LNG Unlimited

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Algeria lines up $4Bln for gas development deal to supply EU

Occidental joins with Eni and TotalEnergies for associated gas plan for the Berkine Basin

LNG News Editor

Berkine Basin associated gas plan being signed in Algiers

Algerian national energy company and LNG producer Sonatrach said a contract worth $4 billion had been signed relating to eventually supplying the European Union with natural gas through further development along with European and US oil and gas majors of blocks 404 and 208 of the Berkine Basin in Eastern Algeria.

The signatories with Sonatrach included Italy's Eni, French major TotalEnergies and Occidental Petroleum of the US and the deal will cover around 146 wells producing oil and associated gas suitable for export to the EU.

Acquired

Occidental acquired its stakes in the production sharing contract for blocks 404 and 208 of the Berkine Basin when it took over Anadarko Petroleum in 2019.

The Occidental company currently has a new stakeholder in US investor Warren Buffett who has acquired about 20 percent of the shares in 2022.

"The production sharing contract just signed under Algeria's new hydrocarbon law will allow the partners to boost investments, increasing the fields' hydrocarbons reserves while extending their production life for a further 25 years," said a statement from the signatories.

"It will also enable future valorisation of significant quantities of associated gas which might become available for export, contributing to the diversification of natural gas supplies to Europe," they added.

The contract covers the perimeter of the Berkine Basin, located 300 kilometres southeast of Hassi Messaoud in Algeria's Ouargla Province in the Sahara Desert.

As part of this contract, Sonatrach said the parties would undertake to continue the development and operation of this perimeter through a work programme including, in particular, a high-density 3D seismic acquisition and the drilling of 100 wells and the conversion of another 46 wells.

The four oil and gas companies also plan to carry out studies on the optimization of existing installations, the implementation of oilfield digitalization solutions and will implement two pilot projects on Enhanced Oil Recovery.

"The total amount of investment planned for the implementation of this development is estimated at nearly US$4 billion and will ultimately allow an additional recovery of more than 1 billion barrels of oil equivalent, which will increase the average ultimate recovery rate to 55 percent," the statement explained.

Operations

Sonatrach already operates with the three partners in the framework of the existing Berkine Basin PSCs, recording cumulative production of around 2.7 billion barrels of oil equivalent of oil and gas and making investments exceeding $10Bln.

Sonatrach and Eni made their last "significant" oil and associated natural gas discovery in March 2022 at the Zemlet el Arbi concession of the Berkine North Basin.

Algerian President Abdelmadjid Tebboune said on July 18 that Sonatrach was signing an accord the next day to supply Italy "with large quantities" of natural gas in reference to the new Berkine Basin PSCs.

According to Eni, the new contracts will enable future valorisation of significant quantities of associated gas which would likely become available for export, contributing to the diversification of gas supplies to Europe.

"Through this new contract, additional volumes of gas will be made available for export and for the domestic market," said Eni Chief Executive Claudio Descalzi.

This could eventually lead to an increase in the quantities of gas imported by Italy through the Trans-Mediterranean Pipeline via Tunisia and Sicily and onward to the mainland and EU markets.

Algeria is Italy's second-biggest gas supplier via the Trans-Med Pipeline, which has been in operation since 1983. ■

UNLIMITED AGENDA

Largest US LNG exporter Cheniere Energy signs another LNG supply agreement with PetroChina

LNG News Editor

Cheniere Energy, the largest US LNG exporter from its six-Train Sabine Pass plant in Louisiana and its three-Train facility at Corpus Christi in Texas with expansion plans, has signed another long-term sale and purchase agreement with PetroChina.

PetroChina is the Hong Kong-listed unit of China National Petroleum Corp. (CNPC) and has a stake in Shell's Canada LNG project in British Columbia.

Russian stakes

CNPC has shareholdings in two Russian Arctic LNG projects and in ExxonMobil's stalled Mozambique LNG export venture.

Under the SPA with Cheniere, PetroChina subsidiary PetroChina International (PCI) has agreed to purchase up to 1.8 million tonnes per annum of LNG from the Cheniere Marketing unit on a free-on-board basis. Deliveries under the SPA will begin in 2026 and reach the full 1.8 MTPA in 2028, and continue through 2050.

