



Excelerate and Breeze race to develop Khor Al-Zubair FSRU

Two finalists – Exelerate Energy and UAE-registered Breeze Investment – are contesting to develop a FSRU at Khor Al-Zubair port, as part of an effort to bolster electricity generation. The Iraqi oil ministry signalled it wants to reach an agreement within ten days.

Market observers criticised the procurement as a “rushed process.” Yet, Iraq seeks to end energy imports from Iran and the Khor Al-Zubair floating LNG import terminal could substitute about 50% of Iranian pipeline gas deliveries. The FSRU is intended to source at least 500 million cubic feet per day of regasified LNG and will connect directly to the Iraqi gas grid.

Six companies had been invited to take part in the tender and offers from three bidders were received by late June. Exelerate and Breeze were shortlisted while a third bidder withdrew after submitting a revised offer below a 500 million cubic feet per day threshold, which was rejected.



Exemplary FSRU from Exelerate

Iraqi companies were seemingly preferred to start with: The Iraqi Oil Minister disclosed in early June advanced negotiations were underway with Breeze Investment, supported by ADNOC, with the aim of finalising a firm development contract within three weeks.

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Vietnam: Han Lang LNG strives for 2029 start-up

T&T Group of Vietnam is tackling legal hurdles to get the Hai Lang LNG project built and commissioned by mid-2029. With revised capital costs of more than \$2.3 billion, the integrated LNG import and power gen project can also count on backing from the Korean trio Hanwha Energy, KOGAS and KOSPO.

The Hai Lang LNG development includes an import terminal capable of receiving LNG carriers of 120,000–180,000 cubic metres, with a capacity of 1.5 mtpa, alongside a 1,500 MW power plant.

All LNG imported via Hai Lang LNG will be sold to utility Electricity of Vietnam (EVN) and other offtakers under long-term agreements.

The project's cost soared from \$2.1 billion to over \$2.3 billion of which the investor consortium will only shoulder some \$580 million. The rest, a massive \$1.7 billion, would have to come from elsewhere – notably debt financing.

Escalating costs and legal hurdles have already delayed construction. T&T Group hence urged



Render of Hai Lang LNG power complex

Vietnamese authorities to speed up land clearance, resettlement, and approval for converting forest land use. Bottlenecks with seaport infrastructure and permitting as still need resolving.

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Yet things turned sour and Exelerate now seems to be having the upper hand. The U.S.-based company is a seasoned provider of FSRUs.

Blackout risk as Iranian gas supply fades

A sudden and significant drop in gas imports from Iran has left Iraq with an electricity shortfall of approximately 3,800 MW. Saad Farih, head of the ministry's fuel directorate, confirmed gas imports from Iran plunged from the agreed-upon 55 million cubic meters per day (mcm/d) to just 25 mcm/d in July, leaving many Iraqi gas-fired power plants unable to operate. Fuel oil can be co-

fired at some thermal power stations in an effort to rebalance the grid.

Electricity minister Ziyad Ali Fadel highlighted earlier Iraq's growing energy gap, noting that while the country generated 27,000 MW of electricity in 2024, actual demand stood at 48,000 MW — a severe supply deficit. Responding to recurring power shortages due to Iraq's reliance on imported fuel, the government strives to incentivise the development of domestic energy resources. Imports of US LNG are also on the cards.

Iraq is nearing completion on its first ever LNG purchase agreement, potentially with Exelerate. Though contract volumes have not been publicly disclosed, Iraq is under-

stood to seek between 1 and 1.5 million mtpa of LNG imports, equating 140–210 million standard cubic feet per day (mmscf/d) of regasified natural gas. According to Ali Salman, South Gas Company's acting director general, these volumes would be directed to power generation plants.

With spot LNG prices ranging from \$9.50 to \$11 per million British thermal units (MMBtu) in the Middle East and Asia, the annual cost of the LNG imports could range between \$450 million and \$650 million. If the deal with Exelerate comes to fruition, the LNG will likely be sold indexed to Henry Hub prices. ■

EWEC issues RFP to develop carbon-capture-ready IPP

Emirates Water and Electricity Company (EWEC) has issued a Request for Proposals (RFP) to develop the Al Nouf Independent Power Producer (IPP) project. Designed as the largest single-site carbon capture ready combined-cycle power plant, the IPP would deliver 3.3 GW of electricity for the greater Abu Dhabi area.

