



Weekly News

11 July 2025

Re-deployed turbines to power HyperGrid AI campus in Texas

Fermi America has bought more than 600 MW of gas power capacity for its planned HyperGrid AI campus in Texas – a major step towards 1 GW of onsite power generation. By leveraging re-deployed gas assets, Fermi America avoids the typical 2-3 years lead times for new equipment.

The assets were secured over two separate deals: The first is for 478 MW gas-fired power gen capacity, secured under a contract with Firebird LNG in connection with Siemens Energy. This plant is powered by six SGT800 gas turbines, six heat recovery steam generators, and one SST600 steam turbine.

The second acquisition, completed in June, comprises three GE 6B industrial gas turbines and a steam turbine. Formally in operation at an industrial site in New Jersey, Fermi wants to refurbish the turbines before deploying them at its own site in Amarillo. The vendor of the turbines was not disclosed.



Render of Fermi America's campus

Onsite power for HyperGrid AI campus

The two deals will allow Fermi to generate sufficient on-site electricity to power most of its HyperGrid AI campus. If successful, Fermi considers expanding its strategy of generating electricity

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Aramco mulls sale of gas power assets to cash in billions

Saudi Aramco, the world's largest oil producer, is reportedly preparing to divest up to five plants that currently power its refineries. The sale could generate around \$4 billion and is part of the Government's strategy to streamline Aramco's operations, cut costs and diversify assets.

Considered the most profitable company in the world, Aramco is a critical source of income for the Saudi state. But pressure is building up:

Lower and more volatile crude oil prices force the company to slash its 2025 dividend pay-outs by nearly a third. The Saudi government directly owns 81.5% of Aramco and depends on royalties and taxes for state revenue.



Commodity trading desk at Aramco's premises in Riyadh

Attempt to plug Saudi budget deficit

The timing of Aramco's potential divestment of gas power stations coincides with Crown Prince Mo-

ammed bin Salman's ambitious plans to diversify the kingdom's economy away from oil dependence. His 'Vision 2030 initiative' requires significant funding. Oil revenues made up 62% of state

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directly where it needs it. Flexible gas-fired power, possibly paired with solar PV and energy storage is one of the most cost-competitive options for supporting the energy needs of America's energy-hungry Big Data industry.

"The initial fleet represents ISO rated capability of [more than] 600 MW of power generation equipment that is available for shipment and refurbishment, avoiding multi-year Original Equipment Manufacturer (OEM) lead times," explained Fermi America's chief

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– Larry Kellerman, chief power procurement officer, Fermi America

power procurement officer, Larry Kellerman.

The campus for HyperGrid AI – developed with Texas Tech University System –

will span 5,769 acres. At full buildout, it will have the potential to deliver up to 11 GW of electricity. ■

Negative power prices periods become more frequent in the UK

Hot summer weather, and robust solar and wind power output, are making electricity prices in the UK frequently fall below zero. If the current trend persists, Montel Analytics expects the number of below zero day-ahead prices in Q3 could top 134, compared with 112 instances in Q2 2025.

“As intermittent generation continues to expand, periods of excess supply relative to demand are becoming more frequent, amplifying downward price pressure during low demand intervals,” explained Montel Analytics director Phil Hewitt.

Geopolitical risk, changes in the macroeconomic outlook impact on commodity prices while weather patterns affect renewable energy output, which in turns determines the need for gas-fired power generation to balance the grid. Renewables generated 32.5 TWh of electricity in the second quarter, hence 51% of Britain's energy mix was owed to high levels of solar and wind power. Two inherently intermittent energy sources, hence power prices become more and more volatile.

Looking at fuel sources, natural gas climbed to a near peak of £34.02/MWh in June before declining sharply in the final week, ending the quarter at £26.61/MWh. “The general decline over the quarter was driven largely by unseasonably warm weather, which eased system demand,” Hewitt noted, “and by optimism surrounding

US-mediated peace talks between Russia and Ukraine.”