Deal will see China buying 1.8 MTPA of FOB cargoes

The purchase price for LNG under the SPA is indexed to the Henry Hub price, plus a fixed liquefaction fee.

Half of the total volume, or about 900,000 tonnes, is subject to Cheniere making a positive final investment decision to construct additional liquefaction capacity at the Corpus Christi plant beyond the expansion with seven mid-scale Trains already approved and known as the Corpus Christi Stage 3 Project.

"We are pleased to build upon our existing and successful long-term relationship with PetroChina and sign our first LNG contract that crosses over into the second half of this century," said Jack Fusco, Cheniere's President and Chief Executive.

"PetroChina is a leading energy company in one of the largest and fastest growing markets for LNG," added Fusco.

"This SPA increases Cheniere's long-term sales to PetroChina to approximately 3 MTPA, and we are proud to support China's progress toward a lower-carbon future with our reliable, cleaner burning LNG," declared the Cheniere CEO.

The Executive Chairman of PCI, Tian Jinghui, also commented on the LNG agreement with the Houston-based company.

"Natural gas continues to play a vital role in enabling energy transition in China," said Tian.

"We are pleased to further expand our cooperation with Cheniere in delivering LNG, one of the cleanest fuel choices to our millions of customers for many years to come," he added.

ConocoPhillips agrees supply-investment deal with Sempra for projects in Texas and Mexico

ConocoPhillips, the US major with expanding liquefied natural gas volumes, has signed an accord for long-term offtake and a 30 percent equity stake in Sempra Infrastructure's proposed Port Arthur LNG project in Texas.

Sempra, the California-based utility and operator of the Cameron LNG plant in Louisiana, said its Sempra Infrastructure subsidiary signed a heads of agreement (HOA) to develop the Port Arthur LNG project and jointly participate with ConocoPhillips in other related energy infrastructure in Texas and the Pacific Coast of Mexico.

Costa Azul

The Mexican project is the transformation of Sempra's existing Costa Azul import facility into an export plant.

The Port Arthur project HOA anticipates the negotiation of a definitive agreement for a 20-year LNG tolling arrangement for 5 million tonnes per annum from Phase 1 of the venture in Jefferson County.

The HOA also contemplates a 30 percent equity investment in Phase 1 of Port Arthur LNG by ConocoPhillips and the potential for ConocoPhillips to supply additional natural gas to the proposed facility for other LNG sales.

"At Sempra, we believe bold new partnerships will be central to solving the world's energy security and decarbonization challenges," said Jeffrey W. Martin, Chairman and Chief Executive of Sempra.

"That is why we are excited to announce this proposed partnership with ConocoPhillips, a leading global energy producer that also shares our vision of responsibly developing and delivering cleaner energy resources," stated Martin.

Ryan Lance, Chairman and CEO of ConocoPhillips, said the decision to enter into this agreement with Sempra provided a ground-floor opportunity to participate in premier LNG developments.

"Sempra brings a long history of successful LNG project development, and we look forward to working together to provide reliable LNG to support the energy transition and strengthen US and global energy security," added Lance.

Sempra explained that in addition to the provisions related to Phase 1 of the project, ConocoPhillips would have the option to acquire certain LNG offtake and equity ownership from future developments at the Port Arthur site, which may include additional LNG Trains.

Phase 1 of the Port Arthur venture has all its permits and was expected to include two LNG Trains and with storage tanks and associated facilities to produce up to 13.5 MTPA of LNG.

Sempra Infrastructure and US LNG and energy engineers Bechtel are working on updating the terms of the project's fixed-price engineering, procurement and construction contract that was previously announced in 2020.

A similarly sized Phase 2 project at Port Arthur is also under active marketing and development.

Additionally, the HOA provides for collaboration between the two companies for LNG offtake, natural gas supply and equity investment for Phase 2 of the Costa Azul plant in Baja California in Mexico, including up to one-third of the exported LNG volumes.

France outlines EDF move to the state

The French government outlined its plans to take full control of the utility EDF whose assets include gas-fired power and nuclear plants as well as LNG volumes and trading, mostly now handled by JERA Co. Inc. of Japan under a joint venture.

Électricité de France SA, known as EDF, is a former large player in the LNG market though rowed back its activities with the sale in 2018 of its stake in the Dunkirk LNG import terminal on the Channel Coast.

