



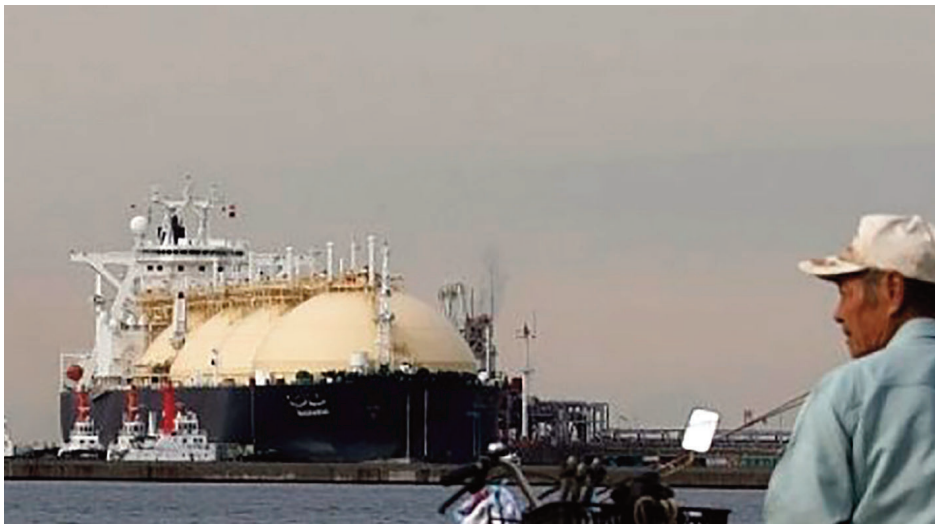
Ichthys strike risk leaves Japan most exposed as LNG supply tightens

Strike threats at Inpex-operated Ichthys LNG from May 27 have put Japan's power sector at the center of a fresh supply-risk story, given the country's heavy dependence on contracted Australian LNG and limited spot flexibility.

Around 70% of output from the 9.3 million tonnes per annum Ichthys project in Darwin is sold to Japanese buyers, including JERA, Kansai Electric, Kyushu Electric, Osaka Gas, Toho Gas and Tokyo Gas. That leaves Japan especially vulnerable to any disruption, even if the work stoppage proves short-lived.

The Offshore Alliance has notified Inpex that the industrial action could run from May 27 to June 10. If the strike affects operations, the immediate impact would likely be felt first in delivery schedules and contract balancing, but the broader effect would be on sentiment across Japan's already tight LNG market.

The timing is sensitive. Spare LNG availability is thin after the suspension of Qatari LNG exports, and that has already tightened prompt cargo options across Asia while forcing buyers to compete more aggressively for Atlantic Basin and North American supply. A disruption at Ichthys would further narrow those options and



Man awaits LNG tanker to berth at Japanese port

could leave Japanese utilities with less room to manoeuvre during the summer demand season.

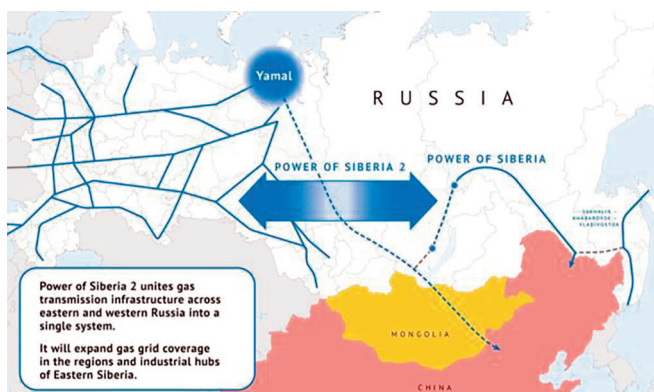
Japan's power sector is the most exposed because LNG remains a core fuel for both baseload and peak electricity generation. Utilities rely on a mix of long-term contracted cargoes and shorter-term spot purchases to manage seasonal swings in demand, maintenance outages and reservoir conditions. If one of the region's key

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Hormuz LNG transit risk boosts chances for Russia-China pipeline

Persistent disruptions to LNG flows through the Strait of Hormuz could bolster Russia's chances of getting the Power of Siberia II pipeline built. A start-up around 2032 would give Gazprom a new major outlet, as the EU's 2027 ban on Russian LNG reshapes Moscow's long-term export strategy.