The massive CCGT will be built within the Al Nouf Complex, a coastal hub in Abu Dhabi intended to serve both power generation and reverse osmosis desalination, utilizing seawater cooling. The location is poised for future expansion in utility-scale energy and desalination projects.

Ahmed Ali Alshamsi, EWEC's CEO, stressed the Al Nouf project is central to delivering a flexible, efficient, and decarbonized energy system. Swift project execution is vital for balancing intermittent renewable energy supply and maintaining system reliability as the UAE aspires to reach Net Zero by 2050.

Turbines already pre-reserved

To ensure timely execution post-RFP-award, the developer EWEC has already pre-reserved gas turbines specifically for this project. The tender specifically encourages bidders to integrate AI tools for operational efficiency, and predictive maintenance, alongside digital twins and advanced performance monitoring systems.

Under Abu Dhabi's IPP model, the selected developer or consortium will hold up to 40% equity in the project company, with the remainder held indirectly by the government.

Bidders should best respond to the RFP by October 2025, and the plant is scheduled for commercial operation in the third quarter of 2029. ■



Site of prospective Al-Nouf IPP

Gas to Power Journal

Publisher
Stuart Fryer

Editor
Anja Karl
anja@gastopowerjournal.com

Advertising
Narges Jodeyri
narges@lngjournal.com

New Business & Databases
Stephan Venter
Tel: +44 (0) 207 017 3407
venter@gastopowerjournal.com

Subscriptions
Margarita Tokere
Tel: +33 (0)7 67 62 58 77
margarita@gastopowerjournal.com

Layout & Production
Vivian Chee
chee@thedigitalship.com

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Initially, the project was meant to be completed between 2026 and 2027 but the roadmap had to be adjusted. Construction will now not start until early 2027, meaning fuel for the first power gen unit might not be available until summer 2029 and for the second unit until January 2030.

Officials in Quang Tri province, where the LNG terminal is meant to be built, pledged they are working with ministries to complete legal procedures quickly. Tasks include com-

pensation, land allocation and leasing. Boundaries for the ship turning area and navigation channel also still need to be adjusted at My Thuy port.

Once operational, the Hai LNG terminal will help shift Vietnam's power generation mix away from thermal coal to help reach the country's emission targets. For Quang Tri province, in particular, the regas terminal would bolster ambitions of becoming an energy hub in central Vietnam. ■

Pipeline constraints could choke US LNG growth, Cheniere warns

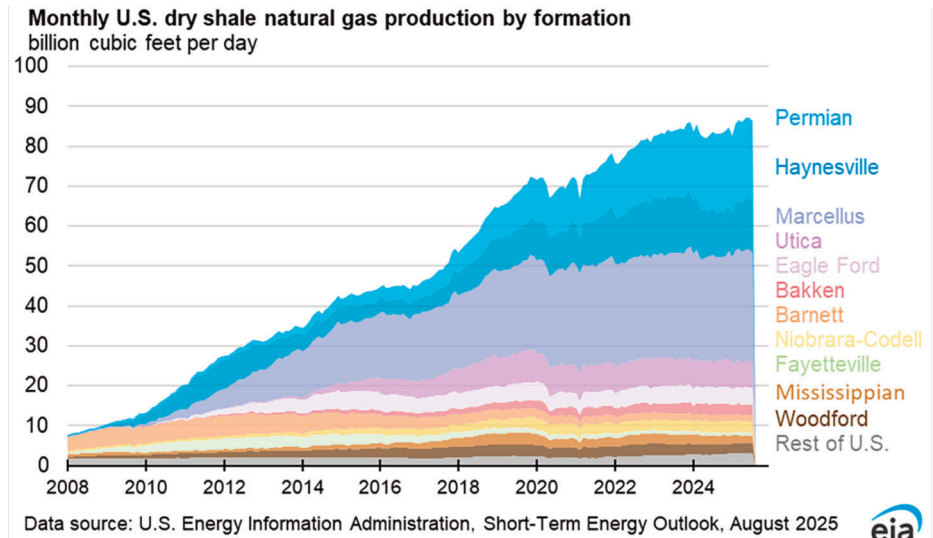
Constraints on feeder pipelines could choke the imminent surge in US LNG exports. "It's not about the availability of gas, it's about transportation. "How are we actually going to get it there?" Cheniere's vice president Nishita Singh told a conference in Texas.

