CEDIGAZ
News Report

Vol. 60, n° 21, October 22, 2021

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LNG

PRODUCTION

UNITED STATES - CHINA:

Sinopec signs deals with US LNG producer.

China is set to double its imports of American natural gas after state-run companies agreed three long-term supply deals with Venture Global LNG, as Beijing looks to stabilize its future energy supply, reports the Financial Times.

Oil and gas giant Sinopec has agreed two deals to buy at least 4 million tonnes a year of liquefied natural gas from Venture Global's proposed new export project in Louisiana, which is due to come online in mid-2023.

Venture Global also revealed details of a third agreement with Unipec, Sinopec's trading arm, which will involve shipments of 1 million tonnes a year from the US group's Calcasieu LNG plant, which is due to start initial exports later this year.

The LNG deals come amid mounting trade and security tensions between Washington and Beijing and as soaring energy prices underscore the need for China's energy-hungry economy to lock in supply. (October 21, 2021)

22/10/2021

QATAR:

Qatar begins building new LNG trains.

Qatargas has begun building the four trains of the North Field East project, to boost production to 110 million tonnes per year of LNG.

Qatargas has begun building the four trains of the North Field East project, to boost production to 110 million tonnes per year of LNG.

The country currently produces 77mn tpy.

Qatargas said the move would ensure “Qatar’s continued global leadership” in producing LNG.

First LNG from the new trains is expected to come in late 2025.

Qatar Energy, previously Qatar Petroleum, ordered four LNG carriers from China’s Hudong-Zhonghua Shipbuilding Group Co., earlier in October.

The $760 million order was the first instalment of ships required for Qatari LNG export needs – and a major vote of confidence in China’s shipbuilding prowess.

Following the NFE project, the North Field South development will boost production further, to 126mn tpy.

While demand for LNG has spiked, driving spot prices such as JKM to record levels, Qatar has said it cannot do anything in the short term to cash in. The country is producing as much as it can, officials have said.

The move comes as a number of gas exporters have called for importers to rethink their opposition to long-term deals. These contracts fell out of favour as LNG prices fell but now, with JKM recently hitting the $38 per mmBtu mark, the appeal of long-term Brent-linked contracts has become apparent. (October 18, 2021)

18/10/2021

SUPPLIES - IMPORTS - EXPORTS

INDONESIA:

BP’s Tangguh LNG Train 3 to start-up in Q2 next year, says SKKMigas

Indonesian upstream regulator SKK Migas expects operations at BP’s Tangguh liquefied natural gas Train 3 project, which is under construction, to start in Q2 2022.

The onshore component of the Tangguh LNG Train 3 project is now 91.2% complete, while the offshore part of the development is now 99.2% finished, SKK Migas told local media earlier this week.

Total investment at the expansion project, which will add 3.8 million tonnes per year of LNG processing capacity, has hit $8.9 billion, according to the upstream regulator.

Construction at the project has been significantly delayed by the COVID-19 pandemic in Indonesia. But it is now predicted to be onstream in Q2 2022, said SKK Migas.

Completion of the project was previously targeted for the third quarter of 2021, which already marked a delay by one year from its planned start-up after natural disasters had disrupted logistics.

All the delays have triggered cost overruns at the expansion project and it is not yet clear who will be responsible for the resulting cost overruns. The Tangguh Train 3 expansion project comes under a cost recovery contract, meaning SKK Migas – or the government – would ultimately bear the cost, analysts at Tenggara predicted last year.

When Train 3, initially expected to cost $8 billion before any delays, eventually comes online, the total capacity at Tangguh will be 11.4 million t/y. While LNG from Train 1 and Train 2 is mostly for export, 75% of LNG from Train 3 would be supplied to state utility PLN and the remaining 25% for export to Japan’s Kansai Electric Power Company.

In August, BP and its Tangguh LNG partners confirmed that Indonesian oil and gas regulator SKK Migas has approved the plan of development for a key carbon capture utilisation and storage project at the Tangguh LNG export complex. (October 22, 2021)

22/10/2021

PAKISTAN - QATAR:

Pakistan secures LNG cargoes from Qatar to meet winter demand.

The government has secured cargoes of liquefied natural gas from Qatar to meet energy demands for consumers, as costs surge, as per a report in The News.

Federal Minister for Energy Hammad Azhar announced the development Thursday, saying that the government has secured LNG cargoes under a long-term deal.

"Some of the import shipments are from the new Qatar agreement at 10.2% of Brent," said the minister.

However, the minister did not confirm how many cargoes the government has secured for the November-January period.

Pakistan earlier last week did not receive a single quotation in a bidding process for spot purchase seeking eight LNG cargoes for delivery over December to January period, raising concerns about a potential energy crisis amid peak demand.

The minister was upbeat about meeting the seasonal peak demand through a combination of measures being taken.

Consumers are bracing themselves for a severe LNG crisis during the winter season. For one, sourcing LNG has become a problem for countries. Another problem is that the price of gas has surged a great deal over the past couple of months.

"There is a dire need to aggressively source natural gas from wherever it is deemed feasible," said an industry official. The reliance on regasified liquefied natural gas (RLNG) has been on the rise with depleting domestic reserves of natural gas. Thermal power generation with RLNG proved to be a relatively new addition, helping produce clean energy at competitive rates.

Significant growth of RLNG usage in the energy mix has helped in improving supply to various power plants. RLNG is also supplied to fertilizer plants, industrial and transport sectors. It is learnt that the government is trying to explore all options to meet the peak winter demand for natural gas.

A natural gas crisis would be catastrophic in the harsh winter in the absence of spot purchases, which are hard to find these days amid the commodity's rare demand across the world.

The present government is employing a proactive and innovative approach to sustain LNG supplies while extending outreach on a war-footing basis through trade diplomacy and consultation with stakeholders.

In the global market, the spot LNG prices are already trading at record levels amid high demand from almost all major importing nations in Europe and Asian countries like Japan, South Korea, China and India.

Subsequently, there has been a five-fold increase in the price of spot LNG cargo since early 2021 as the gap between demand and supply widens. (October 22, 2021)

22/10/2021

JAPAN:

Japan purchases carbon-neutral LNG cargo from Russia.

Sovcomflot's ice-class 145,000-m3 LNG carrier Grand Aniva recently delivered Sakhalin Energy's first carbon-neutral LNG cargo to Japan for Toho Gas.

Offloaded at the Chita Terminal in Aichi Prefecture, the LNG cargo produced at Sakhalin-2 LNG was supplied as carbon neutral city-gas to Toho Gas customers.

Sakhalin Energy chief executive Roman Dashkov pointed to the Japanese Government's stated policy of carbon neutrality by 2050 as an underlining factor in Japanese customers buying the carbon-neutral LNG to reduce the carbon footprint of their supplied energy sources. He said that is why all initiatives to reduce CO2 emissions are considered, while helping to save the global environment

"Successful co-operation with the Asia-Pacific customers and Sakhalin Energy's work on decarbonising the entire LNG chain from production to final usage of end-users, allows us to bring Sakhalin gas supplies to Japan to the next stage," said Mr Dashkov. "It is not only an achievement of the present day, but also the shaping of the long-term outlook for the company's commercial strategy, which involves supplies of carbon neutral offset LNG as a competitive standard offer for many years ahead," he added.

World Wildife Fund responsible industry programme head Alexey Knizhnikov said, "Sakhalin Energy has been demonstrating the best industrial and environmental practices both at the national and international levels for a long time. We see the supply of the first Sakhalin-2 carbon neutral offset LNG cargo as one of the examples. But it is important that the company is not limited only to offset projects, but more actively develops initiatives leading to a reduction in emissions."

The carbon neutrality of the first Sakhalin-2 LNG cargo was achieved by purchasing carbon credit offsets from Gazprom Marketing & Trading Ltd, a shareholder in Sakhalin. Additionally, Sakhalin Energy is considering obtaining Russian carbon credits using a pilot carbon trading system on Sakhalin. (October 20, 2021)

20/10/2021

NORWAY:

Kanfer Shipping in chartering 2 new LNG bunker ships talks.