The trading unity of the utility group, EDF Trading (EDFT), decided in 2019 to combine its LNG trading and optimisation activities with JERA Co. Inc. the largest Japanese LNG importer.

However, it only holds a one-third stake now in JERA Global Markets for trading in physical LNG cargoes, derivatives or LNG in-tank swaps through EDFT.

JERAGM also essentially manages and operates EDF's third-party LNG supply agreements from Australia, the Middle East and the US Gulf Coast.

The French Finance Ministry has now outlined the terms for re-nationalizing the utility group and has offered minority shareholders €12 per share, meaning the operation to buy all outstanding shares will cost €9.7 billion ($9.9 billion) in total.

The electricity provider is currently 84 percent owned by the French state, with institutional and retail investors holding 15 percent and staff about 1 percent of the equity.

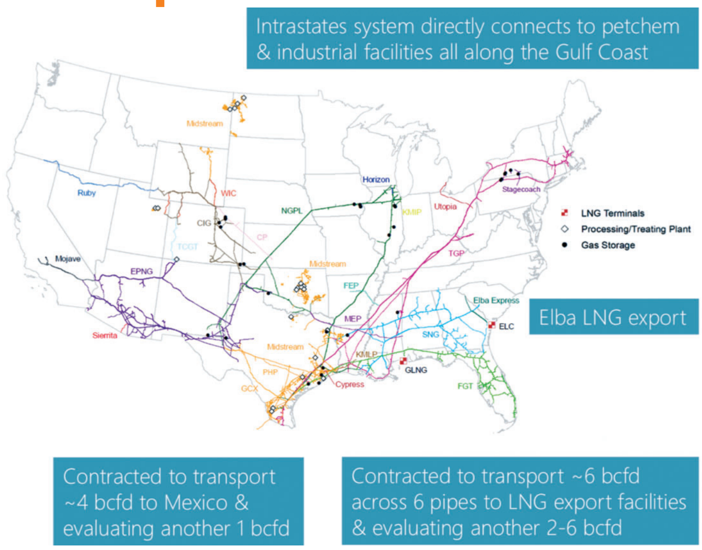
EDF has been burdened by huge debts and by attempting to manage its ageing nuclear power stations and recent state moves to sell energy at below cost to consumers because of rising prices. ■

Kinder Morgan reports healthy profits expansion plans for LNG

LNG News Editor

Kinder Morgan Inc., the US pipeline giant transporting natural gas to LNG plants and to customers around America, said it now provided 50 percent of the feed-gas used by US LNG export plants and was planning more pipeline expansions to serve liquefaction facilities.

KMI report second-quarter net income of $635 million compared with a net loss of $757M in the year-ago quarter.



Houston-based company explained latest LNG options

Cash and gas flow

Distributable cash flow came to $1.17 billion compared with $1.02Bln in the second quarter of 2021.

Chief Executive Officer Steve Kean said the Natural Gas Pipelines division continued to see strong demand for the extensive firm transport and storage services.

"We are also prepared to invest more in the near term to support LNG growth as we pursue a robust set of opportunities for additional LNG transport capacity," said Kean.

"We currently transport approximately 50 percent of the natural gas used for US LNG exports and given the proximity of our assets to planned LNG expansions, we expect to maintain or grow that share as we pursue that set of opportunities," stated the CEO.

Kean noted that among other projects, the Federal Energy Regulatory Commission recently approved the first producer certified, low methane emissions natural gas aggregation pooling service on the Tennessee Gas Pipeline (TGP) as interest in that product grows within the customer base.

Other natural gas pipeline project continued to advance and KMI said the at the end of June, the Permian Highway Pipeline (PHP) announced a final investment decision to proceed with its expansion project after securing binding firm transportation agreements for all available capacity.

"The project will expand PHP's capacity by nearly 550 million cubic feet per day. The project will add compression on the PHP system to increase natural gas deliveries from the Permian to US Gulf Coast markets," said the company. ■

Papua LNG expansion launches first-phase engineering studies

The liquefied natural gas export expansion project in Papua New Guinea has launched the first phase of front-end engineering and design studies for the Papua LNG project's upstream production facilities.