Singh is the general for Cheniere's Corpus Christi LNG terminal and each day the company buys about 5% of the natural gas produced across the United States to feed the terminal's two trains. "So far, we have produced around 4,000 cargoes that have gone to over 45 countries and regions around the world," Singh said at the Texas Independent Producers and Royalty Owners Association (TIPRO) summer conference. "We have more than 100 natural gas suppliers that feed into our facilities."

Come 2030, overall US LNG exports are anticipated to almost double to around 30 billion cubic feet per day (bcf/d). Nearly 8 bcf/d of new liquefaction and export capacity is due to come online over the next two years alone. Already today, Cheniere processes some 46 mtpa across its Sabine Pass LNG and Corpus Christi LNG terminals. Another 14 mtpa of capacity is under construction.

Yet, midstream bottlenecks may delay, if not partially derail the planned expansion of LNG exports. Pipeline constraints threaten to squeeze earnings of America's big LNG exporters.

In the first half of 2025, Cheniere cashed in \$9.82 billion in LNG revenues – a 40% increase from about \$7 billion in the first half of 2024, the company's Q2 earning statement reads. First LNG at the company's sec-



ond train was produced in June and this month, reached substantial completion of Train 2 of CCL's Stage 3 expansion project.

Rivals now gear up to gain market share: New projects under development include Plaquemines, Golden Pass, Calcasieu Pass, Port Arthur LNG and Rio Grande LNG. Future ventures, where FID is still pending, include Commonwealth LNG, Woodside Louisiana LNG and Texas LNG.

"It'll be fascinating to see, depending on where these facilities are, how they're going to be able to get the volume that they need," Singh said, cautioning against high expectations of a rapid ramp-up of US LNG exports.

Cheniere, for its part, will source most

natural gas for CCL from the Permian – a historically oil-focussed shale play that is becoming "gassier." Deeper layers in the Permian contain immense gas volumes, ready for development – with advanced fracking technology.

But gas takeaway capacity from the Permian is constraint and Kinder Morgan is hence building the 216-mile Trident Interstate Pipeline at a cost of \$1.7 billion to supply feedgas to Golden Pass LNG. Trident is envisaged to deliver 1.5 Bcf/d of gas from the Permian and South Texas fields beginning in early 2027, with room to expand throughput capacity to 2.8 Bcf/d in the near-term future.

Shell slams export controls of Australian LNG

Shell Australia adamantly opposes policies forcing LNG exporters to reserve more gas for the domestic market. Redistributing exiting supply is no solution, Shell Australia's Cecile Wake argues "so let's make the pie bigger."

Sydney and Melbourne, alone with most of the Australian east coast, are at risk of gas shortages if new supply or regulation adjustments do not come to fruition by



Shell's Prelude FLNG facility offshore Australia

2028. The government is hence considering imposing gas reservation mechanisms, much to the dislike of LNG giants like Shell, ConocoPhillips and Santos.

"Export controls don't increase supply; they simply redistribute it ... when coupled with price caps and other interventions, it can impede investment and exacerbate the challenge."

Federal policymakers in Australia are currently carrying out a sweeping review of the country's gas market regulations. Affordable gas for all citizens is a political priority – making oil majors fear the government might retrospectively alter existing export contracts.

ConocoPhillips Australia, part of the APLNG joint venture, has warned of "heavy-handed government intervention." There are enough underdeveloped re-

sources Down Under to meet future energy needs, President Jan-Arne Johansen finds. But the country needs, in his view, "internationally competitive fiscal, regulatory and approvals regimes to enable investment and timely project execution." Similarly, Shell warns of negative investment impacts if mandatory curbs in LNG exports are imposed.

