



US offers higher Russian LNG exports as bargaining chip in peace talks

The Trump administration is working on ways to ease sanctions against Russia, if the war in Ukraine comes to an end. Greater Russian gas exports from the 1.5 mtpa Vysotsk, 1.5 mtpa Portovaya and first two 6.6 mtpa trains of the Arctic LNG 2 facilities are seen as 'options' for the United States to offer a sanctions relief in exchange for peace.

London-based Energy Aspects remains bullish on TTF bal-2025 prices, assuming Russian gas exports to Europe do not return – at least not any time soon. Gazprom had terminated pipeline gas transits through Ukraine at the start of 2025, and Russian LNG is currently mainly reaching Europe via the Kremlin's shadow fleet of ageing tankers.

Enabling Russian LNG exports under a US sanction relief would contradict American commercial interest and President Trump's 'energy dominance policy.'

Yet, foreign policy of the new US administration is anything but certain: "It is possible that Trump's drive for peace and to see Rus-

sian gas return will override his energy dominance policy and desire to narrow the trade deficit with Europe. We are not yet making this our base case, as Trump has other sanctions relief measures he can deploy," Energy Aspects stated, referring to options like loosening US financial and trade sanctions that impact the whole Russian economy.

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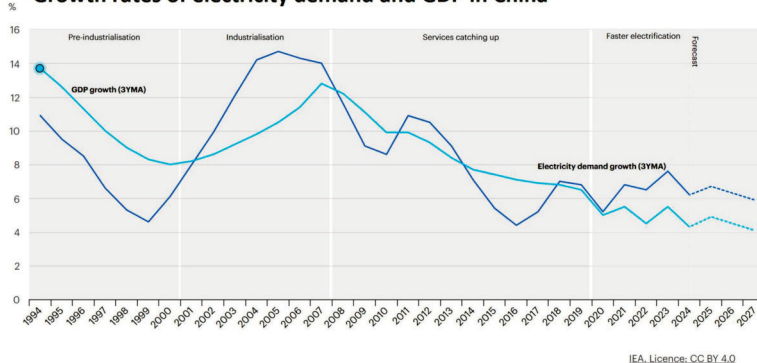
China's energy hunger grows faster than GDP

Electricity demand in China approached the 10 000 TWh mark at the end of last year and keeps growing faster than GDP. Through to 2027, the IMF projects China's GDP growth at around 4% while electricity demand is set to increase by a more robust 6%, the International Energy Agency (IEA) highlights.

Rapid electrification means China will be adding three times the annual electricity demand of Canada in the next three years. The share of electricity in total final consumption in China is estimated at 28% in 2024.

Industry consumes some 60% of all electricity in China – almost double the rate of most other countries in the world (32% on average in the OECD). In fact, nearly half of the rise in Chinese electricity demand came from the industry sector over the past three years, IEA analysts said, point-

Growth rates of electricity demand and GDP in China



ing to the transformative force of electrification in chemicals and non-ferrous metals making as well as for PV cells and lithium batteries.

Alongside the traditional energy-intensive sectors, the makers of solar modules, batteries and

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Brokering a peace deal will take time, and may well be months away as the positions still differ starkly. The longer it takes, the less time would be left for Russian gas supply to help bolster Europe's stock-build prior to the next winter.

Expiry of US Treasury waivers impact Russian exports via Turkey

Supply risks escalated after temporary US Treasury waivers that permit gas purchases via the now-sanctioned Gazprombank will lapsed.

The US Treasury confirmed the General License 8L expired as scheduled on

Wednesday last week as the Trump administration is putting pressure on Russia to improve his and Ukraine's stance in peace talks with the Kremlin. Letting the license expire means that Russian banks now can no longer access US payment systems for energy financing or transactions related to oil and gas exports.

If no alternative payment mechanisms can be agreed, Europe might lose out on the 16 bcm/y that is shipped to European buyers through TurkStream, the 24 bcm/y shipped to Turkey through TurkStream and Blue Stream pipelines. Moreover, the 38 bcm/y of Russian gas exported to China

through Power of Siberia pipeline and potentially around 5–10 bcm/y transported to buyers in Central Asia is also at risk.