The operator of the Papua LNG joint venture is TotalEnergies and the French major said that studies for the downstream liquefaction facilities are also progressing in line with the overall project schedule, and the objective is to launch the integrated FEED in the fourth quarter of 2022.

The Papua LNG project is targeting a final investment decision around the end of 2023, and a start-up at the end of 2027.

Papua LNG will target the production of the two main discoveries of the Block PRL-15 licence, the onshore Elk and Antelope gas fields.

The feed gas produced by these fields will be transported by a 320 kilometres onshore-offshore pipeline to the existing PNG LNG plant operated by ExxonMobil and located north of the capital Port Moresby on Caution Bay.

The proposed two Train will produce around 5.4 million tonne per annum, adding to the current output over more than 9 MTPA.

The additional two liquefaction Trains will be integrated into the existing PNG LNG facilities.

"The commencement of upstream FEED studies is another significant step towards developing the Papua LNG project, which will increase Papua New Guinea's LNG export capacity and thus contribute to its further development," said Julien Pouget, a TotalEnergies Senior Vice President for the Asia-Pacific region. ■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NEWS BRIEFS

Santos profits up

Santos, the Australian operator of the Gladstone LNG plant in Queensland and the Darwin facility in the Northern Territory as well as being a shareholder in Papua New Guinea LNG, reported second-quarter and first-half sales revenue of US$1.87 billion and US$3.76Bln respectively. Revenue from LNG sales alone in the second quarter came to US$1.07Bln. Santos said its average realised LNG price in the quarter was US$14.66 per million British thermal units versus US$7.52 per MMBtu in the prior-year quarter.

Baker Hughes boosted

Baker Hughes posted second-quarter operating loss of $25 million compared with a profit of $194M in the prior-year period. However, the company led by Chairman and Chief Executive Lorenzo Simonelli recorded strong orders from its Turbomachinery and Process Solutions (TPS) division as the LNG order cycle continued to unfold. “TPS secured a major contract from Bechtel to provide seven mid-scale LNG trains to support the Stage 3 expansion project of Cheniere’s Corpus Christi Liquefaction facility,” said the company. “Also in LNG, TPS continued to support New Fortress Energy’s (NFE) ‘Fast LNG’ facilities project with a contract for two main refrigerant turbo-compressor strings in offshore.

Quintero LNG deal

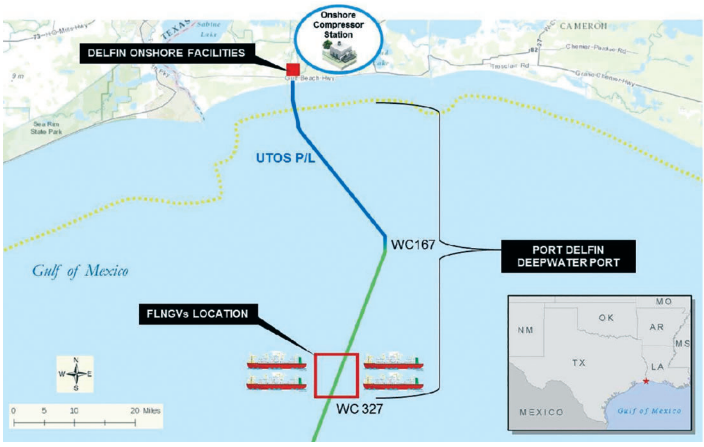
Fluxys, the Belgian utility company and grid and Zeebrugge LNG terminal owner, has completed its acquisition with EIG Global Energy Partners of 80 percent of the shares in the Quintero LNG import terminal in Chile from Spanish grid and terminals operator Enagás and OMERS Infrastructure, the Toronto-based Canadian fund. ■

Delfin LNG project seeks extension to September 2023 of FERC permit to complete onshore Louisiana facilities

LNG News Editor

Delfin LNG, the US floating liquefaction and export project proposed for offshore and onshore Louisiana and with a recently signed supply deal with global commodities firm Vitol, has filed with the Federal Energy Regulatory Commission for a fourth extension of permits to complete the venture’s onshore facilities.

The FLNG project is based on the deployment of floating liquefaction facilities with other moored production and storage vessels and has now asked the FERC to extend the deadline for the onshore completions to the 28th of September 2023.