Russia's much-debated LNG trade with Europe is on tightening schedule. In the second quarter 2025, Russian LNG shipped to the EU amounted to around 20.3 billion cubic metres, or roughly 14% of the bloc's LNG imports. By volume, that's just a fraction of Gazprom's former pipeline gas exports to Europe, but it still amounts to several million tons of flexible LNG cargoes that need to be re-routed to Asia.



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contracted supply sources is disrupted, utilities may need to lean more heavily on the spot market or burn alternative fuels, both of which can raise power costs.

Market reaction has already reflected that risk. The Japan-Korea Marker, the benchmark for spot LNG delivered into Northeast Asia, jumped 10.8% on Tuesday to a seven-week high of \$18.96 per million British thermal units. Earlier this week, re-

porters assessed June-delivery JKM at \$19.689/MMBtu, the highest since late March, before it was last seen at \$19.62/MMBtu on Wednesday morning.

The price move was driven not only by Australian supply risk, but also by Middle East concerns that lifted freight costs as North American cargoes were rerouted toward Asia-Pacific. Still, market participants said the latest rally was largely a risk-pre-

mium spike tied to Ichthys rather than a pure demand-driven move.

For Japanese utilities, the key issue is not just whether cargoes are delayed, but whether the disruption forces them to tap more expensive replacement supply at a time when summer cooling demand is rising. That could squeeze margins for power generators and gas distributors, while also adding pressure to retail electricity and gas pricing. ■

NERC exaggerates risks facing US power grid

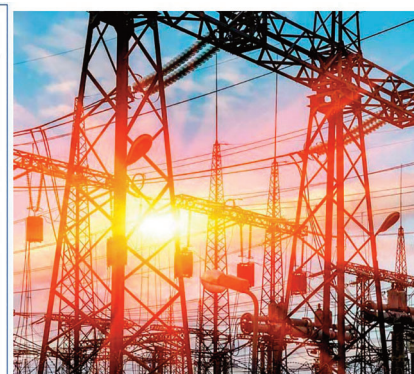
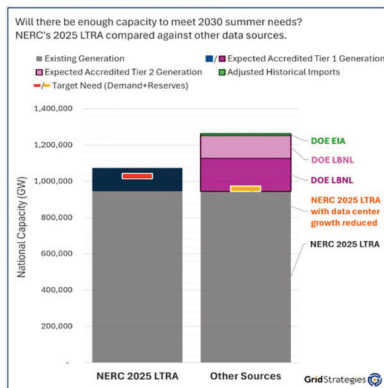
North American Electric Reliability Corp.'s (NERC) latest assessment overstates the risk facing the US power grid by assuming too much new data centre load and too little regional power flows, making resource margins appear artificially tight.

Consultants at Grid Strategies said NERC's 2025 Long-Term Reliability Assessment is "too pessimistic," arguing that the grid watchdog's demand forecast, pointing at conservative assumptions on new generation and limited transfers between regions. NERC refuted by stressing its assessment is using published criteria, probabilistic studies, deterministic reserve margins and risk scenarios.

"The overall resource adequacy outlook for the North American BPS is worsening," NERC said in the assessment summary, noting that 13 of 23 assessment areas face resource adequacy challenges over the next 10 years.

Though some projects in interconnection queues may still come online earlier than planned, hot weather remains a major variable. NERC's 2023 Summer Reliability Assessment said resources may be adequate for average summer demand, but dispatchable generation may not be enough to meet reserves during an extreme heat event.

By the same token, the U.S. Energy Information Administration (EIA) also said that if electricity demand is strong during the summer and storage may not refill before fall, spot gas prices can rise. ■



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Risk-averse Chinese buyers find Russian LNG – and more so Russian pipeline gas – increasingly attractive as it bypasses the

Persian Gulf, originating instead from Arctic projects and future facilities in the Far East. A sustained closure of the Strait of Hormuz could allow Russia to redirect an estimated 9-10 mtpa of from the Gazprom-led Sakhalin-2 project and Novatek's Yamal LNG project.