Norway-based shipping company Kanfer Shipping is in talks for chartering of its first two small-scale LNG bunker and distribution ships ordered from the Chinese Taizhou shipyard.

Back in May, Kanfer signed a yard agreement with the Taizhou Wuzhou Shipbuilding Industry for the construction of two LNG bunker and distribution vessels.

The company describes the two 6,000 cubic metres vessels as state of the art and tailor-made for small-scale LNG bunkering and distribution. It also holds an option for additional two ships.

Kanfer informed yesterday it is currently in concrete discussions for chartering these ships to solid counterparts. It says it is also making some additional measures to make the offer more attractive to the charters.

The company sees great potential in the market for LNG bunkering as it is growing fast. There are currently 175 dual-fueled ships in service. It is expected that 250 dual-fueled ships will be ordered by end of the year. Kanfer says this number will continue to grow which highlights that LNG is the transition fuel.

However, the soaring LNG prices are making some players concerned. Historically current LNG prices in comparison to other fossil fuels are abnormally high. Hence some of the companies are delaying their LNG bunkering and distribution projects

The company however believes that the LNG prices will eventually fall.

It says it is also moving forward with the ammonia-ready LNG bunkering ships and continuing to develop its ATB/DSV solution. (October 19, 2021)

19/10/2021

AUSTRALIA:

Australia loses as China reportedly buys more US LNG.

Australia is set to suffer great losses in its energy trade with China, as China now reportedly seeks to lock in long-term liquefied natural gas supplies from the US, following the recent power crunch caused by surging coal prices.

At least five Chinese firms, including oil giant Sinopec Corp and China National Offshore Oil Co, are in discussions with US exporters, mainly Cheniere Energy and Venture Global, about potential LNG deals, Reuters reported, citing anonymous sources.

Sinopec alone could be eyeing 4 million tons annually, the report said. If the reported deals were to materialize, Australia, a main LNG supplier for China, will stand to lose, analysts said.

"It is obvious that Australia suffered great losses as an energy source for China," Lin Boqiang, director of the China Center for Energy Economics Research at Xiamen University, told the Global Times on Sunday.

As diplomatic tension has a big impact on trade, "it is natural for China to diversify LNG imports, for example, buying more from the US after its relations with Australia froze," Lin noted.

According to statistics from Chinese customs, China imported 5.4 million tons of LNG from the US from January to August, skyrocketing 375 percent compared with the same period in 2020.

By comparison, China bought 20.5 million tons of LNG from Australia in the first eight months, similar to the level of 19.1 million tons last year.

Sinopec and CNOOC did not respond to requests from the Global Times for comment on Sunday. But the stronger LNG purchasing power could be reflected from the high spot pricing index for LNG imports by Chinese energy trading center Shanghai Petroleum and Natural Gas Exchange.

From October 4-10, the index hit a record high for the period at 139.58, growing 90.42 percent year-on-year. Lin said that the reported LNG deals may be related to the phase one trade deal between China and the US because China promised to import more energy products.

Under the phase one deal, China would increase energy imports from the US, including LNG, crude oil, refined products and coal, by $52.4 billion over two years on top of the 2017 baseline. Following recent power shortages, China is seeking to diversify its energy supplies even as the country pushes forward efforts to reach ambitious carbon neutrality goals by carrying out major clean energy projects. LNG, boasting ease and safety of non-pressurized storage or transport, is regarded as a more essential source of clean energy.

What Australia lost is not only LNG deals. A manager from the Shenyang Huayue Foreign Economic and Trade Co told the Global Times previously that the firm has been importing more US beef to replace Australian beef due to frayed China-Australia ties. (October 19, 2021)

19/10/2021

CHINA:

Chinese LNG imports up 19% in September.

In September, Chinese LNG imports came in at 6.75mn metric tons, up 19.2% year/year, customs department data published on October 18 showed. The imports were up 1.5% month/month.

During the first nine months of the year, the country's LNG imports were 58.48mn mt, up 22.7% yr/yr. Meanwhile, China's pipeline gas imports in September were 3.87mn mt, up 32.1% yr.

The data showed that pipeline gas imports were 31.37mn mt, up 21.5% yr/yr during the January-September period. (October 19, 2021)

19/10/2021

UNITED STATES:

US weekly LNG exports fall from last week.

Liquified natural gas exports from the U.S. decreased this week together with Henry Hub prices, the Energy Information Administration showed in its weekly report. According to the EIA's latest Short-Term Energy Outlook, U.S. LNG exports decreased for the period between 7 October and 13 October 2021.

Sixteen LNG vessels with a combined LNG-carrying capacity of 58 billion cubic feet departed the United States. Six ships departed from Sabine Pass, four from Freeport, and three each from Cameron and Corpus Christi.

The Henry Hub spot price fell from $5.95 per million British thermal units last Wednesday to $5.45/MMBtu this week.

Also, EIA expects Henry Hub prices to decrease early next year, as production growth outpaces growth in LNG exports, and will average $4.01/MMBtu in 2022.

However, in the second quarter of 2022, it forecast decreasing Henry Hub prices as anticipated growth in domestic natural gas production begins to outpace growth in U.S. liquified natural gas exports.

Natural gas deliveries to U.S. LNG export facilities averaged 10.5 Bcf/d, or 0.5 Bcf/d higher than last week. (October 15, 2021)

15/10/2021

CHINA:

China approves Sinopec's Longkou LNG terminal.

The proposed terminal will be located in the Shandong province and have a capacity of 6mn metric tons/year.

Chinese state-run energy company Sinopec on October 14 said its Longkou LNG import and regasification terminal project had been approved by the National Development and Reform Commission, the country’s highest planning body.

The proposed terminal will be located in the Shandong province and have a capacity of 6mn metric tons/year. The terminal will have a 266,000 m3 LNG berth, four LNG storage tanks each with a capacity of 220,000 m3 and other supporting infrastructure.

The terminal has been included in the list of key oil and gas infrastructure projects jointly issued by the NDRC and the National Energy Administration. Construction work on the terminal is expected to start this year, Sinopec said.

Sinopec has approved the feasibility study for the project and the basic design is being verified. At present, the company operates three LNG import terminals in China: Qingdao, Tianjin and Beihai. (October 15, 2021)

15/10/2021

CHINA:

China looks to lock in U.S. LNG as energy crunch raises concerns.

Major Chinese energy companies are in advanced talks with U.S. exporters to secure long-term liquefied natural gas supplies, as soaring gas prices and domestic power shortages heighten concerns about the country's fuel security, several sources said.

At least five Chinese firms, including state major Sinopec Corp and China National Offshore Oil Company and local government-backed energy distributors like Zhejiang Energy, are in discussions with U.S. exporters, mainly Cheniere Energy and Venture Global, the sources told Reuters.

The discussions could lead to deals worth tens of billions of dollars that would mark a surge in China's LNG imports from the United States. At the height of Sino-U.S. trade war in 2019, gas trade briefly came to a standstill.

Talks with U.S. suppliers began early this year but speeded up in recent months amid one of the biggest power-generating, heating fuel crunch in decades. Natural gas prices in Asia have jumped more than fivefold this year, sparking fears of power shortages in the winter.

"Companies faced a supply gap (for winter) and surging prices. Talks really picked up since August when spot prices touched $15/mmbtu", said a Beijing-based senior industry source briefed on the talks.

Another Beijing-based source said: "After experiencing the recent massive market volatility, some buyers were regretting that they didn't sign enough long-term supplies."

Sources expected fresh deals to be announced over the coming few months, after privately controlled ENN Natural Gas Co, headed by the ex-LNG chief of China's largest buyer, CNOOC, announced a 13-year deal with Cheniere on Monday.

It was the first major U.S.-China LNG deal since 2018. The new purchases will also cement China's position as the world's top LNG buyer, taking over from Japan this year.

"As state-owned enterprises, companies are all under pressure to keep security of supply and the recent price trend has deeply changed the image of long-term supplies in the mind of leadership," said the first Beijing-based trader.