Delfin’s own graphic showing proposed export project

Licences

The Delfin developers have already been awarded a deepwater port licence by the US Maritime Administration (MARAD) and the venture has been approved by the US Coast Guard.

Delfin is additionally seeking to construct, operate and maintain certain onshore metering, compression, and piping facilities located onshore in Cameron Parish in Louisiana.

“The authorized onshore facilities, which consist of just over 2-miles of pipeline, new compression and appurtenant facilities within the fence-line of an existing gas facility, and a new metering and regulation station - will exclusively transport and deliver natural gas to Delfin LNG’s planned deepwater port to be located in the Gulf of Mexico approximately 37.4 to 40.8 nautical miles off the coast of Cameron Parish,” explained Delfin in its filing.

Delfin told that regulators that the public interest findings in the existing order remain equally valid now, and the limited environmental impacts of the onshore facilities had not changed.

Delfin had previously asked the FERC for an extension until 28th March, 2023, to build facilities to connect up to the FLNG units.

The project would use existing offshore pipelines to supply gas to up to four vessels that could produce around 13 million tonnes per annum LNG, or 1.7 billion cubic feet per day of natural gas.

“Delfin LNG continues to propose to change only the timing, not the nature, of its project, and the unforeseen events that have delayed the project have previously been recognized by the Commission,” said the Delfin LNG LLC company in its submission.

“Moreover, Delfin LNG continues to work diligently to develop its project and has made significant progress,” it added.

“Finally, the Delfin LNG project most definitely remains commercially viable, as demonstrated most concretely by the recent SPA with Vitol,” the company declared in its filing.

Delfin told FERC that for all of these reasons, good cause warranted an additional one-year extension of time for completion of the authorized Delfin LNG onshore facilities until September 28, 2023.

FID scheduled

Delfin had announced on July 13 that it entered into a binding LNG sale and purchase agreement with the US-based affiliate of Vitol.

“The SPA is for 500,000 million tonnes per annum of LNG delivered free on-board at the Delfin LNG deepwater port, for a 15-year period, and is valued at approximately $3 billion of revenue over its 15-year term” Delfin noted in the filing.

“In addition to the Vitol SPA, Delfin LNG (or its parent) has entered into term sheets or heads of agreement with other LNG offtakers that are currently being finalized into full and binding contracts which are expected to be executed soon,” it added.

Delfin LNG has completed front-end engineering and design with Samsung Heavy Industries of South Korea and Black & Veatch of Kansas in the US for the construction of the FLNG vessels.

The company added that it had recently conducted meetings with MARAD, and the US Coast Guard, concerning compliance with the conditions of its deepwater port authorization.

“Given all this significant progress, Delfin LNG is on schedule to make a final investment decision on its first FLNG vessel by the end of this year,” it stated.

“Supplying feed gas to that FLNGV depends on the construction and operation of the Commission-authorized onshore facilities,” added Delfin. ■

US data has France-Spain leading destinations list as Cameron LNG shipped most costly cargoes

LNG News Editor

The US Department of Energy published its latest LNG monthly export data with European nations such as France, Spain, the Netherlands and Italy being joined by Japan in the list of leading destinations while Sempra's Cameron LNG plant in Louisiana shipped the most expensive cargoes for a second month.

The DoE data just published for May 2022 showed 114 US cargoes were delivered versus 107 in the previous month and 102 shipments in May 2021.

The total number of US cargoes delivered worldwide since March 2016 now amounts to 3,550 shipments, or 11,448.3 billion cubic feet of natural gas.

A further 1,040 ISO containers of LNG have been shipped to nations in the Caribbean and Latin America from ports in Florida.

Prices

The average year-to-date price at the export points of the six US export plants listed in the data came to $8.92 per million British thermal units versus $8.81 per MMBtu in the previous month, according to the DoE July LNG report covering the month of May.

Shipments from the Cameron LNG in Louisiana, operated by the California-based utility Sempra and its LNG projects unit Sempra Infrastructure, cost the most for May 2022. Cargoes lifted from the Cameron facility cost $14.85 per MMBtu in May. Shipments from the Sempra plant were also the most costly in the previous month at $12.33 per MMBtu.

US has shipped 3,550 LNG cargoes in just over six years

The average price at the export point for the six plants combined was $11.87 per MMBtu for May versus $9.94 per MMBtu for the previous month and $8.92 per MMBtu for the year to date.