Open issues

Though Russia and China agreed to realize the long-debated 'Power of Siberia-2' gas pipeline, key commercial terms – price and take-or-pay volumes – remain unresolved. If China were to absorb the full volume of the 50 bcm/y gas pipeline, Russia could dent 42-45% of Chinese imports by 2040.

Analysts reckon future deliveries of US LNG are in jeopardy as the price CNPC will be pay for Russian gas through 'Power of Siberia 2' is set to be substantially cheaper than term LNG deliveries.

Take-or-Pay flexibility is a contested issue in negotiations. Though the Chinese government supports the deal between

Gazprom and CNPC, the latter is unlikely to need the full 50 bcm/y throughput of 'Power of Siberia 2'. Typically, take-or-pay agreements entail a minimum annual offtake of 80%, but CNPC is seeking to lower that to just 50%.

Price is another hard-fought subject: Columbia University's Center on Global Energy Policy expect China to pay significantly less than Europe, where Russian gas had once earned \$135–155 per 1,000 cubic meters before the Ukraine war. Early estimates suggest Power of Siberia-2 could yield Russia a netback of about \$73 per 1,000 cubic meters, factoring in transport costs of around \$97.

Analysts understand China will only support sustained offtake through 'Power of Siberia-2' if Russia accepts a price close to what domestic Russian consumers pay, which is projected to be around \$120 per 1,000 cubic meters, or \$3.5 per million British thermal units (mmBtu) during the 2030s. ■

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Vaca Muerta gains LNG traction amid Middle East supply risk

Argentina's Vaca Muerta shale is drawing investor interest to a 15-block licensing round for blocks suited for LNG feedgas development. The bidding round comes as LNG buyers reassess their portfolio exposure to supplies chains built around the Strait of Hormuz.

Disruption or perceived risk to future LNG exports from Qatar and the UAE have increased interest in Atlantic Basin alternatives.

Vaca Muerta is the largest commercial shale play open to international E&P companies outside of North America and the play is already outperforming the US plays such as the Permian, Bakken and Eagle Ford on well productivity measures. Crude oil output from the basin is forecast to exceed 1 million b/d by 2030, while its shale gas resource base ranks among the largest globally.

The 15 blocks, offered through Neuquén provincial company Gas y Petróleo del Neuquén (GyP), span the full breadth of the play — from the condensate-rich northwest to the oil-heavy northeast and the more frontier southern fringe.

The timing reflects rising international appetite, Rystad Energy commented, noting well breakeven prices across the most prospective blocks run between \$32 and \$49 per barrel — “competitive with many established global shale plays.” Gas-linked developments are expected to benefit from LNG pricing as export capacity comes online.

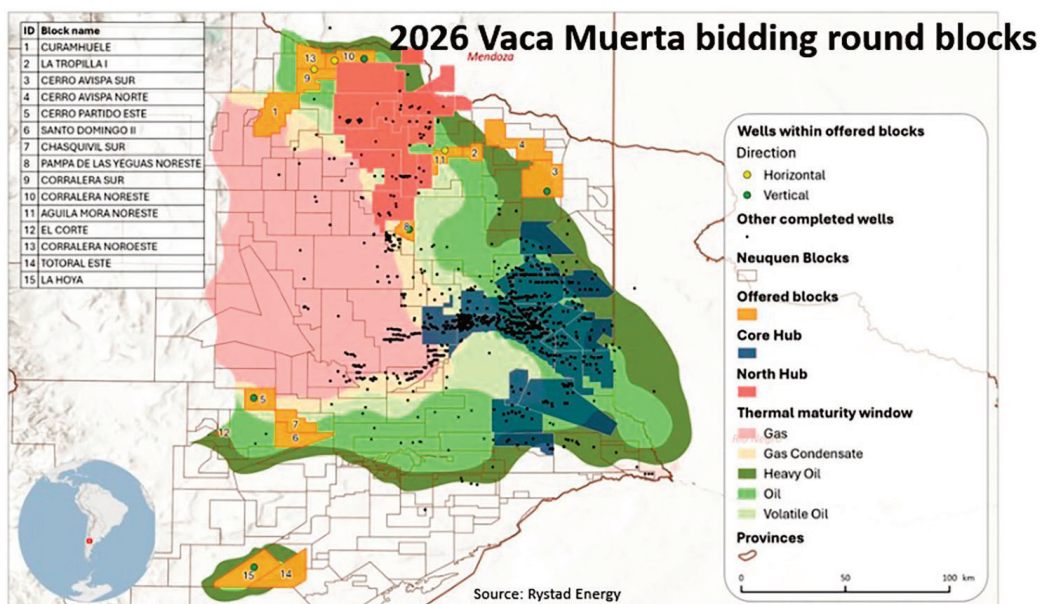
Pipeline expansions from Neuquén to the Atlantic coast are