"People may have taken the spot as the key in the past, but are now realizing that long-term cargoes are the backbone."

CHEAPER U.S. GAS

The sources declined to be named as the negotiations are private. Sinopec declined comment. CNOOC and Zhejiang Energy did not immediately respond to requests for comment. Venture Global declined comment. Cheniere did not immediately respond to a request for comment.

"We expect more deals to be signed before year-end. It's primarily driven by the global energy crunch and prices we're seeing now... U.S. supplies now stand out as attractive," said a third Beijing source briefed on the talks.

U.S. cargoes used to be expensive versus oil-linked supplies from Qatar and Australia for example, but are cheaper now. A deal at $2.50 + 115% of Henry Hub futures , similar to ENN's deal according to traders, would be roughly about $9-$10 per million British thermal units on a delivered basis into Northeast Asia. This includes an average shipping cost of $2 per mmBtu for the U.S.-China route.

Jason Feer, global head of business intelligence with consultancy Poten & Partners said Chinese companies are heavily exposed to Brent-related pricing for LNG and the U.S. purchases give some diversity to the pricing. Asian spot gas prices are now at a near record at over $30 per mmBtu. Long-term LNG deals linked to oil prices work out to about $10-11 per mmBtu, though both calculations vary according to liquefaction costs, premiums and assumption of forward oil and gas prices.

Chinese buyers are scouting for both near-term shipments to cover demand this winter and long-term imports as demand for gas, seen by Beijing a key bridge fuel before reaching its 2060 carbon-neutral goal, is set for steady growth through 2035.

It's hard to estimate a total volume of the deals being discussed, sources said, but Sinopec alone could be eyeing 4 million tonnes annually as the company is most exposed to the spot market versus domestic rivals PetroChina and CNOOC, said a third source. Traders said Sinopec is in final talks with 3 to 4 companies to buy 1 million tonnes a year for 10 years, starting from 2023, and is looking for U.S. volumes as part of the requirement.

Delays in LNG export projects in Canada, in which PetroChina owns a stake, and Mozambique, where both PetroChina and CNOOC have invested, also made U.S. supplies attractive, sources added. North American LNG exporters have been adding to capacity because of demand in major Asian economies.

Cheniere, the largest exporter out of the United States, said in late September it expects to announce "a number of other transactions" that will support their going forward with the Corpus Stage 3 expansion next year. Venture Global is building or developing over 50 million tonnes per annum of LNG production capacity in Louisiana, including the 10-MTPA Calcasieu, which is expected to cost around $4.5 billion and start producing LNG in test mode in late 2021. read more However, some buyers remained cautious.

"There is a lot of hype in the market and nobody knows for sure how long this supply crunch would last. For companies that do not have fresh demand in the next year or two, it's better to wait," said a separate Chinese importer. (October 15, 2021)

15/10/2021

SINGAPORE:

Singapore LNG scouts for spot cargoes as electricity futures surge.

Singapore LNG Corp is making enquiries about buying LNG cargoes from the spot market, a rare move for the operator of the city-state's liquefied natural gas terminal, industry sources said on Wednesday.

SLNG is looking for LNG in the spot market privately, four sources said, with one of them adding that it was seeking up to two cargoes for delivery into Singapore in November.

It was not immediately clear why SLNG was seeking the cargoes or if the request was firm. (October 13, 2021)

13/10/2021

JAPAN:

Toho Gas gets Sakhalin's 1st carbon-neutral LNG cargo.

Japanese utility Toho Gas has received the first carbon-neutral/offset LNG cargo from the Russian LNG producer Sakhalin Energy.

Sovcomflot's LNG carrier Grand Aniva arrived at the Chita Terminal in Aichi Prefecture, Japan. It brought the first Sakhalin Energy's carbon-neutral/offset LNG cargo, delivering it to Toho Gas.

The cargo originates from the Sakhalin-2 project. It is Russia's only LNG export plant currently in operation. Gazprom owns 50 per cent plus one share, with the remaining shareholders of Shel, Mitsui, and Mitsubishi. The cargo's carbon neutrality was achieved by purchasing carbon credits from one of the company's shareholder's affiliates, Gazprom Marketing & Trading. In addition, Sakhalin Energy is considering the possibility of obtaining Russian carbon credits using a pilot carbon trading system on Sakhalin. It also considers the possibility to generate carbon units as a result of solutions based on the environmental assets. According to the parties involved, this delivery is a key step in the implementation of the corporate Green LNG strategy. Roman Dashkov, Sakhalin Energy's CEO, says the fact that the Japanese customers are seeking solutions in compensating the carbon footprint of the supplied energy sources is mainly caused by the Japanese government announcing carbon neutrality by 2050.

The head of the responsible industry programme at the World Wildlife Fund, Alexey Knizhnikov, points out the trend towards a stronger climate agenda. To his opinion, it will significantly impact the operation of the leading oil and gas companies and is now in demand among many world-class businesses. "We see the supply of the first Sakhalin-2 carbon neutral/offset LNG cargo as one of the examples. But it is important that the company is not limited only to offset projects, but more actively develop initiatives leading to a reduction in emissions," said Knizhnikov. (October 13, 2021)

13/10/2021

GERMANY:

Novatek’s planned LNG terminal in port of Rostock stopped.

Germany’s efforts to import LNG for diversifying its energy supply has suffered another setback. After the Wilhelmshaven LNG terminal was cancelled in April, now the planned LNG terminal in Rostock has been cancelled by Novatek and Fluxys, citing the current market conditions. Laurent Remy, Fluxys spokesperson said that despite getting constructive support from all project stakeholders, pursuing the project is too challenging in the current market conditions.

Back in 2018, Russia’s largest independent natural gas producer, Novatek, and Belgium’s Fluxys had announced their plans for building and operating a mid-scale LNG terminal in the port of Rostock. The terminal was supposed to receive LNG from Novatek’s Cryogas-Vysotsk liquefaction facility at the port of Vysotsk. Once completed by 2023, the Rostock terminal would have supplied LNG as bunker fuel for ships in the Baltic sea.

Globally there are different doubts regarding energy-switch to LNG. The CO2 emission from LNG is lower than diesel fuels but when the methane released during extraction and transportation is taken into consideration, the climate benefits fade away.

Last year, container giant Maersk declared that LNG has no role in its planning, instead, the company has switched to ammonia or methanol. Looking at the roadways, LNG is attractive for trucks basically because of the tax purposes and increasingly truck manufacturers are now more inclined towards electric drives.

The German Environmental Aid which is fighting politically and legally against the LNG terminals has welcomed the cancelation of the Rostock LNG terminal. The agency said that this decision shows that LNG has no future as a fuel for ships or trucks. (October 12, 2021)

12/10/2021

PAKISTAN:

Pakistan gets no bids for eight LNG cargoes.

PLL was seeking LNG cargoes for delivery during December and January.

State-owned Pakistan LNG has received no bids for its tender seeking eight cargoes in December and January, according to a document published by the company. The tender closed on October 11.

PLL was seeking LNG cargoes for delivery on December 6-7, December 10-11, December 15-16, December 26-27, January 14-15, January 19-20, January 24-25, and January 29-30.

According to Pakistani newspaper Dawn, a lack of spot LNG will lead to a shortfall of about 400mn ft3 of gas each month. Normally gas consumption in Pakistan almost triples during peak winter.

The government said that the early start of a second term contract with Qatar for additional LNG would partially bridge the gap, Dawn reported. State-owned Pakistan State Oil entered into a new long-term supply contract with Qatar Petroleum, with supplies starting in January 2022. The government hopes to address the remaining gap through demand management.

Pakistan has two import terminals – one operated by Pakistan GasPort and one by Elengy. Both are at Port Qasim near Karachi. (October 12, 2021)

12/10/2021



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ABOUT

This first event will be dedicated to the rising role of hydrogen in the energy transition and the emergence of international supply chains, with a focus on the growing pipeline of hydrogen projects around the world and the specific role of Australia as a frontrunner in building international supply chains.