Wholesale electricity prices in Q2 increased to £71.61 per MWh, up from an average of £66.17 per MWh in Q2-2024. But prices frequently fell below zero during periods of high renewable output and low demand. ■



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income last year, but despite earning \$199 billion from Aramco in 2024, the Saudi government still has a budget deficit in excess of \$30 billion.

In addition to the power plants, Aramco also considers selling other infrastructure, including residential compounds, pipelines, and port facilities, sources told Reuters. Such steps could help raise substantial capital.

Local entities, e.g. Saudi utility compa-

nies, are understood to be among the interested buyers – though Aramco declined to comment.

Aramco currently owns or partly owns 18 power plants that support its refineries and gas facilities, according to its 2024 financial report. New units, like the Tanajib Gas Plant, are scheduled to start operations soon. Meanwhile, Aramco raised \$5 billion through a bond sale in May and has indicated further borrowing may follow. ■

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Brent's flirt with contango could make OPEC+ cut supply

If the Brent crude oil market begins to "flirt with contango," OPEC+ will likely cut production, Rystad reckons. The primary goal of oil and gas producers remains maintaining a backwardated market structure, with crude prices impacting oil-indexed gas and LNG contracts.

Concerns over rising supply have flattened the curve beyond the summer. Yet prompt prices find support from an anticipated demand peak in August 2025, Rystad chief oil analysts Mukesh Sahdev said.

The "strength of near-term time spreads," in his view, shows that market participants want the backwardation of the crude oil curve to continue.

Disguised strategies are one explanation: OPEC+ could be setting the stage for future target cuts by raising them now, especially if demand declines significantly between August and October," Sahdev noted, stressing:

"Unless there is a major shift on the supply side, we expect the crude market to remain backwardated and prices to stay near

the \$65 per barrel range."

Despite the headline increase, prompt Brent backwardation remains intact, which signals that the market continues to price in tightness ahead of peak crude demand in August. Looking ahead to October, as demand faces and supply forecast to grow by 1.4 million barrels per day, Brent could drift toward the \$60 per barrel range.

Count-down until August 1

Much depends on how the US tariff discussions evolve in the coming days, with August 1 fast approaching as the day when Trump wants to announce new tariffs.

Single- and even double-digit figures are rumoured for some countries, especially in



Asia. Yet the shifting timelines for full tariff enforcement indicate that "the US is being cautious with its economic measures," Sahdev commented.

The delay is giving oil markets time to digest and adjust these tariff-related announcements. More importantly, it gives nations time to negotiate with the US, and vice versa, as trade lines are redrawn and agreements reassessed.

Shareholder pay-outs under threat if oil price falls under \$60

If oil prices fall further – possibly below \$60 per barrel – majors will have to choose between upholding high shareholder returns or spurning investors to save their balance sheets, analysts warn. BP, Eni and TotalEnergies target shareholder returns of 30-40% while Shell strives to achieve 40-50%.

Most Western energy majors have tied pay-out targets to corporate cash flow from operations (CCFO). At current cash flow levels – considering oil prices are hovering around \$60 per barrel – total shareholder pay-outs could fall by approximately

20% to 40% from \$119 billion to around \$70 to \$95 billion in 2025.

The latest drop in oil prices creates downside risk for shareholder returns but so far, all the majors upheld their shareholder pay-out guidance, Espen Erlingsen, head of Upstream Research, Rystad Energy is convinced the majors "will stay remain reluctant to scale back their capital returns framework in the near term."

Dwindling cash reserves

In fact, the majors have sustained share pay-outs in part by drawing down cash re-

serves. Following a peak of nearly \$160 billion between the third quarter of 2022 and the first quarter of 2023, aggregate cash reserves have steadily declined, reaching just above \$120 billion as of the first quarter of 2025.

Record cash had been handed out to shareholders: In 2024, total shareholder pay-outs by BP, Chevron, Eni, ExxonMobil, Shell, and TotalEnergies reached \$119 billion. The pay-out ratio – shareholder pay-outs as a share of corporate cash flow from operations (CCFO) – climbed to 56%, well above the 30–40% range that was typical from 2012 to 2022.