Energy Aspects doubts the US Treasury will extend waivers in the face of Russia's bombardment of Ukrainian gas and power infrastructure in recent weeks. Destructions and halted gas flows from Russia made Naftogaz turn to Europe for supply. Ukraine has stepped up its imports from Europe over recent weeks and Energy Aspects expects it to take 1.7 bcm from Europe this year, in contrast to net exports of 0.7 bcm last year, cautioning there is "more upside than downside risk" to these numbers. ■

Financial trade amplifies price swing at TTF in tight market

Financial, not physical trade is amplifying price swings at the Dutch TTF as Russian gas exports to Europe are unlikely to return. Hedge funds had to cut their positions after higher price volatility increased their value at risk (VaR), though analysts reckon there are many CTA buying levels starting in the low €40s/MWh.

Ukraine on January 1, 2025, terminated all Russian gas transit through its territory after contract between Gazprom and Naftogaz expired – leaving Europe short of 15.4 bcm per year of Russian pipeline gas, a far cry from the 174 bcm/y exported five years ago.

Contrary to traders' expectations, the European Council last week did not urge the Commission to help facilitate a restart of Russian gas transit through Ukraine.

Instead, efforts centre around bringing in greater supply from Azerbaijan though bottlenecks on pipeline transit capacity could lead to a lengthy ramp up.

Azerbaijan aspires to exports 20 bcm/y to Europe

Azerbaijan's President Ilham Aliyev promised last autumn the country will raise natural gas exports to the European Union this year to 13 billion cubic meters and 20 bcm/y potentially by 2027. Alternative gas supplies for the EU, notably from Azerbaijan and the wider Caspian Sea region, had come into focus after the Ukraine refused to extend a gas transit agreement

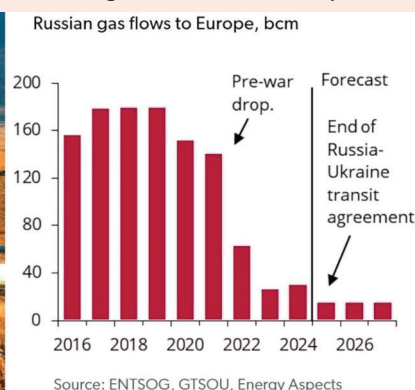
for Russian gas to southeast Europe.

Austria's incumbent gas utility OMV had already issued a warning in May 2024, saying supply disruptions may occur sooner than initially expected. Slovakia, Austria and Moldova are the European nations most dependent on transit volumes, importing about 3.2 bcm, 5.7 bcm and 2.0 bcm in 2023, respectively.

Azerbaijan came to rescue and the EU last year imported 11.8 bcm of Azeri gas via existing infrastructure Turkey and Bulgaria. This so-called Vertical Gas Corridor is meant to be expanded from 13 bcm to 20 bcm per year by 2027.

Turkey's TSO Botas and Bulgartansgas

also increased capacity at the Strandzha-1 entry point, allowing for larger flows from the Caspian Sea region. In the absence of Azeri or Turkmen gas supplies, the EU could fall short of nearly 7.2 Bcm of gas per year and would resort to importing LNG to narrow the gap. ■



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electric cars played an increasing role. Manufacturing of these products have consumed more than 300 TWh of electricity in 2024 – roughly as much electricity as Italy uses in a year.

The hunger for electricity in these sectors is remarkable, expanding by about 230 TWh between 2022 and 2024 with no end in sight. Numerous electricity-intensive upstream pro-

cesses associated with the making of batteries and solar panels, exacerbate demand.

Heat pumps, air conditioning and EV charging devices add to electricity demand growth outside China's industrial sectors. Sales of heat pumps, in particular, are gaining traction in Chinese politics amid over-arching plans towards carbon neutrality before 2060. ■

Hydrogen funding feels the pinch as policy makers change focus

Shifts in US energy policy and rising defence spending in Europe reshapes energy transition priorities and leaves less funding for hydrogen. "We're seeing fewer projects, but those advancing to construction signal real-world momentum," Eugenia Belloni Pocoroba, BP's lead H2 and CCS business development for the Netherlands told delegates at StocExpo2025.

BP and HyCC's proposed 250 MW green hydrogen project, H2-Fifty, in Rotterdam, has been selected by the Dutch government to receive grant funding. No start-up date has been set, so far, and there is a risk that incentives for wind-powered electrolyzers recede – if European policymakers align with US President Trump's pro-fossil fuel approach.