- **Introduction by Geoffroy Hureau, General Secretary of CEDIGAZ**
- **Hydrogen production projects around the world by Armelle Lecarpentier, Chief Economist, CEDIGAZ**
- **Australia at the forefront of developing a huge hydrogen export industry by Sylvie Cornot-Gandolphe, President, SCG Consulting and Research Associate, CEDIGAZ**

VIEW THE AGENDA

SPEAKERS



Armelle Lecarpentier,
Chief Economist, CEDIGAZ



Sylvie Cornot-Gandolphe,
President, SCG Consulting and
Research Associate, CEDIGAZ

For more information visit the event's website https://webinar.cedigaz.org/

WORLDWIDE:

World’s largest LNG exporter unhappy with high natural gas prices.

Qatar, the world’s biggest exporter of liquefied natural gas, said it’s “unhappy” prices are so high but is producing at maximum capacity.

The comments from Energy Minister Saad Al-Kaabi on Monday come amid a crisis in gas markets, with prices rocketing as supply fails to keep up with soaring demand. Although Qatar is spending billions of dollars to increase output, it has said it will struggle to boost production in the near term. “We are maxed out,” Al-Kaabi said at an event in Doha, adding that volumes are currently around 80 million tons a year. “We’re just consistent, we’re producing what we can.” The Persian Gulf state has the world’s lowest production costs thanks to an abundance of easy-to-extract gas, most of it contained in the giant North Field that extends into Iran.

Al-Kaabi reiterated the schedule for a planned expansion of North Field output, despite calls for an earlier ramp-up. Qatar aims to increase LNG output by around 50% by 2027, a project that will cost almost $30 billion. The global energy crunch has worsened as the northern hemisphere enters its winter heating season. Gas flows from Russia and Norway have been limited, while low wind output has increased demand for gas-fired power. Stockpiles of the fuel in Europe are at their lowest seasonal level for more than a decade, and prices are up fourfold since the start of the year.“I’m unhappy about gas prices,” Al-Kaabi said. “If the customer is unhappy, he’s not going to buy.”

Prices pulled back in recent days after key supplier Russia said it could potentially ship record volumes of gas to Europe this year. But Al-Kaabi said he’s still “worried about the winter. Storage is quite low in Europe, in many places around the world.” The U.S., where gas prices have climbed rapidly this month but are still far lower than those in Europe and Asia, will soon start to come under pressure, he said.

Al-Kaabi ruled out energy-asset sales similar to those in Saudi Arabia and the United Arab Emirates. The two countries have raised billions of dollars by divesting stakes in pipelines and property owned by their state oil companies.

“We have lots of cash,” Al-Kaabi said. (October 12, 2021)

12/10/2021

CHINA:

Cheniere to supply LNG to ENN LNG for 13 years.

ENN LNG, a subsidiary of Chinese energy company ENN, and U.S. LNG exporter Cheniere Energy have signed a 13-year LNG sale and purchase agreement.

Cheniere Marketing will supply approximately 0.9 million tonnes per year of LNG to ENN LNG for 13 years. The start is in July 2022.

Furthermore, this is the first long-term LNG SPA since ENN Natural Gas completed its major asset restructuring in 2020. It also marks the first cooperation between ENN and Cheniere in the field of LNG

The Chinese company says this is its first long-term LNG SPA that is indexed to the monthly Henry Hub price.

Since the beginning of this year, the LNG supply is tight and the price is high. Through this deal, ENN will have resources linked with various indexes. This is to further reduce procurement-related risks and optimize its resource pool. (October 11, 2021)

11/10/2021

ALASKA:

Report released on the Alaska LNG Project.

In a new report, the Alaska Gasline Development Corporation detailed the significant environmental and climate benefits achieved by developing the Alaska LNG Project, which will utilise North Slope natural gas to replace high-emissions coal in heavily polluted Asian markets and substantially reduce global greenhouse gas emissions.

Alaska Governor Mike Dunleavy said, “Alaska has some of the world’s strictest environmental laws, and Alaska natural gas should be a key component of any realistic energy roadmap to a cleaner climate. This report documents the substantial climate benefits that clean-burning Alaska natural gas has for our environment here at home and around the world.” AGDC President Frank Richards added, “The world is increasingly focused on the climate impact of new high-volume, reliable energy projects. This timely assessment uses respected and transparent methodologies to quantify the value of replacing high-emissions energy sources in foreign markets with low-emissions Alaska LNG. The justification for Alaska LNG is compelling.”

The report, Greenhouse Gas Lifecycle Assessment: Alaska LNG Project, documents how Alaska LNG reduces annual carbon dioxide equivalent emissions generated by a representative Asian regional coal supply chain by 77 million t, a 50% reduction. According to data from the US Environmental Protection Agency, eliminating 77 million t of carbon emissions is the annual equivalent of taking 19 coal-fired power plants offline or 16.8 million passenger cars off the road for a year, or eliminating the emissions generated by powering 9.3 million homes or the emissions from burning 8.7 billion gal. of gasoline.

The report also compares Alaska LNG emissions to equivalent LNG projects in Louisiana and Australia that have undergone similar lifecycle analyses, and documents that the production and delivery of Alaska LNG provides 50% lower greenhouse gas intensity compared to these projects.

Alaska LNG’s relative emissions efficiencies reflect Alaska’s close proximity to target Asian markets, which reduce round-trip shipping times by about a month, efficiencies resulting from shared facilities for North Slope oil production, the utilisation of a single pipeline and compressor system, and fewer gathering and boosting emissions required by the North Slope’s compact production footprint.

The report uses the same methodologies and standards employed by the US Department of Energy’s National Energy Technology Lab, and addresses the full range of project components, including extraction, production, gathering and boosting, transmission pipeline, end-user pipeline transmission, and power generation and distribution. (October 11, 2021)

11/10/2021

UNITED KINGDOM:

Avenir LNG takes delivery of Avenir Aspiration LBV.

UK-based small-scale LNG company Avenir LNG has announced the delivery of LNG bunkering and supply vessel Avenir Aspiration, the first out of four coming from the Nantong CIMC SOE shipyard.

The Avenir Aspiration is a dual-purpose, 7,500-cubic metres LNG bunkering and supply vessel. It was built by Nantong CIMC Sinopacific Offshore & Engineering.

Avenir LNG says the ship will kick off its maiden voyage to Europe and that it will be stationed in the Mediterranean. Therefore, it will serve the Avenir's HIGAS LNG Terminal in Sardinia, which entered into commercial operations in August 2021.

In addition to this servicing, the vessel will also provide LNG bunkering via ship-to-ship transfer to multiple customers throughout the Mediterranean. The Avenir Aspiration will provide infrastructure in key ports across the Mediterranean to support the growth of LNG as a marine fuel. Likewise, the company says this helps substantially in reducing CO2, NOx and SOx emissions in the region.

Peter Mackey, CEO Avenir LNG , said: "The Aspiration is the final step in delivering a fully owned and operated small-scale LNG supply chain dedicated to serving our customers across the island of Sardinia. We have made significant investments in LNG shipping, terminaling, trucking & satellite plants at our customers sites to ensure we can deliver a clean, affordable & reliable supply of LNG to the island."

Moreover, the CIMC SOE shipyard will deliver three more newbuild vessels over the remainder of 2021 and early 2022. (October 11, 2021)

11/10/2021

USE AS MARINE FUEL

SWEDEN:

World's smallest LNG carrier gets bunkering upgrade.

With more than 2,000 bunkering operations under its belt since it entered service in 2013, one of the world's first LNG bunker vessels recently completed upgrades at a shipyard in Stockholm.

The Swedish-flag Seagas – the world's smallest LNG carrier – left Stockholm Repairyard in October where it underwent modifications for more flexible bunker operations.

The LNG bunker vessel was in the shipyard for about eight days and more than 2,000 hours of work. Among the upgrades was the addition of a new water curtain and installation of new water pipes, a 3-mm stainless steel drip tray for the bunker hose, which was prefabricated by shipyard personnel and a new crane mount.

