage segments.

In 2023, Snam's regulatory revenues increased by €385 mill.

"Incentives to invest in infrastructure must be driven by demand. In the case of Italy, it's currently the other way around, with regulated revenues driving infrastructure build out even if there is not enough demand to justify it," said Ana Maria Jaller-Makarewicz, IEEFA's Lead Energy Analyst, Europe.

"Time's up for Italy to acknowledge its declining gas demand and that of its European neighbours. The country's ambition to become a gas hub risks jeopardising the competitiveness of its energy sector by mis-allocating government support to gas projects that don't offer long-term energy security solutions," she said.

"Snam's over-investment trend, shown in this straightforward work by IEEFA, is worrying. Any consistent de-carbonisation commitment requires dropping investments in gas infrastructure.

"To reduce the risk of stranded assets, investors and authorities should plan for an accelerated depreciation of existing gas infrastructure," added Michele Governatori, Head of External Relations, Energy, at ECCO.

Snam owns 61% of Italy's operational LNG terminals and 100% of two planned new terminals. The company supplies 95% of the Italian gas market and is the largest owner of gas pipelines in the European Union, with a combined length of nearly 38,000 km.

Regulatory support

In 2021, Italy's regulator ARERA launched its Regulation by Objectives of Expenditure and Service (ROSS) programme to encourage accountability, support the energy transition and enhance performance-based incentives.

Despite this, Snam's investments and regulatory revenues from expanding its gas operations have continued to grow.

At the same time, the tariffs that Italian domestic customers pay for natural gas remain among the highest in the EU, IEEFA said. ■

LNGCs unlikely to transit Red Sea route

Although the ceasefire agreement between Israel and Hamas appeared to bring some respite to regional tensions, future Suez Canal transits will be a mixed bag for LNG shipping, Drewry Shipping Consultants said in a report.

While the resumption of transits could help Qatari LNG exports to Europe, cargoes from the US to Asia will still likely continue transiting via South Africa, spurred by shipping economics.

Drewry believed that there would be no immediate return of LNGCs to the Red Sea in the near future, as the vessels were likely to continue transiting via the Cape of Good Hope, due to the Red Sea transit risks remaining high.

US shipments to Asia will continue taking the southern route driven by shipping economics amid low freight rates and ample vessel supply.

However, Qatari LNG exports to Europe will likely return to the Suez Canal route, which could facilitate a steady influx of LNGCs, depending on events in the coming months.

The resumption of Suez Canal transits will benefit Qatar, with the MEG country's exports to Europe likely to exceed those of previous years.

This will be on the back of the expected recovery in European LNG demand this year, due to the end of Russia/Ukraine gas transit deal, the conclusion of 2024/25 winter with lower gas stocks and looming sanctions on Russian LNG, all of which will compel European buyers to seek more LNG from alternative sources.

Qatari LNG shipments to Europe fell in 2023 after the start of the Red Sea crisis in October of that year, minimising the flexibility of Qatari exports to European markets.

Its share was further squeezed in 2024, by subdued European LNG demand and the growing prominence of US and Russia supplying LNG to Europe, given their flexibility and proximity.

This trend could reverse this year, if the share of Qatari exports to Europe revives with the resumption of canal transits.

Algeria's position

Algeria could also regain its lost share of the Asian market if the Red Sea situation normalises, Drewry added.

The North African country mainly exports to Europe, but its Asian exports, which were hampered by the Red Sea attacks, could also rise, especially if the US/China tariff war restarts, which now looks likely.

Algerian LNG exports share to Asia rose to 9% in 2023 but declined to just 5% in 2024, due to the Red Sea situation.

Drewry predicted no significant change in US/Asia vessel movements, as low freight rates and high vessel availability will allow exporters to avoid canal transit costs and continue using the COGH.

This situation is similar to that with the Panama Canal, where, despite the ease in regulations, LNGCs continued to sail via the Cape, thus avoiding the high canal costs and competition from other sectors.

LNGCs transiting between the US and Asia will continue to prefer COGH over Suez or Panama, as shipping economics will play a pivotal role in determining vessel routes, Drewry said.

Low freight rate projections for this year, will prevent shipowners from paying the high canal and shipping costs.

The US/Asia trade has been improving over the last couple of years, and further growth is anticipated this year, despite increasing competition from Europe.