underway, with key projects including the Vaca Muerta Sur pipeline and the planned Corredor de Integración pipeline link. On the LNG side, Argentina is advancing several export schemes, including YPF and Petronas' proposed onshore LNG plant, Southern Energy's floating LNG project.

“Argentina is offering international companies their best organic entry point into Vaca Muerta in a decade,” said Jai Singh, Head of US Oil & Gas Research, Rystad Energy. “The basin is maturing fast, infrastruc-

ture is being built at pace, and the bid terms are designed to attract operators who can bring North American shale expertise to bear. For anyone who missed the first wave, this is the knock on the door they have been waiting for.”

Bidders will compete through a combination of working interest carried for GyP, royalties incrementally above the 15% minimum, work program commitments and an access bonus, with a minimum threshold of \$500,000 per block.



Iraq hit by Iranian gas squeeze as Excelerate LNG deal advances

Iraq's power sector remains vulnerable to fluctuations in Iranian gas supplies, prompting Baghdad to press ahead with plans to import LNG through the country's first floating terminal, developed by Ex-

celerate Energy.

Iranian gas exports to Iraq are continuing, but at volumes well below Iraq's needs. Iraqi officials said supplies resumed in February at about 7 million cubic metres per day after a brief suspension, while Iran claims exports were flowing normally. Yet, current flows contrast sharply with the much higher contracted level Iraq had sought previously, leaving gas-fired power plants short of fuel and the grid exposed to further electricity outages.

Previous interruptions in Iranian gas sup-

ply had caused widespread blackouts, cutting as much as 4,000—4,500 MW from the grid, according to Iraqi officials. The country's power shortfall is substantial, with generation still below peak demand during summer months.

To ease the strain, Excelerate Energy in October signed a definitive agreement to develop Iraq's first LNG import terminal, deploy its newbuild FSRU Hull 3407 and supply LNG under a five-year contract with a minimum contracted offtake of 250 million cubic feet per day (MMscf/d).

The vessel is currently under construction in South Korea and due for delivery to Iraq this summer or early autumn for a start-up later in 2026, but both remain subject to execution risks — especially if transits through the Strait of Hormuz remain severely constraint.



Iraq's southern waterfront

SE Asia's power hunger to grow by 100 TWh in next five years

Electricity demand from AI data centres, industry and transport in Southeast Asia is set to rise by more than 100 terawatt hours (TWh) over the next three to five years, requiring over \$200 billion in investment to support the surge, according to a joint report by Bain & Company and Standard Chartered.

More than half of the required investment is expected to be directed towards data centre development, as operators prioritise speed-to-market and increasingly pay premiums to secure reliable power and avoid grid connection delays.

"The scale and speed of demand growth we are seeing in Southeast Asia is unprecedented, particularly from data infrastructure and electrified industry," Bain & Company analysts said. "This is creating a structural shift in load profiles that existing power systems are not yet equipped to handle."

Southeast Asia's green economy is currently valued at approximately \$290 billion and is projected to expand to \$430 billion by 2030. Despite this growth trajectory, execution challenges remain a significant hurdle across multiple markets, the 2026 Southeast Asia Green Economy report finds.