Built in 1974 at Løland Verft as a car ferry and converted in 2013 to an LNG bunker vessel at Fiskerstrand Verft in Norway, Seagas carries the notation DNV+1A 1, Tanker for LNG, Ice C.

It has an overall length of 49.65 m, beam of 11.25 m, summer draught of 3.11 m and LNG capacity of 167 m3. Propulsion for the vessel is supplied by an Alfa MAN B&W 6L23/30 A engine, rated at 735 kW at 828 rpm, that drives two propellers via marine gears. Ship's auxiliary power is supplied by two Volvo Penta TAMD7SB engines.

Seagas was specially designed for ship-to-ship transfer operations, servicing LNG-fuelled Viking Grace. For the last eight years, the tiny bunker vessel has been supplying about 60 to 70 tonnes of LNG to the cruise ferry daily. Bunker operations are conducted while the ferry is moored at the Stadsgården in central Stockholm.

One of five LNG bunker vessels controlled by Gasum, Seagas and purpose-built 5,800-m3 Coralius are both operated by Donso, Sweden-based Sirius Shipping.

Stockholm Repairyard, located on the island of Beckholmen, operates two drydocks, one 180 m x 25 m and the other 100 m x 16.5 m. (October 14, 2021)

14/10/2021

EUROPE:

Quartet of LNG newbuilds sings praises of energy efficiency.

LNG carrier newbuilding's combine two-stroke, low-pressure, dual-fuel technology, Hi-FIN, Hi-Rudder and air-lubrication systems to maximise energy efficiency

Fuel savings and lower emissions are of paramount importance in the design of a quartet of X-DF-propelled LNG carrier newbuilding's for European owners. All four entered into long-term charters for worldwide trading over the last three months.

Notable among these is Asklipios, which joined Piraeus-based Capital Gas Ship Management Corp's fleet in September. It is the sixth vessel in a nine-ship newbuilding programme by Capital Gas that stretches until 2023. Chartered to US LNG producer Cheniere for six years, Asklipios was constructed by South Korea's Hyundai Heavy Industries. Like sister ships Attalos and Adamastos delivered in August, Asklipios is built to Lloyd's Register class and flies the Maltese flag.

For fuel efficiency and emissions-reduction purposes, each of the ships is equipped with two Hyundai-WinGD 5X72DF engines, each with a nominal rating of 16,125 kW and MCR of 12,112 kW. The low-pressure, two-stroke, dual-fuel engines are NOx Tier III-complement in gas mode without any aftertreatment and in Diesel mode using a high-pressure selective catalytic reduction system. Estimated fuel oil consumption at nominal continuous rating is about 92 tons per day, while gas consumption is estimated at 77.1 tons per day.

Each of the ships is fitted with several energy-saving devices to reduce fuel consumption and improve energy efficiency. Among these is Hi-FIN, a pinwheel-shaped device that attaches to the hub of the propeller. Hi-FIN generates counter swirls to offset the swirls created by the propeller itself, which improves propulsion efficiency, reducing fuel consumption by 2.5%.

Additionally, each LNG carrier is fitted with a Hi-Rudder Bulb, which eliminates the hub vortex induced by propeller rotation. Due to the recovery of propeller rotational energy loss, ship propulsion efficiency can be increased by 1-3 %, depending on the ship's hydrodynamic characteristic. Further fuel efficiency is gained through the use of air-lubrication systems. Each vessel has an overall length of 299 m, beam of 46.4 m, depth of 26.5 m and design draught of 11.5 m, with GTT Mark III Flex membrane cargo-containment systems.

All six vessels delivered to Capital Gas are under long-term charters, with Attalos chartered to BP for 13 years, Adamastos chartered to Engie for up to seven years, and the first two in the series, Aristos I and Aristidis I, under Bureau Veritas class and secured under 12-year charters with BP. The third in the series, Aristarchos, is fixed to Cheniere for six years. The last three in the series, Asterix I, Amore Mio I and an as-yet unnamed vessel, will be delivered in January, October and December 2023, respectively. All three 174,000-m3 ships will go under ABS class and fly the Marshall Islands flag. Asterix I will use WinGD X-DF propulsion technology, but Amore Mio I and its unnamed sister will be fitted with MAN Energy Solutions' newly minted two-stroke, low-pressure Otto-cycle ME-GA engines.

France LNG newbuilding

In October, LNG Enterprise, a fourth X-DF-propelled 174,000-m3 newbuilding, was delivered into a long-term charter to France's TotalEnergies Gas & Power Ltd. Owned by France LNG Shipping, a joint venture of Geogas LNG and NYK Line, LNG Enterprise was built at South Korea's Samsung Heavy Industries (SHI). Flying the French flag, LNG Enterprise has an overall length of 293 m and beam of 45.8 m, with a WinGD X-DF engine and GTT Mark III Flex membrane cargo-containment technology.

Geogas LNG is a subsidiary of the Geogas Group and the infrastructure funds, Access Capital Partners and DIF Capital Partners. LNG Enterprise joins the six-vessel fleet managed by Marseille-based Gazocean, a subsidiary of NYK. (October 14, 2021)

14/10/2021

LPG

SUPPLIES - IMPORTS - EXPORTS

AUSTRALIA:

Australia's Ichthys LPG exports steady as Japan looks to carbon-free cargoes

Japan's Inpex-operated Ichthys project in Australia exported 26 cargoes of LPG up to early-October to key Asian buyers versus 29 shipments in the first 10 months of last year -- supplying a steady stream from the new source since exports began in 2018, data from Platts cFlow trade-flow analytics software showed.

Shipments to buyers in Japan, China, Vietnam, South Korea, Indonesia and Taiwan over January-December 2020 totaled 34 cargoes, up from 27 in 2019 and four cargoes over April-December 2018, the data showed.

The Ichthys LNG project off northwestern Australia had some repair and maintenance work in early January 2021, but Inpex said production levels at the facility were maintained.

Inpex said in February, it planned to keep LNG and condensate shipments from Ichthys at a high level of around 120 LNG cargoes, 36 offshore condensate cargoes and 24 plant condensate parcels this year, though Japan's top upstream company declined to disclose planned LPG shipments.

Of the LPG shipments so far this year, 13 cargoes were delivered to Japan and eight to China, the data showed. Of the shipments in 2020, 18 were delivered to Japan and 13 to China, according to the data.

The project involves piping gas from the offshore field in the Browse Basin more than 890 km (552 miles) to the onshore 8.9 million mt/year LNG plant near Darwin.

At its peak, the facility has capacity to produce 1.65 million mt/year of LPG and 100,000 b/d of condensate.

Stable production and shipments from the project is crucial as Japan steers towards using carbon-free LPG and Japan's top LPG importer Astomos Energy has said it plans to start taking carbon-neutral propane from the Ichthys project this year.

This followed the signing of a sales and purchase agreement with Inpex Sept. 16. Inpex, which markets its equity share of Ichthys LPG and condensate output, has a separate sale and purchase pact with Astomos to supply Ichthys LPG, but the companies declined to comment whether the latest carbon-neutral propane supply is part of the Ichthys LPG supply.

Japan's five major LPG importers aim to introduce 30,000 mt/year of carbon-free LPG in the early 2030s and replace their supply with "green LPG" to meet all LPG demand by 2050 under a new consortium.

Astomos, ENEOS Globe, Gyxis, Japan Gas Energy and Iwatani have formed the Institute of Japan Green LP Gas Promotion to introduce carbon-free LPG by developing a series of synthetic technological process known as propanation and butanation in Japan, executives from the companies said at a news conference Oct. 20.

Inpex and Ruwais in the UAE are Japan's two main sources of carbon-free LPG, a Japanese trader said.

After loading at Ruwais, Astomos in August received from Shell Japan's first 47,000 mt carbon-neutral LPG cargo at its Chiba import terminal.

Carbon credits

Chinese petrochemical makers consider the quality of LPG from Ichthys, especially from the gas field, suitable for use as petrochemical plant feedstock.