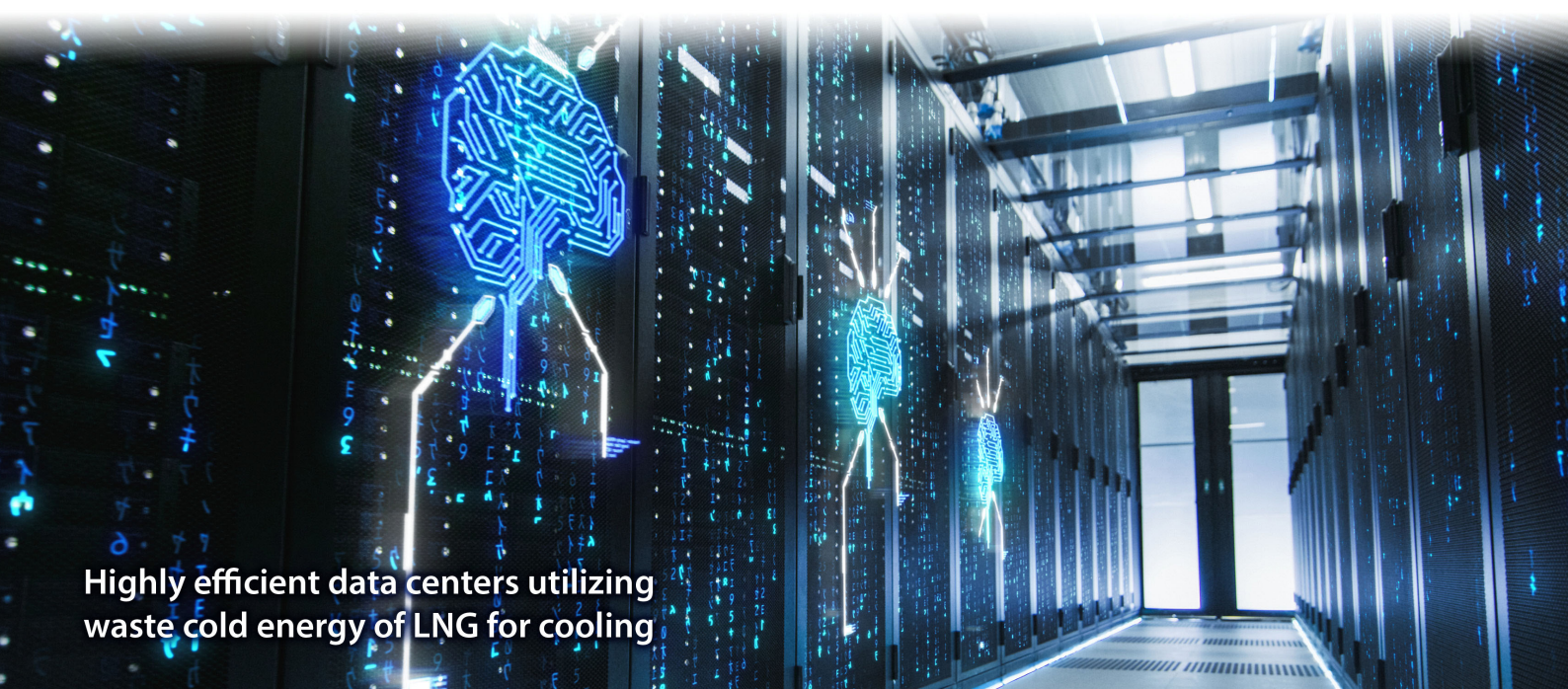
Santos CEO Kevin Gallagher is taking a more conciliatory stance: He lauded a government-backed heads-of-agreement for LNG exporters to offer uncontracted gas domestically while honouring export contracts. Vowing Santos will ensure Australians are adequately supplied, Gallagher hinted at falling upstream costs: "We are extracting more gas for less money ... That's great for both domestic gas supply and our LNG exports."

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Oil & gas majors fresh focus on upstream aids cash flows

Unfavourable market conditions for renewables and other low-carbon energy sources have prompted Shell, TotalEnergies and BP to bolster their core upstream operations. Reserve replacement should support future cash flows, Fitch Ratings reckons.

“Still, the long-term risks posed by the energy transition will have to be addressed,” analysts underlined. Any future rating upgrades would require a structural improvement of business profiles to mitigate energy transition risks.