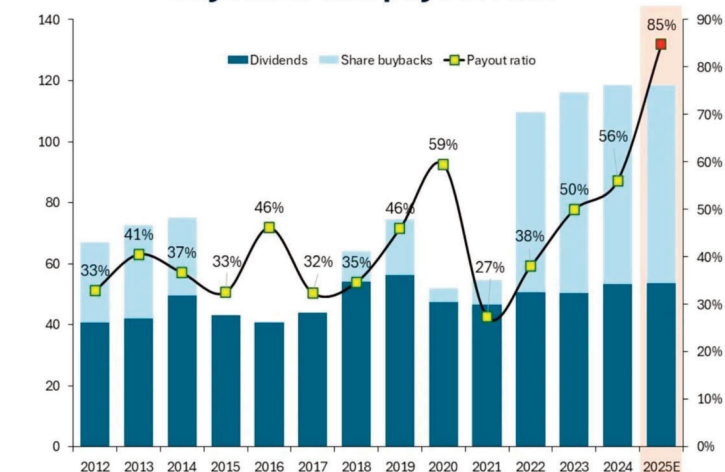
If current payout levels are sustained total shareholder pay-outs in 2025 could again reach \$119–\$120 billion in 2025.

Difficult choices

In fact, keeping pay-outs at 2024 levels throughout 2025, would imply that companies distribute more than 80% of their cash flow to investors, Erlingsen explained. Such a move, in his view, would be "a sharp and highly unsustainable jump from the 56% pay-out ratio recorded in 2024."

Some majors have to make difficult choices between either cutting buybacks or lowering shareholder dividends, he noted. Many firms, however, already have set pay-out targets tied to CCFO. Based on current cash generation levels, shareholder pay-outs could fall by 20–40% in 2025.

Energy majors' annual dividends, share buybacks and payout ratio*



Note: 2025E is a full-year estimate based on 1Q 2025

Source: Rystad Energy research and analysis

*Ratio of dividends and share buybacks to corporate cash flow from operating activities

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Duisport launches CO₂-neutral energy system at Gateway Terminal

Duisburger Hafen AG and Rolls-Royce have launched a CO₂-neutral energy system, consisting of two mtu cogeneration units that run entirely on hydrogen. Battery-based energy storage, hydrogen fuel cell and solar photovoltaic are complementing the hybrid power system.

The terminal, spanning the area of 33 soccer fields, needs some 3,500 MWh of electricity per year, especially for the operations of its cranes. Six cranes are planned, three are already in use, with further electricity needed for terminals, e-car charging stations, buildings and lightning.

Heat demand of the terminal is 77 MWh per year, partly met by solar PV whose surplus energy gets stored in mtu's Energy Pack. At times when solar energy is insufficient, mtu hydrogen-powered fuel cells and CHP units provide clean power and heat.

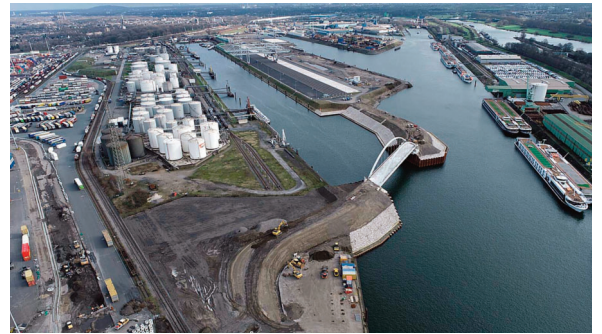
This "microgrid" demonstrates that large-scale logistics centers can operate fully on green energy. According to Alexander Garbar of Duisport, the system runs reliably

and may even supply nearby neighbourhoods.

Germany's energy policy is geared towards includes expanding modular, decentralized gas-fired power plants to balance intermittent renewable sources.

Rolls-Royce's mtu gas engines are already widely used across Europe.