But the industry is not yet ready to include propane from Ichthys as an acceptable point of origin for the Ginga LPG Forward Terms 2021, following the final vote by 12 trading houses in 2020.

The Japanese trader said that Ichthys propane was also not included in the Ginga LPG Forward Terms 2022 contract. "It is one of the sources of carbon-free LPG, but it is not related to Ichthys to be included in Ginga 2022," the trader said.

He added that for the carbon-free LPG concept to work, the supplier can also buy carbon credit from the market. "So I think any origin can be a candidate of the cargo," he said.

However, Astomos President Tsuyoshi Ogasawara, who is also the chairman of the Institute of Japan Green LP Gas Promotion and Japan LP Gas Association, told the news conference that they remained uncertain whether verified carbon credits for carbon-neutral LPG will be considered carbon neutral in Japan, as the issue involves carbon pricing and carbon tax.

The industry's move on carbon-neutral LPG comes as the government sees that 60% of the current domestic LPG will remain in 2050 because of its varied use in industry and as petrochemical feedstock.

And brokerage Poten & Partners said low inventory and the economic recovery from COVID-19 are expected to increase Japan's 2021 LPG imports to 2019 levels at 10.8 million mt/year, up from 9.8 million/mt in 2020.

Upside potential for imports

The current forecast calls for about 2.8 million mt/year in Q4 2021, but "there is plenty of upside potential," the report said.

Imports are forecast to grow further to 11 million mt/year in 2022 and hold around that level in 2023.

While imports may be higher than forecast if heating demand exceeds expectations, sourcing will be a problem even as Japan buys more from the US, Canada and Australia.

"As the rest of Asia imports grow, the share of LPG headed for Japan as opposed to the rest of Asia will decline," the Poten report said. (October 22, 2021)

22/10/2021

IRAN:

Iran LPG exports to rebound in November.

Iran's liquefied petroleum gas shipments are set to reach 440,000-450,000 tons in October compared with 556,000 tons exported in September, largely to Asia, and are expected to rebound in November, trade sources said.

Exports up to Oct. 13 were around 220,000 tons, the sources added, S&P Global Platts reported.

"The export volume in October will be lower in comparison to September. The export volume is fluctuating between 450,000 tons/month and 530,000 tons/month," a trade source said.

"November is estimated to be the same as September, in case we don't face shutdowns."

Iran's LPG exports were hovering near two-year highs at around 500,000 tons/month since July-August and rose further in September. This, together with volumes in October and November, would help meet recovering Chinese demand, as more propane dehydrogenation plants resume operations after undergoing maintenance.

Yantai Wanhua Chemical restarted the 750,000 tons/year PDH plant on Oct. 13, a company source said, after shutting it on Sept. 10 for 40 days.

Fuji Petrochemical, a subsidiary of Oriental Energy, resumed operations of its PDH plant in eastern Zhejiang Province around mid-September following maintenance since early August. (October 18, 2021)

18/10/2021

IRAN:

Iran LPG exports to reach around 450,000 mt in Oct, rebound in November.

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LPG prices in Asia have been rallying, as heating demand picked up ahead of the Northern hemisphere winter and concerns arose over global gas supply, with CFR North Asia propane rising to $910/mt Oct. 6, the highest since July 2, 2014, when it reached $918/mt, Platts data showed. It eased to $870.5/mt Oct. 15, as the market took occasional pauses and sellers emerged amid favourable prices.

Robust Asian market sentiment, led by Chinese demand for feedstock as new PDH plants come onstream, has also been pushing up the monthly Saudi term contract prices.

Saudi Aramco's October term propane CP was set at $800/mt, the fifth-straight monthly increase and highest since July 2014, and the butane CP was at $795/mt, the highest since August 2014, Platts data showed.

The upcoming November term propane and butane CPs are expected to rise for the sixth month in a row, trade sources said, as the November propane CP swap was notionally indicated Oct. 15 at $845/mt, up from $840.5/mt valued in the previous session, while butane was indicated $25/mt below propane.

Price advantage

Chinese sources have said more Iranian LPG was shipped to China this year due to the grade's competitive price.

Iranian LPG was heard sold at discounts steeper than $20/mt, or even $30/mt, compared with other Middle Eastern cargoes, trade sources said.

The previous round of Western sanctions in 2012 saw Chinese importers buying Iranian cargoes at around $40-$50/mt discounts.

Negotiations over Iran's nuclear program stalled since mid June following a pause for the Iranian elections. US President Joe Biden tried to revive the talks Sept. 21 by promising in his first address to the UN General Assembly that Washington would return to full compliance with the Joint Comprehensive Plan of Action if Tehran did the same.

Iran's foreign ministry spokesman said Tehran was prepared to resume talks.

Platts Analytics has cautioned that by mid 2022, OPEC+ spare capacity "will be insufficient to offset a no-Iran deal." Without the 1.5 million b/d of additional Iranian crude hitting the market, and with US supply growth still likely to be somewhat constrained by capital discipline, the oil market could be vulnerable to further disruptions, according to Platts Analytics.

Recent LPG supply from other major Middle Eastern producers has been steady.

Abu Dhabi National Oil Co. or ADNOC, announced acceptances of November-loading term LPG cargoes without cuts, delays or advancements, market sources said.

ADNOC's acceptances of September, August, July, June and April-loading cargoes had also been in line with lifters' nominations, Platts reported earlier.

Qatar Petroleum also announced acceptances of November-loading term cargo nominations without cuts or delays, with at least one lifter given advance loading of one week, traders said.

Saudi Aramco's acceptances of November-loading term cargo nominations are due by the weekend, after Aramco's acceptances of October-loading term cargo nominations saw no cuts and delays. The company was heard to have asked one major Japanese lifter to change the ratio of its October-lifting program to be more butane-rich, sources said.

At the Oct. 4 meeting, OPEC and its allies kept to their original plan to raise oil production in November by just 400,000 b/d.

Following this, Aramco allocated full-term crude volumes to most Asia-Pacific refiners, with some seeking incremental volumes to capitalize on recent sharp cuts in official selling prices.

This development and traders' comments that Aramco has two to three spot FOB cargoes to offer, probably for November loading, indicated that Aramco could meet lifters' nominations of November term cargoes, sources said.

Western markets

Total US propane exports posted a second-straight increase in the week ended Oct. 8, up 120,000 b/d to 1.37 million b/d, marking a five-week high and the fifth-highest weekly total in H2 2021. However,

propane production, product supplied and stocks all declined week on week, keeping global markets concerned over US supply ahead of the winter.

Propane production fell 37,000 b/d to 2.31 million b/d to stay above 2.30 million b/d for the eleventh time in 14 weeks, Energy Information Administration data showed Oct. 14.

In Europe, supply at refineries has been lower due to high natural gas prices, limiting propane offered on the spot market, while inland demand is growing as temperatures start to fall. This led to FOB propane barges in the Amsterdam-Rotterdam-Antwerp region reaching their highest value versus CIF large cargoes in over eight years in the week of Oct. 15, Platts data showed. (October 15, 2021)

15/10/2021

PAKISTAN:

Pakistan plans to enter into long-term LPG supply contracts with other countries.

Pakistan plans to enter into long-term government-to-government LPG agreements, senior officials from the petroleum division confirmed in a major development as per a report in The News Thursday.

Gas companies Sui Southern and Sui Northern have been asked to develop their stakes in the LPG cylinders market for this purpose.

“Yes, we have decided to have sustainable LPG supply in the country knowing the fact that the load gas production has dwindled to 2.8 billion cubic feet per day from 4.2 bcfd over the years. We have planned to enter into long-term government-to-government contracts with various countries for LPG supply," the officials from the petroleum division were quoted as saying by the publication.

Sui Southern and Sui Northern have been asked to ensure their footprint in the LPG cylinder market by procuring 500,000 cylinders each at an earlier stage, the officials said.