The average prices for each of the five other plants (from the export point) from highest to lowest in May 2022 were: Corpus Christi in Texas $11.95 per MMBtu ($10.48 April, 2022); Freeport LNG (Texas) $11.23 per MMBtu ($9.07, April); Sabine Pass (Louisiana) $10.93 ($8.80, April); Cove Point (Maryland) $10.85 per MMBtu ($9.32, April); and Elba Island $9.66 per MMBtu ($7.93, April).

The Sabine Pass plant remained the volume leader in May 2022 with six Trains on stream and supplying 39 cargoes followed by Corpus Christi with 23, Freeport 22, Cameron 20 (only 12 listed in May on DoE list), Cove Point in Maryland eight and Elba Island in Georgia two.

The Venture Global Calcasieu Pass plant on the Gulf Coast was still gradually ramping up as more modular Trains came on stream and shipped commissioning cargoes in May with no pricing data released.

The top five countries of destination, representing 54.1 percent of total US LNG exports in May 2022, were France (47.8 Bcf - 14 cargoes), Spain (40.3 Bcf - 14 cargoes), the Netherlands (28.9 Bcf - eight cargoes), Japan (24.0 Bcf - seven) and Italy 21.7 Bcf - six cargoes.

Another popular destination was Brazil, which is in the Top 10 List of US customers and to where eight cargoes were shipped in May.

Other Top 10 nations received fewer cargoes with just two going to India, just one being despatched to China and none to the UK and none to Turkey.

The list of the Top 10 countries of destination overall since 2016 through May 2022 showed three Asian nations, South Korea, Japan and China still filling the top three spots.

The top 10 recipients of US LNG by overall numbers of cargoes at the end of May 2022 were: 1) South Korea 440 cargoes. 2) Japan 325. 3) China 263. 4) Spain 270. 5) UK 209. 6) Brazil 208 (includes split cargoes) 7) France 202; 8) India 164; 9) Mexico 162 and 10) Turkey 159.

Other vessel-borne delivery price data showed that imported shipments to the US territory of Puerto Rico cost an average of $12.15 per MMBtu in May, up from $10.33 per MMBtu in the previous month.

ISO containers

US LNG had been received in vessels by 42 different countries through May 2022. This includes ISO containers carried by cargo ships.

The US sends regular ISO containers to the Caribbean nations such as Jamaica, Barbados, the Bahamas, Haiti, Antigua and Barbuda and to Nicaragua in Latin America.

A total of 34 containers were delivered in May compared with 35 in the previous month. The recipients were the Bahamas 14, Jamaica 14, Haiti four, Antigua and Barbuda two and Barbados none.

The Caribbean volumes during the month were in containers shipped by American LNG Marketing and Eagle LNG Partners from the Florida ports of Fort Lauderdale and Miami.

Indian imports drop as cargo costs curb spot buys

Indian imports of liquefied natural gas dropped by 9.5 percent in June, the 10th straight monthly decline, as LNG prices have increased in the spot market and curbed buying activity in Asia.

LNG deliveries in June to India's network of six terminals amounted to 1.81 million tonnes, or 27 cargoes, compared with 2.00MT, or 30 shipments, in June 2021, according to data just published by Ministry of Petroleum and Natural Gas.

Shipments in May 2022 had come to 1.87MT compared with 1.94MT in May 2021.

The import total for the fiscal year so far amounted to 5.47MT in the April-to-June period, down 9.6 percent from the 6.05MT delivered in the same three months of 2021.

India's June LNG shipments cost around $1.2 billion, or 9,586 crore Indian rupees, compared with about $800 million, or 6,391 crore rupees, in June 2021.

The LNG imports from April to June cost $3.4 billion, or 27,163 crore rupees, compared with $2.4Bln, or 19,174 crore rupees, in the prior-year period.

The nation's crude oil imports increased by 20 percent and 17 percent during June 2022 and April-June 2022 respectively compared with the corresponding period of the previous fiscal year.

This Ministry figures also showed that net imports of both oil and gas in June 2022 cost $13.0Bln, or 103,858 crore rupees, compared with $7.3Bln in June 2021.