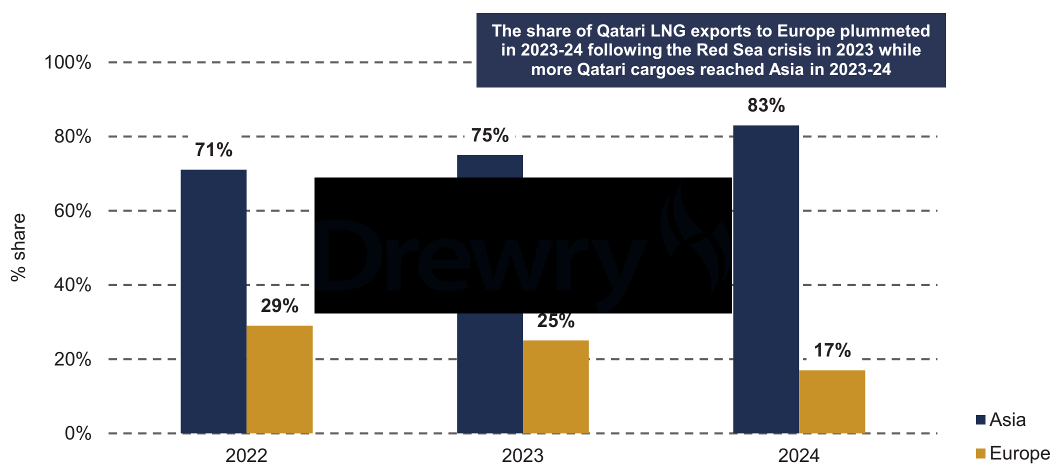
This trade will be supported by new US supply with the start up of key LNG projects, such as Plaquemines LNG (13.5 mill tonnes per annum) and Corpus Christi Phase 3 (10 mill tonnes).

A robust US/Asia trade, utilising the COGH as the preferred passage, will positively affect LNG shipping demand. However, the Suez route will be detrimental to rates, as long voyages will be cut short, curtailing the potential benefits of higher US/Asia trade and thereby putting pressure on rates further, Drewry added.

Excess fleet supply (with a high number of deliveries expected this year) and new additions due towards 2H25 would continue to depress rates.

Vessel availability is expected to remain high in 2025/26 with longer voyages providing some respite to the current depressed freight rates, Drewry concluded. ■

"Drewry believed that there would be no immediate return of LNGCs to the Red Sea in the near future, as the vessels were likely to continue transiting via the Cape of Good Hope..."



Source: Drewry

NEWS BRIEFS

Eemshaven launches open season

The Dutch EemsEnergyTerminal has launched an open season for the storage and regasification of LNG after 2027 at Eemshaven.

EemsEnergyTerminal is owned and operated by Gasunie and Royal Vopak and was opened in 2022 to increase energy security in the Netherlands and North West Europe.

The terminal is inviting market participants to send a non-binding expression of interest (EOI).

Gasunie and Royal Vopak are also planning to further develop hydrogen at Eemshaven and explore options for CO2 infrastructure in line with the transition to a more sustainable energy system, they said. ■

CHART®

NEXUS OF CLEAN™

"Chart's vision is to be the global leader in the design, engineering and manufacturing of cryogenic process technologies and equipment for the Nexus of Clean™ — **clean power, clean water, clean food and clean industrials**, regardless of molecule."

JILL EVANKO / CEO / CHART INDUSTRIES

CLEAN
CLEAN
CLEAN
CLEAN

CHART DELIVERS CLEAN SOLUTIONS FOR

Power **Water** **Food** **Industrials**

Learn more at **chartindustries.com**

Shell impacted by lower feedgas supplies

UK energy giant, Shell has reported robust cash flow from operating activities (CFFO) of $13.2 bill for the fourth quarter of last year, a CFFO of $54.7 bill and free cash flow of $39.5 bill for the full year.

Adjusted 4Q24 earnings of $3.7 bill reflected lower prices and margins, higher exploration well write-offs, and the non-cash impact of expiring hedging contracts on LNG trading and optimisation results.

Structural cost reductions of $3.1 bill achieved since 2022, met the 2023 Capital Markets Day (CMD23) target a year early, with significant progress also reported against the other CMD23 financial targets.

A focus on disciplined capital allocation drove down 2024 cash capex to $21.1 bill. The capex range for the full year 2025 is expected to be lower than the 2024 range, with more guidance to come at the Capital Markets Day in March, Shell said.

Net debt increased by $3.6 bill over the quarter to $38.8 bill, reflecting the recognition of the LNG Canada pipeline lease liability. However, net debt at the end of the year was $4.7 bill lower than at the beginning of the year.