Talks by Pakistan's government will be initiated soon with Oman for LPG supply under this plan for long-term contracts, the officials said, adding that Saudi Arabia and Qatar are also the biggest LPG producing countries in the Middle East.

According to the publication, authorities in Saudi Arabia and Qatar will also be contacted by the government for the long-term LPG supply agreements.

In case the US sanctions are removed, the government will also prefer to import LPG from Iran, it was reported.

Currently, private importers import LPG both through sea and onshore routes. Importers also import LPG from Iran through Taftan, which is substandard.

“The government wants to discourage piped gas supply and encourage the masses to utilise LPG to the maximum. In India, there is no piped gas facility available and all dwellers there use the LPG," an official was quoted as saying.

Similarly, in China, the government possesses 40% of the LPG market to ensure sustainable supply of LPG to the masses.

In Pakistan, the total annualised demand of LPG is estimated at around 1.4 million tons, of which around 876,000 million tons is produced locally, while the balance needs to be imported from neighbouring countries.

The demand for LPG, locally, is consistently increasing and production is stagnant, leading to increased imports. In winters, the demand increases by around 25% due to its use for heating gas in Punjab, Khyber Pakhtunkhwa and Gilgit-Baltistan. (October 14, 2021)

14/10/2021

NATURAL GAS

PRODUCTION

UKRAINE:

Naftogaz plans to increase production by 1.8 times over 10 years, to 24 bcm.

Naftogaz Ukrainy sets itself the task of increasing natural gas production in the next ten years by 1.8 times – from the current about 13 billion cubic meters to 24 billion cubic meters, CEO Yuriy Vitrenko said during the Ukrainian Gas Investment Congress held in Kyiv.

According to him, it is advisable to develop gas production both onshore and offshore at a production cost of up to $ 160 per 1,000 cubic meters, while Naftogaz has projects cheaper than this cost.

Vitrenko also said that the company will try to attract international investments for the development of Ukrainian gas production.

"Our task is not to compete with other companies, but to become a platform for attracting investments in the gas industry," he said.

According to the presentation of Naftogaz, amid the ongoing depletion of existing fields, the main increase in production is expected due to the development of the shelf, the Yuzivske field and gas from tight gas reservoirs.

As reported, Naftogaz over the past year gained access to the Black Sea shelf, Yuzivske area and four more large oil and gas areas within the framework of the PSA.

Ukrgazvydobuvannia, 100% of which belongs to Naftogaz, in 2020 reduced gross gas production by 5% compared to 2019 - to 14.233 billion cubic meters, including marketable gas - by 1.3%, to 13.448 billion cubic meters.

In January-September 2021, Ukrgazvydobuvannia reduced gross gas production by 4.8% compared to the same period in 2020 – to 10.204 billion cubic meters, including production of marketable gas – by 4.8%, to 9.652 billion cubic meters. (October 21, 2021)

21/10/2021

INDONESIA:

Indonesia cuts 2021 oil and gas production targets on pandemic woes.

Indonesia has cut its oil and gas production targets for this year, officials at industry regulator SKK Migas told reporters on Tuesday, as the coronavirus pandemic impacted new projects.

The oil lifting target for 2021 was cut to 665,000 barrels per day from an earlier target of 705,000 bpd, SKK Migas' head Dwi Soetjipto told a virtual news conference.

Gas liftings are targeted to be 5,529 million standard cubic feet per day, down from 5,638 mmcfd, he said.

"It turns out that the impact of 2020 pandemic caused. .. minus 20 thousand barrels of oil per day compared to which we expected," Soetjipto said, referring to the shortfall during the third quarter.

Unplanned shutdowns happened during the pandemic while investors delayed investments, curtailing upstream activities and production, he added.

Indonesia's oil liftings in the third quarter of the year were 661,000 bpd while gas liftings were 5,492 mmcfd, data from SKK Migas showed on Tuesday.

The data also showed that Indonesia's liquefied natural gas liftings from January to September this year were 149.5 standard cargoes. The regulator said in July that it expects 206.1 cargoes this year. (October 19, 2021)

20/10/2021

AZERBAIJAN:

Azerbaijan increased natural gas production by 36%.

Azerbaijan increased its production of natural gas by 36 percent, or more than 200 billion cubic feet, between 2017 and 2019, Trend reports with reference to the US Energy Information Administration.

“In addition, a new pipeline connection, completed in October 2020, increased the country’s access to European markets, according to our analysis of Azerbaijan’s energy sector. Much of the growth in Azerbaijan’s natural gas production was driven by the second phase of development of the Shah Deniz natural gas and condensate field. Located offshore in the Caspian Sea, Shah Deniz began production from its first development phase in 2006 and from its second phase in mid-2018. According to BP Azerbaijan, the first phase of Shah Deniz produced around 175 Bcf in the first half of 2018. In the first half of 2021, total Shah Deniz production doubled to around 350 Bcf of natural gas,” reads the EIA review.

To facilitate the export of the increased production at the Shah Deniz field, several international natural gas pipelines were constructed, collectively referred to as Azerbaijan’s Southern Gas Corridor.

“The first section of the Southern Gas Corridor is the South Caucasus Pipeline, which connects to the Shah Deniz field and goes through Azerbaijan and neighbouring Georgia to Georgia’s border with Turkey. From there, the SCP connects to the Trans-Anatolian Natural Gas Pipeline, which sends natural gas west, through Turkey. The TANAP connects to the Trans Adriatic Pipeline at the Turkey-Greece border and sends natural gas from there to Greece, through Albania, and to Italy,” reads the analysis.

The TAP was completed in October 2020, and commercial deliveries began on December 31, 2020.

“With the completion of the TAP, the total length of the three pipelines in the Southern Gas Corridor is around 2,000 miles. According to the Southern Gas Corridor project, the TAP has the capacity to transport approximately 350 Bcf per year, the equivalent of 10 billion cubic meters. The increase in production at Shah Deniz and the completion of the TAP allowed for growth in Azerbaijan’s natural gas export volumes and markets. From 2017 to 2019, Azerbaijan’s natural gas exports increased by over 120 Bcf, and the majority of Azerbaijan’s exports went to Turkey and Georgia. Export volumes to Turkey and Georgia have continued to grow through the first half of 2021. In addition, with the completion of the TAP at the end of 2020, Azerbaijan began exporting natural gas to Greece and Italy and smaller volumes to Bulgaria via Greece. The TAP company announced on September 16, 2021, that around 175 Bcf (5 Bcm) of natural gas has already been delivered to Europe through the new TAP.”

EIA notes that the Southern Gas Corridor was built to diversify the European Union’s (EU) natural gas supply and reduce the number of EU countries that have a single supply source. “In 2019, more than 38 percent of total net natural gas imports to the 28 countries in the EU (the 27 current members plus then-member United Kingdom) came from Russia, according to Eurostat data. For EU-member Bulgaria, Russia supplied more than two-thirds of the country’s natural gas imports in 2019.” (October 13, 2021)

13/10/2021

RUSSIA:

Novatek boosts gas flow by 4.2% in 9m-2021.

Output was down 0.7% year on year in the third quarter, however.

Russian gas producer Novatek increased gas supply by 4.2% in the first nine months of the year to 59.1bn m3, the company reported on October 11, although output was down 0.7% year on year in the third quarter.

Overall hydrocarbon production averaged 1.7mn barrels of oil equivalent/day in the first nine months of 2021, up 4.5% year on year, while output in the third quarter was down 0.5% at 1.63m boe/d.

Novatek is Russia's second biggest gas producer after Gazprom and its leading LNG exporter. It operates the 17mn metric ton/year Yamal LNG plant and is developing a second, 20mn mt/yr facility, Arctic LNG-2, due to start up in 2023. (October 12, 2021)

12/10/2021

TRANSPORT - DISTRIBUTION

ISRAEL - EGYPT:

Israel considering new pipeline to boost gas exports to Egypt.

Israel is considering the construction of a new onshore pipeline to Egypt in order to quickly boost natural gas exports to its neighbour in the wake of the recent tightening of global supplies, the Israeli energy ministry said.