"We need to wait out the Trump presidency to gain clarity on the long-term outlook. Over the next four years, we are likely to see renewed trade conflicts as the US is moving towards decoupling from global markets with profound implications for European industry," said Amit Rao, principal

consultant at S&P Global.

Rising defence spending in Europe could also reshape energy transition priorities. "If governments allocate 3% or more of GDP to defence, other sectors will inevitably face budgetary constraints," he warned.

Burning H2, where electrification is unviable

Industry leaders gathered at Rotterdam for StocExpo see great potential for hydrogen to decarbonise not only power stations, but also industry sectors where direct electrification is impractical. "Decarbonizing refinery fuel is crucial, and low-carbon hydrogen offers a viable pathway," Ms Belloni said, though she

acknowledged that high costs and investment risks remain significant barriers.

Industry has for long embraced hydrogen but its role in transport is still at an infancy stage: "Aircraft manufacturers are exploring pure hydrogen solutions beyond sustainable aviation fuel. It may seem distant, but technological advances are happening rapidly," Rao noted.

Steel and refining sectors are still hesitant given that high cost of hydrogen production and carbon capture is a challenge. "The capital required for these projects is enormous, and investment uncertainty is slowing progress," he said, suggesting government incentives, like those in the UK, help de-risk projects.



Scheme of H2-Fifty project at Rotterdam

Cost barriers, long paybacks hamper CCS

Capturing and storing carbon emissions (CCS) is yet another approach to decarbonise the power gen sector – but despite promising technologies, the high costs involved are a major barrier. Major players subsequently reconsidered their green commitments.

Long payback periods are rather off-putting for traditional investors or project financiers. "The appetite for quick returns does not align with the realities of hydrogen investment," Rao concluded.

EU Clean Industrial Deal 'over-reliant' on CCS; analysts warn

Measures under the European Commission latest 'Clean Industrial Deal' in support of carbon capture storage (CCS) have been brand marked as state aid. Recent analysis by IEEFA of potential European projects finds CCS is "technically immature," will take a long time to realise and may not work as planned while costing the taxpayer over €140 billion.

"Relying on CCS as a climate solution will force European governments to introduce eye-wateringly high subsidies to prop up a technology that has a history of failure," says Andrew Reid, energy finance analyst, Europe at the Institute for Energy Economics and Financial Analysis (IEEFA).

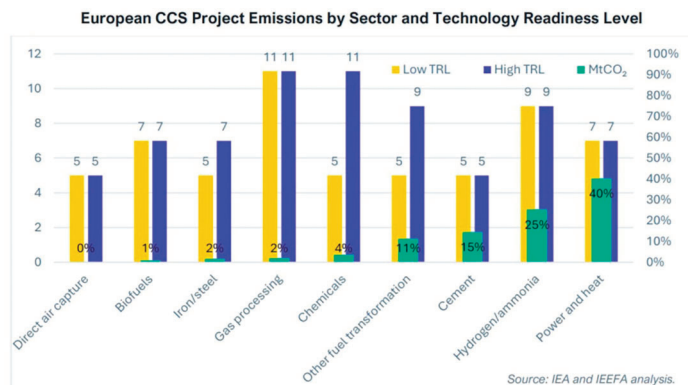
The European Commission on Wednesday announced the Clean Industrial Deal and the Action Plan on Affordable Energy. It includes a framework of state aid measures to facilitate net zero through industrial decarbonisation, renewable energy, and CCS support.

A mixture of mechanisms has been proposed, including funding for 30% of the direct investment, coupled with tax advan-

tages through accelerated depreciation, loans or guarantees for 30-75% of the remaining costs, with additional EU and national-level support – up to 75% of project costs could be covered.

Though analysts commend measures to reduce electricity costs and decouple electricity bills from volatile gas prices are to be commended, they warn against over-reliance on LNG and post-combustion CCS, claiming this would "deny market tends" towards a more sustainable economy and power gen sector.

To address the issue of expensive electricity caused by the unpredictability of natural gas (and other fossil fuel) prices, the EU Commission proposes to launch, among other measures, a pilot programme for corporate power purchase agreements with the European Investment Bank.



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E.ON and RWE call for restart of German energy policy, fewer rules

Germany's leading utilities E.ON and RWE are calling for a "Point Zero" from which the country's overly complex set of energy regulations can be streamlined and turned on its head. The new system should set fewer rules, reward flexibility and stop the current non-grid-orientated expansion of renewables.