Affordable vs. sustainable

Analysts warn that only around 60% of the

roughly \$540 billion in announced green investments across the region's power and electric vehicle value chains is on a credible path to deployment under current conditions.

Priorities shift when it comes to the energy transition, as the Strait of Hormuz blockade and subsequent fuel crunch made Asian policymakers place greater emphasis on energy security.

"The rules of the green economy are evolving," Standard Chartered said. "Policymakers are increasingly balancing resilience and affordability alongside sustainability, which will influence how capital is deployed across the region."

Structural bottlenecks – unclear power purchase agreement frameworks, permit-

Electricity demand from AI data centres, industry and transport in Southeast Asia



ting delays and uncertainty around grid connections – are, however, delaying or derailing project development.

Grid infrastructure is seen as the primary constraint on future growth. "Grid readiness is emerging as the critical constraint in Southeast Asia's energy transition," the bank said. "Without accelerated investment and regulatory clarity, demand growth could outpace supply capabilities, leading to delays and higher system costs." ■

Least-cost US power mix could entail up to 80% renewables

Nearly \$1 trillion could be spent on novel power generation projects in the United States by 2035 to build out an estimated 1 Terawatt of solar and wind capacity. Renewables are poised to provide 60% to 80% of total power generation capacity – enhancing the need for flexible gas-fired power for grid balancing.

Modelling by the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy (NREL) shows that wind and solar energy could provide 60% – 80% of generation in the least-cost electricity mix in 2035. The overall power generation capacity, meanwhile, is seen grow to roughly three times the 2020 level by 2030.

Solar alone is expected to outpace wind by nearly threefold in new capacity additions, driven by declining costs, policy incentives, and strong corporate demand. In contrast, gas-fired capacity is expected to increase moderately by about 3% over the next decade, reaching approximately 523.3 gigawatts by 2035.

Gas-fired generation will remain a significant portion of the energy mix – around 42% in 2025, though this share is unlikely to grow significantly – despite the fast renewables build-out.

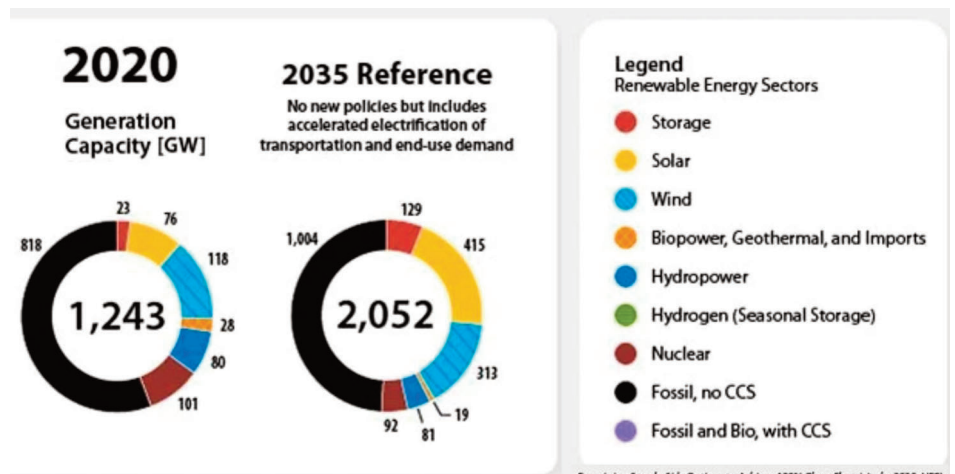
Escalating electricity demand, growing at 2.5% annually through 2035, fuelled by building electrification, electric vehicles, and

data centers, necessitates a boost in total power generation capacity. Utilities are hard pressed to retire outdated coal-fired plants and replace them with inherently intermittent renewables, hydrogen-ready gas power plants and energy storage.

Grid balancing is becoming a key concern. In addition to gas power, short-duration batteries are expanding rapidly, with 120 to 350 gigawatts (GW) of installed capacity estimated

to come to market. Seasonal storage solutions may also emerge to save surplus renewable energy for extended periods of low generation.