Beware lower prices and margins

Shell plc (AA-/stable), TotalEnergies SE (AA-/stable), BP plc (A+/stable) and Eni SpA (A-/stable) continue to maintain leverage levels within their rating sensitivities,

Fitch reckons.

These ratings were given “despite normalised earnings and cash flows” given that hydrocarbon prices and refining margins have been trending back down toward mid-cycle levels after hitting record highs during the last four years.

Higher interest rates and inflation, alongside the economics of low carbon verticals, have forced some oil & gas majors to revise their return targets and energy transition goals. All members of Fitch’s European O&G majors peer group as of now expect to in-

crease or maintain upstream hydrocarbon production through to 2030 – although with greater focus on natural gas.

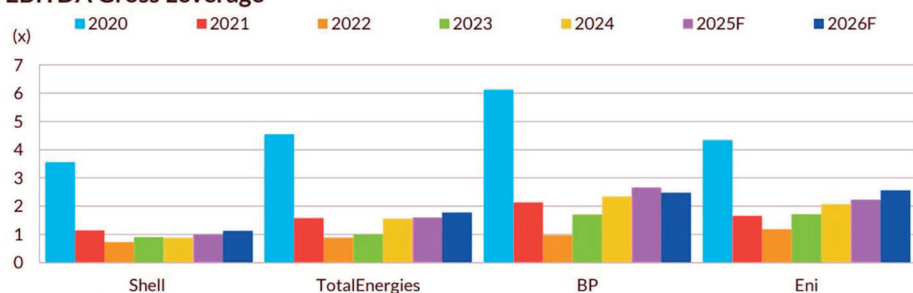
Slowing down on low-carbon investment

Significant resources will also be dedicated towards reserve replacement of traditional fossil fuels, companies told Fitch. Ramp-up of low carbon energy sources, in contrast, is being perused at a slower pace and more back-loaded than previously anticipated. “We expect a disciplined approach to low carbon investments, focusing on economic returns and postponing or cancelling investments if returns are insufficient,” analysts stressed.

Looking ahead, Fitch expects that the majors will take a prudent approach to their capital allocation and cost management to maintain robust leverage levels and liquidity positions through the cycle.

“Despite recent revisions by some of the majors in their approach to balancing the buildout of low-carbon businesses with optimizing traditional upstream and downstream activities, we do not expect a full resetting of long-term emission reduction targets,” analysts commented – though additional revisions and shifts to near-term targets are deemed “likely.”

EBITDA Gross Leverage



Minimum Emission Targets by European Oil and Gas Majors

Energy-transition investments	Under 10% of total capital employed allocated to power and low carbon options through 2030	USD4 billion-5 billion a year on low-carbon energy through 2030	USD1.5 billion-2 billion a year on low-carbon verticals through 2027	30% (EUR2 billion a year) of net investment in low and zero carbon verticals
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Source: Fitch Ratings, companies

Plug Power, SK E&S to invest ₩1 trillion in H2 fuel cell Gigafactory

US-based fuel cell developer Plug Power and SK Energy & Services, South Korea’s second-largest conglomerate, are gearing up to jointly invest ₩1 trillion (US\$747 million) to build a large-scale hydrogen Gigafactory and R&D center in South Korea. Start of commercial production is slated for later this year, or early 2026.

Once up and running, the Gigafactory will produce hydrogen fuel cells for vehicles and electrolyzers for power generation. It will serve SK E&S’s hydrogen complex in Boryeong, due to go online around 2026.

The lion’s share of the capital expenditure, or ₩510 billion will come from SK E&S, while another ₩490 billion is meant to be spent by Plug Power, headquartered in Latam, New York State.

Plug Power stated it anticipates over US \$1 billion in sales opportunities from cryogenic hydrogen equipment, including some \$110 million in backlog and a \$725 million

liquefier pipeline. SK Plug Hyverse will mass-produce key hydrogen technologies and support a network of around 100 liquid hydrogen refuelling stations.

The initiative will support the South Korean government’s plan for hydrogen (H2) and ammonia (NH3) to supply about 2.1 % of electricity generation by 2030. This share is envisaged to rise to 7.1 % by 2036. H2 and

NH3, alongside renewables and nuclear are meant to decarbonise the grid.



Inside view of Plug’s fuel cell factory in Henrietta, NY

Gastech

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