LNG deliveries to Indian terminals come mainly from Qatar, which provides over one-third of volumes, as well as West Africa, the US, Asian nations, Australia, Russia and the spot market. ■

India plans more gas fuel filling stations led by GAIL network

LNG News Editor

India's Minister of Petroleum and Natural Gas Hardeep Singh Puri has called on automobile makers and suppliers to ensure the availability of vehicles powered by liquefied natural gas as well as compressed natural gas on a pan-India basis.

Puri made his statement on making LNG-powered and CNG-fuelled cars, trucks and buses available nationwide at an exhibition in New Delhi of "Clean Mobility Technology Vehicles" organized by the Society of Indian Automobile Manufacturers.

Indian minister Hardeep Singh Puri at online event

Ceremony

A ceremony was also held earlier and led by Minister Puri via video links to dedicate 166 gas-fuel car and truck filling stations to serve their communities across 14 states.

GAIL India and its subsidiaries own the 166 filling stations, mostly supplying CNG, and issued a statement on the initiative.

"Taking a significant step towards building a natural gas-based economy as envisioned by Prime Minister Narendra Modi, the Minister has dedicated 166 stations to the service of the community," said GAIL.

"These CNG stations have been set up by GAIL and nine of its group City Gas Distribution (CGD) companies in 41 Geographical Areas (GAs) across the 14 states," added GAIL.

"The dedication ceremony is an important step in expanding availability of environment-friendly and convenient natural gas fuel to the transport sector, households and industry," stated the company.

GAIL noted that in 2014 there were about 900 natural gas fuel filling stations compared with the current the number of over 4,500 and an expansion is under way to take India's natural gas fuel station network to over 8,000 in the next two years.

"The Prime Minister has set an ambitious target of expanding the share of natural gas in the primary energy mix to 15 percent. The development of a gas-based economy is expected to play a key role in achieving India's target of net zero by 2070," stated GAIL. ■

Mitsui and Mitsubishi have until end of July for Sakhalin retentions

Japan companies have until the end of July to decide whether to maintain stakes in the Sakhalin II liquefied natural gas export project in the Russian Far East.

The Japanese government is currently coordinating possible future arrangements with the two Japanese LNG stakeholders in the Sakhalin plant, Mitsui & Co and Mitsubishi Corp.

Under the retention plan, Mitsui and Mitsubishi would keep 12.5 percent and 10 percent stakes respectively, even after Russian President Vladimir Putin's signing of an order that sets up a new operating company to safeguard control by Russia of the oil and gas ventures on and offshore Sakhalin Island. According to the new Sakhalin II LNG operating company decree, foreign shareholders have until the end of July 2022 to apply to retain their existing shares in the new LNG operating entity after it is established.

Analysts noted that Japan acquires about 9 percent of its LNG from the Sakhalin II plant but pressure has mounted on the Japanese to quit Sakhalin amid sanctions and a pull-out by the other main shareholder Shell over Russia's invasion of Ukraine.

Gazprom owns just over a 50 percent stake in the Sakhalin II operating company, while Shell held around 27.5 percent and the balance is owned by Mitsui and Mitsubishi. The Sakhalin II plant began LNG exports in 2009 and has annual capacity from its two Trains of around 10 million tonnes per annum with shipments going mainly to Japan and South Korea and with China standing by to take over any relinquished Japanese stakes.

A statement said that the Japanese Prime Minister Fumio Kishida and Koichi Hagiuda, the Minister of Economy, Trade and Industry, discussed the Sakhalin energy supply issue at a meeting on July 15.

The Kishida government has stressed the need to retain interests in oil and gas projects off Sakhalin as they are vital to securing stable energy supplies in a global environment of surging energy prices. ■

China's Huaneng Power shows depth of slump with sales drop from plants using LNG to coal

LNG News Editor

A leading Chinese utility showed the depth of the nation's continued economic slowdown with power sales dropping in the coastal provinces for coal-fired power and gas-fired electricity generating plants using regasified LNG and pipeline gas.

Huaneng Power International, one of the top five utilities in China using mainly coal but also large quantities of gas-fired power and wind power, issued a statement on its latest sales to the Hong Kong stock exchange covering the second quarter and the first half of 2022.

Huaneng Power has assets in 26 provinces and districts

Electricity

For the second quarter, Huaneng Power's total electricity sold through its power plants within China on a consolidated basis amounted to 88.827 billion kilowatt hours (kWh), representing a decrease of 13.81 percent over the same period last year.