At Duisburg Gateway Terminal, Rolls-Royce can showcase its first two 12-cylinder mtu Series 4000 gas engines, running fully on hydrogen, each generating 1 MW. Based on these engines, the manufacturer wants to develop more efficient hydrogen combustion engines in higher capacity ranges up to 2.5 MW. ■



Hitachi and L&T team up to modernise Saudi grid



Hitachi Energy has partnered with Larsen & Toubro (L&T) to deliver 380 kilovolt (kV) gas-insulated switchgear (GIS) to National Grid Saudi Arabia Company. Modernising the grid in the northern part of the Saudi Kingdom is paramount as electricity demand will exceed 500 TWh by 2030.

Urbanisation, electrification of transport and industrial growth – all these factors drive demand for electricity across the Middle East. In terms of investment, the cost for high-voltage GIS installations range between \$1.5 million to \$2 million per bay, depending on customization and auxiliary systems.

The 380 kV GIS technology, made by Hitachi on behalf of the Saudi TSO, is known for its compact design, high reliability, and enhanced safety. It helps minimize land use – a valuable feature in densely populated areas. Hitachi claims its GIS switchgear can operate efficiently in the harsh desert climate of Saudi Arabia.

Digital monitoring and diagnostics technologies will form a key part of the system to optimise performance and predict maintenance. These initiatives are in line with the Saudi Kingdom's Vision 2030 of digitizing key infrastructure.

The market in the Middle East for advanced GIS systems is growing steadily, with projections estimating a CAGR of over 7% between 2024 and 2030. ■

MHI to carry out FEED for Japan's largest CO₂ capture plant

Mitsubishi Heavy Industries (MHI) has won an order from Hokkaido Electric Power (HEPCO) to carry out the Front-End Engineering Design (FEED) for a carbon capture plant at Tomato-Atsuma power station. Some 5,200 tons of CO₂ per day will be captured initially from flue gases emitted during the combustion process.

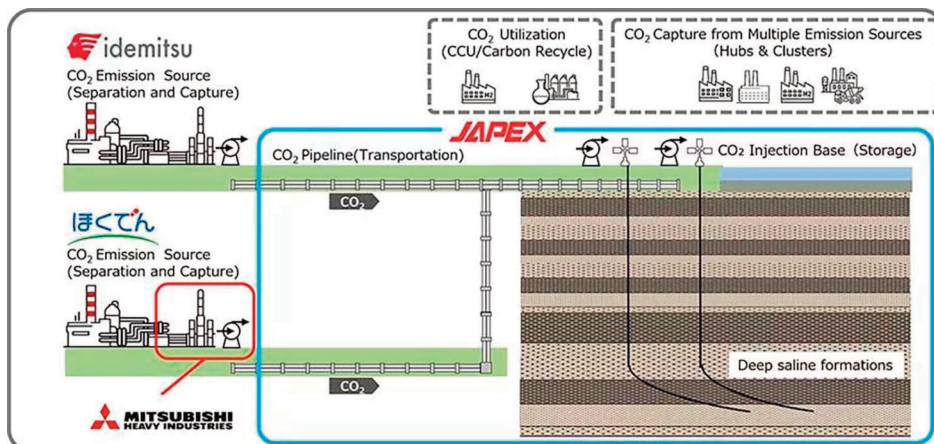
The project will allow MHI to field-test the equipment and specifications of its proprietary CO₂ capture technology, in preparation for a wide-spread rollout across Japan. Three of Tomato-Atsuma's four power units are currently in operation, using supercritical coal combustion technology.

Together with Kansai Electric, MHI developed the 'KM CDR Process' which has been adopted by 18 fossil power stations across Japan. The Advanced KM CDR Process uses the KS-21 solvent which has been technological improved over the amine-based

KS-1 solvent.

For design works, HEPCO and Idemitsu Kosan are working with Japan Organization for Metals and Energy Security (JOGMEC). The carbon captured will be stored deep saline formations in the Tomakomai area, where operators aim to store up to 2 million tons of CO₂ per year by 2030.