LNG activity

In the LNG space, 4Q24 liquefaction volumes were 7.1 mill tonnes, compared to 7.5 mill in the previous quarter, while sales volumes were down to 15.5 mill tonnes, compared to 17 mill in 3Q24.

For the first quarter of this year, Shell forecast liquefaction volumes of between 6.6 and 7.2 mill tonnes.

This reflected Pearl GTL being back in operation, but the LNG liquefaction volumes outlook was impacted by lower feedgas supplies.

"2024 was another year of strong financial performance across Shell. Despite the lower earnings this quarter, cash delivery remained solid and we generated free cash flow of $40 bill across the year, higher than 2023, in a lower price environment.

"Our continued focus on simplification helped to deliver over $3 bill in structural cost reductions since 2022, meeting our target ahead of schedule, whilst also making significant progress against all our other financial targets.

"We announce a 4% increase in

Shell head Wael Sawan

our dividends and another $3.5 bill buyback programme, making this the 13th consecutive quarter of at least $3 bill of buybacks, all whilst further strengthening our balance sheet this year to position us well for the future.

"We will outline the next steps in our strategy to deliver more value with less emissions at our Capital Markets Day in March," said CEO, Wael Sawan. ■

Baker Hughes wins more large LNG infrastructure contracts

US LNG developer Argent LNG has chosen Baker Hughes, as the liquefaction solution and related services provider for its proposed LNG export facility in Port Fourchon, Louisiana.

Baker Hughes will supply liquefaction solutions, power generation equipment, and gas compression systems for the facility, which is set to deliver about 24 mill tonnes per annum of LNG.

The project will incorporate Baker Hughes' technologies, including its patented NMBL modularised LNG solution powered by an LM9000 gas turbine.

Baker Hughes will also provide power generation units driven by LM9000 gas turbines and provide multi-year services to support Argent LNG terminal operations.

"Today's announcement is a further testament to the technology capabilities that we have built over the past 30-plus years in LNG. This collaboration with Argent LNG underscores our commitment to delivering advanced, best-in-class LNG solutions," said Lorenzo Simonelli, Baker Hughes' Chairman and CEO.

"As global energy demand continues to grow, we are committed to providing innovative technology solutions to the LNG industry, a key supplier of reliable and affordable energy to many countries around the world," he said.

A rendering of the planned Argent LNG facility in Louisiana

"We chose Baker Hughes because of their proven cutting-edge technology, established LNG market presence, and commitment to innovation - all of which align perfectly with Argent LNG's vision to provide transformative energy solutions," added Jonathan Bass, Argent LNG's Chairman and CEO.

"This collaboration underscores Argent LNG's commitment to technical excellence, cost-effective execution, and energy security, while also strengthening the project's bankability by leveraging Baker Hughes' proven expertise and industry leadership.

"(This) announcement demonstrates how innovation and collaboration can drive progress in the LNG industry, helping to secure affordable, sustainable energy for global markets," he said.

Phase 1 construction is set to begin in 2026, with commercial operations expected by 2030. Phase 2, which aims to expand capacity, is advancing through critical milestones, including resource reporting, securing FERC approvals, formalising gas supply agreements, and achieving financial close.

Simonelli also said at the recent AGM that he expected around 80 mill tonnes per day final investment decisions (FIDs) to be taken this year and next.

Venture Global contract

Earlier, Baker Hughes had announced a major contract to provide a modularised LNG system and power island to support Venture Global LNG projects.

In addition, the company signed a multi-year services frame agreement, including maintenance, inspection, repairs and engineering services, to support phases 1 and 2 of Venture Global's Plaquemines LNG project in Louisiana.

"Baker Hughes continues to be a trusted partner for Venture Global in delivering a secure, reliable energy supply to the world and we are thrilled to add another significant milestone on our partnership," said Mike Sabel, Venture Global CEO.

Baker Hughes has already provided comprehensive LNG solutions to the Calcasieu Pass and Plaquemines LNG facilities. ■

Flex LNG ramps up charter commitments

Flex LNG has reported vessel operating revenues of $90.9 mill for the fourth quarter 2024, compared to $90.5 mill for the previous quarter.

The 4Q24 figures included $1.4 mill in EU ETS revenue. An equivalent amount was also recorded under voyage expenses for the period.

Net income of $45.2 mill and basic earnings per share of $0.84 for 4Q24, compared to $17.4 mill and $0.32, respectively, for the previous quarter.

The average time charter equivalent (TCE) rate was $75,319 per day during the quarter, compared to $75,426 per day for 3Q24.

Adjusted EBITDA was $68.7 mill, compared to $70.4 mill for the third quarter, while an adjusted net income of $30.8 mill compared to $28.7 mill for 3Q24.