For long Germany had had relied too much on "top-down" measures and "fell in love with plans" and regulations to achieve its energy transition, thereby losing sight of "the greater good," said the two utilities led by CEOs Markus Krebber (RWE) and Leonhard Birnbaum (E.ON).

Going forwards, policy makers are urged to critically question assumed electricity demand and correct expansion plans for renewables and infrastructure. Robust scenarios for infrastructure development up to 2035/37 should give room for readjustment in the early 2030s.

Pragmatic tendering for new plants

As for new dispatchable capacity, Krebber and Birnbaum want policymakers to clarify a pragmatic tendering procedure for new gas power plants with the European Commission and swiftly adopt a pragmatic power plant safety law. To underpin investment, the heads of RWE and E.ON call for the creation of technology-open,

central capacity market by 2028 based on the Belgian model.

Rationality and cost control need to prevail when expanding renewable energy sources: Fixed feed-in tariff for all new plants under the EEG should be abolished and replaced it with their own marketing. No remuneration should be given in hours with negative electricity prices, the two utility executives recommend.

Stop overinvestment in RES

The non-grid-oriented expansion of renewable energies cannot continue like this. In the future, signals for site selection that take the situation of the grids into account are

needed, Krebber and Birnbaum underlined.

Solar PV and wind power typically do not feed into a grid connection point at the same time. Linked to the same GCP, they would increase the efficiency of the existing infrastructure.

Simple, uniform and digital queue management as a substantial reservation fee could help reduce the number of non-binding or unsubstantiated grid connection requests.

Rekindle a ramp-up of H2 and CCS

Hydrogen use is expanding dynamically than expected after the Russian attack on Ukraine, given that the clean burning fuel is still a comparatively expensive.

Quotas, e.g. in the transport or refining sectors, public procurement and, to a limited extend, Contracts for Differences (CfDs) could help rekindle market momentum. According to the heads of E.ON and RWE, the long-term goal should be for the hydrogen market to develop independently after the ramp-up phase based on price signals from the EU ETS.

Blue hydrogen should hereby be given "an appropriate role due to its price advantages." ■



Close-up of offshore wind park

Grid upgrades will cost Germany €650 billion by 2045

Germany will have to spend around €650 billion into the expansion of its electricity grids by 2045. To reach climate neutrality by 2045, annual grid infrastructure investments will have to more than double to around €34 billion from the €15 billion raised last year, researchers found.

Electrification of transport, industry and buildings will require massive grid investments which will have to be evenly split between the transmission grid and the distribution grid, a report by the Macroeconomic Policy Institute (IMK) of the Hans Böckler Foundation found.

However, grid operators currently cannot accommodate all renewable energy generated in the country – and they will have to cope with rising volumes of intermittent power supply in the future as the build-out of solar panel continues and more wind parks get developed in the northern part of the country.

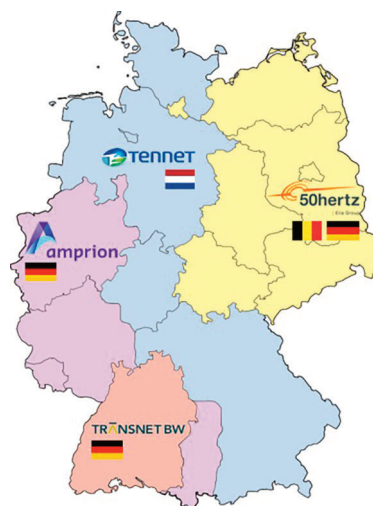
Building new powerlines has proved technically challenging, and has been beset by bureaucracy and plagued by public resistance. The underdeveloped grid is already

costing consumers hundreds of millions of euros every year.

Authors said total costs could be even higher if raw material costs rise or due to supply bottlenecks in transformers or lines, as well as delays in approval procedures. "In view of these uncertainties, an accelerated, strategically coordinated grid expansion is essential in order to achieve the goals of the energy transition in Germany and ensure a climate-neutral electricity supply by 2045," the researchers said.