The Government has selected a sea region near Tomakomai as Japan's first "specified area" under the CCS Business Act. Exploratory drilling in that area is currently being considered. ■



Taiwan's coal-to-LNG fuel switch gathers speed

Start-up of the first repowered block of Taipower's Hsinta plant is accelerating Taiwan's switch from coal to LNG-fuelled power generation. The Government is actively promoting new nuclear and LNG in an effort to decarbonise.

“Our Hsinta Power Plant in Kaohsiung is a key facility in Taiwan's energy transition, and in line with Taiwan's Renewable Energy Development Act (REDA) energy policy centered around transitioning from nuclear power and reducing reliance on coal fuels,” said Mr Hung, director of Taiwan Power Company Nan Bu Construction Organization (TPC NPCO).

State-owned Taipower is working with international turbine maker to implement the government's coal-to-gas switching policies. Hung singled out the “trusted relation with GE Vernova,” which helped commission the first 1,3-Gigawatt power block at Hsinta. Two further blocks are slated to start operation in phases across 2025 and 2026, bringing the combined power gen capacity of the Hsinta plant to nearly 4 GW.

LNG import for power gen

The staggered start-up of repowered units is bound to increase Taiwan's overall demand for LNG imports. CPC Corp, Taiwan's state-owned energy company, is already



Taipower's Hsinta power plant

preparing to ramp up LNG procurement through a new regas terminal in the Guantang Industrial Area

The Guantang terminal, situated in the north of the island, will give CPC an additional option for importing LNG apart from its Taichung LNG terminal which is also being expanded.

The Taiwanese government wants to replace nuclear power with natural gas and renewables. To that end, the ratio of electricity generated from natural gas is meant to rise to 50%, the ministry of economic affairs said. Nuclear is already down to zero since May 17, when Unit 2 at the Maanshan nuclear reactor was decommissioned. ■

Front-End Loading gets underway UE LNG site in Houston

United Energy LNG (UE LNG) is working on a scalable liquefaction platform to serve industry, power gen, and transport markets. Front-End Loading (FEL) Phase 1 is underway at a site in Houston, a second site is underway, and a third site in Kansas set to start FEL in a few days.

UE LNG has just been created through a merger of United Energy's upstream expertise with Power LNG's permitting progress, engineering capabilities. Three sites are under development across Texas, Kansas, and the Gulf Coast with a targeted liquefaction capacity of up to 540,000 mtpa.

Though UE LNG kept the location of the site “confidential,” the company was open about its third site at Independence, Kansas. The latter is scheduled to begin Front-End Loading Phase 1 later this month.

Capital cost is estimated at \$240–270 million across three facilities. Cash flow projections are targeting for project to

breakeven within 12–18 months post-commissioning.

Modular, “nimble solutions”

Despite global LNG investment nearing \$200 billion annually, small-scale LNG remains the least crowded, most overlooked frontier in U.S. energy. Major players focus on export, while decentralized markets remain stranded.

“That gap is UE LNG's advantage,” CEO Brian Guinn stressed. “While the majors are focused on megaprojects, we're deploying modular, nimble solutions that get LNG to the people and industries who need it now.”

The merger of United Energy and Power LNG aligns “speed, innovation, and execution,” Austin Terry, CEO of Power LNG added. “By combining our development and operational expertise with United Energy's capital platform, we're unlocking a scalable model for delivering LNG.” ■

NEWS NUDGES

Hunter Power Project fires up

The 750 MW Hunter Power Project has been fired up today, the operator Snowry announced. Situated in Kurri Kurri, in the Australian territory of New South Wales, the plant consists of two open-cycle gas turbine and will initially supply 660 MW of electricity to the grid.

MET buys German gas storage

Swiss-based MET Group has acquired 100% of KGE, a natural gas storage operator based in Gronau, North Rhine-Westphalia. Working gas volume at Epe totals 179 mmcm, connected to Open Grid Europe. To date, the owners were EWMR, Dortmund's DEW21, Stadtwerke Essen, Gelsenwasser AG and MET Holding Germany. In Germany, MET already operates gas storages sites at Etzel in Lower Saxony, and at Reckrod in Hesse. ■

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