Seasonal storage becomes important when clean electricity makes up about 80%–95% of generation and there is a multi-day to seasonal mismatch of variable renewable supply and demand, NREL analysts pointed out. Across the scenarios, seasonal capacity in 2035 ranges about 100–680 GW. ■





SK-led consortium breaks ground on \$2.3bn LNG-to-power project

A consortium led by South Korea's SK Innovation, Vietnam's PV Power, and Japan's NASU has broken ground on a \$2.3 billion LNG-to-power project in Vietnam. The Quynh Lap project will have a power generation capacity of 1,500 MW, fuelled by imported LNG.

SK Innovation said it plans to ship LNG to the adjacent 250,000-cubic-meter terminal, using the site as a regional hub to supply other regional power plants. Gas-burn at the Quynh Lap plan alone is expected to consume about 1.15 mtpa of imported LNG alone.

Bankability hinges on a long-term power purchase agreement with Vietnam Electricity or another state-backed buyer, though the project consortium has not disclosed the PPA counterparty and terms or pricing.

The Vietnamese government has taken steps to strengthen LNG-power offtake guarantees, including proposals for a min-

imum guaranteed offtake level during debt repayment, which would support project finance for assets like Quynh Lap.

For SK Innovation, the investment adds to a growing LNG portfolio in Asia, where developers are seeking to pair import terminals with downstream power plants to improve project economics. ■



Render of Quynh Lap LNG-to-Power project

Karpowership to deploy 250 MW LNG-to-Power unit on Yucatán

Turkish floating power producer Karpowership will deploy a 250MW gas-fired powership alongside a floating storage and regasification unit (FSRU) in Mexico's Yucatán Peninsula under a three-year agreement with grid operator CENACE. Both vessels are expected to arrive in the coming weeks.

Under the agreement, Karpowership will deploy a 250 MW Powership alongside an LNG Terminal Ship (LNGTS) to provide dispatchable electricity. Running on natural gas, the project will bolster electricity supply and grid resilience on the Yucatán Peninsula.

Yucatán is one of Mexico's fastest-growing economic regions, with electricity de-

mand forecast to reach 3.8% annually, according to the 2024–2038 National Electric System Development Program (PRODESEN).

Heatwaves, economic growth and population increase have put pressure on the regional grid operator, the need for additional capacity. The Karpowership and the LNGTS will help enhance grid resilience during periods of peak demand.



Powership Arya Deniz Sultan

Currently, the integrated LNG-to-Power model is currently operating in Brazil and Senegal, but both the Powership and LNGTS are expected to arrive in Mexico shortly. Thanks to their modular systems, Karpowerships can be deployed in months rather than years and relocated as energy needs evolve. ■

ENKA starts up HA-class powered plant in Turkey

Turkey's largest construction company ENKA has started commercial operations at the 852 MW Kırklareli power plant, the first plant in the country powered by a GE 9HA.02 gas turbine.

Start-up of the Kırklareli plant, situated about 20 miles from the Bulgarian border, is part of an ongoing effort to modernise the Turkish power system through a more efficient and resilient generation mix. According to GE Vernova, the CCGT will reach more than 63% net efficiency in combined-cycle mode.

Gas-fired power generation in Turkey has expanded over the past two decades, according to International Energy Agency's latest country report, and today cover more than a quarter of Turkey's electricity demand.

At the heart of the Kırklareli power plant is a 9HA.02 gas turbine with H78 generator, an STF-D650 steam turbine, and a triple-pressure Heat Recovery Steam Generator (HRSG), manufactured by GE Vernova. All engineering, procurement, construction, and commissioning works were executed by ENKA's in-house teams, with approximately 8 million person-hours of effort over a 36-month execution period.

With this project, GE Vernova's total installed gas power capacity in Turkey has reached approximately 13.5 GW. The US manufacturer has an installed base of 33.5 (GW) in Turkey, spanning across gas power, wind, hydro, and solar technologies, as well as grid modernization initiatives, and manufacturing and R&D capabilities through its Gebze Transformer Factory. ■



ENKA's Kırklareli power plant, near the Bulgarian border

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