Huaneng Power's figures for the first half showed total electricity sold by its Chinese power plants came to 196.544 billion kWh, representing a fall of 5.61 percent over the first six months of 2021.

Overall first-half coal-fired power sold amounted to 167.338 billion kWh, a decrease of 8.04 percent compared with the first half of 2021.

Combined-cycle gas-fired power sales for the six months came to 11.836 billion kWh and dropped in volume by 11.66 percent year-on-year.

China-wide operations

The utility operates in 26 provinces and large districts. In the southern Guangdong province industrial hub Huaneng Power's six-month sales came to 12.697 billion kWh, a drop of 22.44 percent versus 2021. Coal-fired sales in Guangdong plunged by 24.07 percent to 10.801 billion kWh and gas-fired sales were down 11.88 percent to 1.880 billion kWh.

The company's largest sales of gas-fired power were in Jiangsu Province of eastern China where overall first-half power sales fell 10.50 percent to 18.313 billion kWh.

Gas-fired sales in Jiangsu came to 2.840 billion kWh, a fall of 3.80 percent while first-half coal-fired sales in the province amounted to 12.936 billion kWh, down by 15.67 percent.

The utility noted that in the first half its average on-grid electricity settlement price for its power plants in China amounted to 505.69 Chinese yuan ($74.83) per megawatt hour (MWh), representing an increase of 20.70 percent over the same period last year.

Huaneng Power said that it sold 87.81 percent of all the power it produced in the first half, representing an increase of 26.76 percentage points over the same period in 2021.

"The decrease in the company's electricity sold was mainly attributable to lower demand for electricity in Shanghai, Guangdong, Jilin, Hainan, Liaoning, Jiangsu, Fujian, Hebei, Hunan, Zhejiang and Heilongjiang and the coal-fired power plants in the areas where the company is located were greatly affected," said Huaneng Power.

Other sources

However, the company's largest area of activity in northeast Shangdong province logged first-half sales of 39.613 billion kWh, up 4.54 percent and with coal-fired power amounting to 37.813 billion kWh of the total.

LNG imports by China drop by over 28 percent on economic slowdown and higher spot cargo prices

Imports of liquefied natural gas by China dropped by over 28 percent in June 2022 compared with the same month of 2021 as the economy slowed and spot LNG cargo prices stayed at record high levels on the global market.

Deliveries of LNG to China's network of 22 terminals declined to 4.82 million tonnes, or 71 cargoes, from 6.72MT, or 98 cargoes, in the same month of 2021, a drop of 28.2 percent, according data from the General Administration of Customs.

The imports were also 2.2 percent lower than the May 2022 deliveries which came to 4.93MT, down 28.1 percent from the 6.85MT received in May 2021.

LNG imports for the first half of 2022 came to 31.26MT, down by almost 22 percent from the 39.78MT received in the first six months of 2021.

China's main LNG suppliers are Australia, Qatar, the US, Malaysia, Indonesia and Russia.

Slowdown

Lockdowns in cities like Shanghai because of rising Covid-19 cases curbed economic and industrial activity as well as fuel demand in the first half, though China has slowly ended the measures.

China's LNG imports surpassed those of Japan in 2021 and amounted to 78.93MT which was 18.3 percent more than in 2020.

The data showed that pipeline gas imports to China last month were 3.9MT, up 11.5 percent year-on-year. For the first half from January to June, the pipeline deliveries came to 22.32MT, a rise of 11.3 percent.

The Chinese receive varying volumes of pipeline gas mainly through links from the former Asian republics of Turkmenistan, Kazakhstan and Uzbekistan, as well as from Russia as part of Gazprom's "Power of Siberia" project.

Uzbekistan restarted gas exports to China after temporarily halting them at the beginning of 2022 to meet its own increasing domestic demand.

The Central Asia-China pipeline originates in Turkmenistan and passes through Uzbekistan and Kazakhstan.

Asia-China gas

The Asia-China gas pipeline, which is 3,665 kilometres (2.277 miles) in length, starts at Gedaim on the Turkmenistan-Uzbekistan border and terminates at Horgos in the Xinjiang region of China before joining with the Chinese grid.

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