Kalleklev's Flex LNG was boosted by charter extensions

Adjusted 4Q24 basic earnings per share of $0.57 compared to $0.53 for the third quarter.

In October 2024, Flex LNG closed a new $160 mill JOLCO lease for 'Flex Endeavour', completing the $430 mill in new financing, according to plan with net proceeds of about $97 mill.

The following month, the company signed an amendment under the 'Flex Enterprise' $150 mill facility to convert the non-amortising term loan tranche of $83.7 mill to a non-amortising revolving credit facility. Therefore, the company's revolving credit facility capacity increased to $413.7 mill in 4Q24.

Charter extensions

The same month saw the charterer of 'Flex Courageous' and 'Flex Resolute', amend and extend the existing timecharters, to include a new firm period from 2029 to 2032, following the last two-year option under the original charter contract.

This charter extension includes additional options for the charterer to extend each vessel by up to seven years in periods of two years, two years and three years.

During November, a 15-year new timecharter contract was signed with a large Asian utility and asset backed LNG trader for the 'Flex Constellation'.

This charter will commence during the first or second quarters of 2026, and has a firm period ending in 2041. The deal includes options for the charterer to extend the vessel by additional two years up to 2043.

Flex LNG declared a 4Q24 dividend of $0.75 per share.

Øystein Kalleklev, Flex LNG Management CEO, commented: "We are pleased to deliver stellar financial performance for the fourth quarter in line with our previous guidance. Our time charter equivalent rate for the fleet of $75,319 per day was slightly ahead of guidance of $73-75,000 per day.

Adjusted EBITDA was $68.7 mill, also in line with guidance of close to $70 mill.

"We recorded substantial profits on our portfolio of interest rate swaps, as we increased our interest rate hedging significantly during the interest rate slump at the beginning of September. During the fourth quarter, interest rates rallied, and we therefore booked $20.1 mill of gains on these derivatives of which $5.1 mill were realised during the quarter.

"Hence, adjusted net income for the fourth quarter came in at $30.8 mill, corresponding to earnings per share and adjusted earnings per share of $0.84 and $0.57, respectively.

"During 2024, and in the fourth quarter particularly, we were able to secure new attractive backlog, which will insulate us from the current market weakness.

"Flex LNG is thus very well positioned with 62 years of minimum charter backlog equal to about five years of contract backlog per ship, on average. Furthermore, this backlog may grow to 96 years in the event charterers utilise all their extension options.

"In the latter part of 2024, we also carried out some further optimisation of our balance sheet with two refinancings worth $430 mill enabling us to raise net cash proceeds of $97 mill, while at the same time, both lowering our interest costs and increasing our debt maturity profile.

"Additionally, we increased our non-amortising revolving credit facilities from $330 mill to $414 mill, which reduces the cost of having such on-demand credit accessible. As a result, we closed the year with $437 mill of cash-at-hand with first debt maturity in 2028.

"The short to medium term outlook for LNG shipping is challenging given the numerous ship deliveries ahead of ramped up new export capacity. As such, we think 2024 to 2027 will probably resemble the period 2014 to 2017.

"There is one key difference, we will likely see a sharp increase in the demolition of older, less efficient tonnage, primarily steam tonnage which will prepare the ground for improved markets, similar to what was experienced in 2017.

"We are well prepared for the current weak market. We are therefore guiding financial performance in 2025 to be in line with what we achieved in 2024," he concluded. ■

NEWS BRIEFS

White & Case advises JERA on long term LNGC charter

International law firm, White & Case, has advised JERA on a long term timecharter party for a newbuilding LNGC.

The charterparty was signed by Mitsui OSK Lines (MOL) and LNG Marine Transport Limited (LMT).

"By securing this long term charter contract for a state-of-the-art LNG carrier, JERA further fortifies its LNG supply chain stability," said White & Case local partner, Michael Richter, who co-led the Firm's deal team.

"This deal underlines our firm's extensive experience and expertise in the energy sector, particularly advising on complex LNG shipping agreements," he said.

The LNGC will be built by Samsung Heavy Industries (SHI) and is scheduled for delivery in 2026. She will be managed by MOL and transport LNG for JERA.

LMT is a vessel operation management company jointly owned by JERA, Mitsubishi Corp and Nippon Yusen Kabushiki Kaisha (NYK).

White & Case's Tokyo team, which advised on the transaction, was co-led by partner, Paul Harrison with local partner, Richter and included associate, Emily Jiang. ■