Germany's electricity grid is currently not able to allow a full use of all the renewable electricity the country gener-

ates – and it will have to cope with a lot more intermittent power generation in the future, as more and more sectors switch to electricity as their main energy supply. ■



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Pulau Indah IPP starts up in Malaysia

The 1,200 MW Pulau Indah independent power plant (IPP) has started commercial operations in Selangor, some 45 km from the Malaysian capital Kuala Lumpur. At the core of the plant are two 9HA gas turbines, engineered by GE to burn a 50% hydrogen blend.

The Malaysian economy is estimated to triple in size over the next three decades, while its population could rise to over 40 million people, spurring fast electricity demand growth. Natural gas has become a popular option for generating electricity as the government aspires to reach net-zero emissions by 2050.

Selangor state-linked company, World-wide Holding Berhad (WHB)'s developed the Pulau Indah IPP, which is projected to cater for the electricity needs of approximately 2.5 million homes in Malaysia.

The two 600 MW power blocks of Pulau Indah IPP are driven by flexible 9HA turbines with high ramp rates and fast start up times to help meet fluctuating demand. For each block, GE Vernova provided a 9HA.01 gas turbine, an STF-D650 steam turbine, a W88 generator and a Once Through HRSG.

Performance of the plant will be monitored with Mark* VIe Distributed Control System (DCS) software, while data collected from sensors throughout the facility will be analysed 24/7 at GE's premises in Greenville, U.S.



View of Pulau Indah IPP in Selangor, Malaysia

Korean LNG power project agreed at Yeosu

Korea East-West Power and E1 have sealed an agreement build an LNG-fuelled power plant in Yeosu, South Jeolla province. A 679 MW coal-fired power station is already in operation in Jungheung, Yeosu, which Korea East-West Power may well want to ultimately run on cleaner-burning gas.

POSCO, meanwhile, reconfirmed plans to become the anchor customer for Mexico Pacific's 15 mtpa LNG export project, agreeing to offtake 0.7 mtpa on a free-on-board basis for 20 years. Situated at Puerto Libertad, Sonora, it will liquefy gas sourced from the Permian Basin in Texas, providing the lowest landed price of LNG into Asia which lifts profit margins of Korean utilities.

Scheduled to start operation in 2026, the first phase of Saguaro Energía LNG will comprise of three trains. "Through further engineering with EPC contractors" Mexico Pacific claims to have been "unlocking incremental LNG volumes that are financeable across global debt markets."

NRG buys 738 MW of Texan gas power assets from Rockland Capital

NRG Energy has agreed to acquire six Texan power plants – one combined-cycle plant and five peaker units – from Rockland Capital. Houston-based NRG stressed it is acquiring these assets for \$560 million or \$760 per kW, significantly below the cost of new construction.

The acquisition is earnings-accretive and will be primarily funded through corporate debt. The deal is subject to regulatory approval and expected to close in the second quarter of 2025.

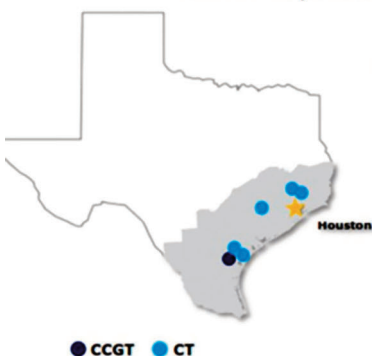
The six power stations subject to the deal include the 290 MW Victoria combined-cycle power stations, as well as five open-cycle gas peakers: the 92 MW Victoria Port II power plant, the 89 MW SJRR plant, the 88 MW Port Comfort plant, the 89 MW Chamon plant and the 90 MW Wharton plant.

The overall 738 MW portfolio is currently 50% hedged through 2028 which implies an annual adjusted EBITDA for up to \$60 million over the corresponding period, the

Houston-based utility disclosed. The above earnings forecast is based on "steady-state power price assumptions" of around \$47/MWh embedded in NRG's 2025 guid-

ance and five-year outlook. The corresponding unhedged position implies an annual adjusted EBITDA of between \$70 million and \$80 million.

Rockland Capital divested these Texan power stations to NRG Energy



Asset	ERCOT Zone	MW	COD	Technology
Victoria	South	290	2009	CCGT
Victoria Port II	South	92	2022	CT
SJRR	Houston	89	2022	CT
Port Comfort	South	88	2017	CT
Chamon	Houston	89	2017	CT
Wharton	South	90	2023	CT
Total Capacity		738 MW		

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