The pipeline, which will connect the Israeli and Egyptian natural gas grids through the north of the Sinai peninsula, is estimated to cost around $200 million and could be operational within 24 months, industry sources who are close to the discussions told Reuters.

A new onshore pipeline, coupled with plans to construct a second subsea pipeline to Egypt within a few years, will further cement Israel's position as a key energy hub in the eastern Mediterranean which has upended diplomatic relations with countries in recent years.

Israel became a key supplier of natural gas to energy-thirsty Egypt in January 2020 after starting production from its Tamar and Leviathan offshore gas fields. Around 5 billion cubic metres per year of gas is being supplied via a subsea pipeline connecting Israel and the Egyptian Sinai peninsula.

"Israel and Egypt are holding talks on possible cooperation in the supply of natural gas. One of the options being studied, following a request by Egypt for further natural gas supplies, is an onshore gas pipeline," Israel's energy ministry said in a statement to Reuters. The pipeline will be owned by Israeli national distribution company Israel Natural Gas Lines and its route is in the process of getting approvals from local authorities, it added. The Egyptian energy ministry could not be reached for comment.

Gas markets in Europe and Asia sky rocketed this year due to tighter supplies and strong economic activity around the world. Israel's 15-year supply contract with Egypt shields Egypt from much of the price fluctuations.The new pipeline will allow to increase supplies into Egypt by an additional 3 to 5 bcm per year, the sources said. They will supply Egypt's power grid and also go towards boosting liquefied natural gas exports from Egypt to Europe and Asia.

"There is no doubt Egypt has all the qualities and conditions to become global hub which will concentrate additional volumes of gas from Israel, Cyprus and surrounding regions and be a focal point of gas trade both regionally and globally," Delek Drilling CEO Yossi Abu told Reuters.An onshore pipeline however risks being attacked by Islamist militants in Sinai who have attempted several times in recent years to target gas infrastructure in the peninsula.

OUTPUT EXPANSION

Israel's ability to boost gas exports to its neighbours depends however on companies' ability to expand output. Israel's export capacity is expected to increase to 8 bcm per year by 2023 from the current 5 bcm per year due to the de-bottlenecking of existing infrastructure and the expansion of the giant Leviathan field which is operated by Chevron Corp. and where Delek Drilling, part of conglomerate Delek Group, holds a 45% stake. A Chevron spokesperson declined to comment. Output will rise further when Energean starts production from the Karish/Tanin gas field, which is planned for the middle of 2022. Energean also plans to begin in February drilling five new wells that could further boost output in the coming years, the company told Reuters.

"Energean welcomes any new infrastructure that connects the Eastern Mediterranean with Europe," it said in a statement. The onshore pipeline would not impact Israel and Egypt's plan to construct a second subsea pipeline to supply Egypt's LNG plants of Idku and Damietta from where fuel can be re-exported to Europe and Asia, the sources said. (October 21, 2021)

22/10/2021

RUSSIA:

First string of Nord Stream 2 pipeline filled with technical gas.

The first string of the Nord Stream 2 pipeline was filled with technical gas, while pre-commissioning procedures for the second string continue, pipeline operator Nord Stream 2 AG said on Monday.

"As of October 18, the gas-in procedure for the first string of the Nord Stream 2 pipeline has been completed. As planned and in line with the system design requirements, the string is filled with some 177 million m3 of so-called technical gas... Pre-commissioning steps for the second string are ongoing," the operator said in a statement.

Nord Stream 2 is a joint venture of Gazprom, Royal Dutch Shell, OMV, Engie, Uniper, and Wintershall. The project is designed to carry natural gas from Russia to Germany beneath the Baltic Sea.

On 10 September, Russia's Gazprom announced that construction of the pipeline had been completed, and now it is only waiting for certification from the German regulator. The project is preparing for launch amid an ongoing energy crisis as gas prices in Europe have reached record highs. (October 18, 2021)

18/10/2021

EGYPT:

Egypt begins gas pipeline construction in Western Desert.

EGPC also commissioned Bahar Northwest gas field, which has an initial production rate of 15 million cubic feet per day.

Egypt has reportedly commenced the construction on a gas pipeline with an estimated capacity of 15 million cubic feet of gas per day in the Western Desert.

Citing the head of the Egyptian General Petroleum, the Petroleum Ministry said that the construction on the project in progress.

The pipeline is being constructed by EGPC, which currently produces about 74,000 barrels of oil equivalent per day.

Moreover, the firm also commissioned Bahar Northwest gas field, which has an initial production rate of 15 million cubic feet of gas per day, reported Al Borsa newspaper.

Earlier this year, Egypt announced plans to invest around $1.4bn to explore oil and natural gas at nine new sites in the Mediterranean and Red Sea.

The state's Ministry of Petroleum and Mineral Resources said it would drill a total of 23 new wells across both seas and had reached a total of 12 agreements.

In another development, Abu Dhabi National Oil has reportedly scrapped its plans to build a 400,000 barrels per day refinery in Ruwais due to the project's changing economic outlook.

Arab News quoted the Emirati national oil company as saying that the firm regularly assesses market conditions and global supply and demand considerations to ensure its economic resilience and the future-proofing of business operations.

ADNOC added: "As a result of our early feasibility and pre-FEED (front-end engineering and design) studies, we have concluded that at this time a new refinery is not economically attractive."

In March, Adnoc launched tenders seeking bids for the front-end engineering and design work on petrochemical derivatives projects planned to be built at the proposed Ruwais derivatives park. (October 11, 2021)

11/10/2021

SUPPLIES - IMPORTS - EXPORTS

CHINA:

Sep pipeline gas imports hit new record of 3.9 million mt.

China's pipeline natural gas imports set a new record of 3.87 million mt in September, up 2.2% from the previous high of 3.79 million mt in August, showed latest data released Oct. 21 from the General Administration of Customs.

China's pipeline gas imports have been setting new records in the past three months, and September was the fourth consecutive month-on-month increase since June, the customs data showed.

Stockpiling for the coming winter has driven up China's imports of natural gas in September, especially that of pipeline gas as its prices were far lower than imported LNG, market sources said.

The surge was also driven by China's pipeline gas imports from Kazakhstan that saw a significant month-on-month increase of 39% in September, while LNG imports from Russia saw a strong growth of 26.2% on the month to 632,449 mt, according to the data.

The average price of pipeline gas imported by China was estimated at $5.63/MMBtu in September, up slightly from $5.62/MMBtu in the previous month. Meanwhile, the average price of imported LNG, comprising both term and spot cargoes, was estimated at $11.64/MMBtu in September, up 10% month on month, and more than double the price of imported pipeline gas, calculations based on customs data showed.

The average imported LNG price rose for the fifth consecutive month in September, increasing 66.6% since April, while the average price of imported pipeline gas in September dropped 0.4% over the same period.

China imported 6.75 million mt of LNG in September, up 1.5% month on month, the customs data showed.

Australia, Turkmenistan and Russia remained the top three natural gas suppliers to China in September. (October 21, 2021)

22/10/2021

NORWAY:

Norwegian gas supply beats forecast in September.

Norwegian natural gas supply beat the government's forecast by 3.1% in September, the Norwegian Petroleum Directorate reported on October 20.

Production averaged 296.8mn m3/day in the month, which was 7.1% higher year on year but 2.5% below the level in August. It is projected to continue growing for the rest of the year, reaching 334mn m3/day in December.

State-owned Equinor got clearance in late September to boost gas flow from the Oseberg and Troll fields by a combined 2bn m3 in the current gas year.

Europe is in the grip of an energy crisis, with wholesale gas and power prices reaching record heights in recent weeks. Norway is the second-biggest gas supplier to the continent after Russia, with its pipeline gas exports totalling 107bn m3 in 2020.

The country's LNG exports ceased in September last year, however, after a serious fire at the Hammerfest liquefaction terminal. The facility is not expected to resume operations until March 2022.

Norwegian production of oil and other liquids averaged 2.022mn barrels/day in September, up 15.8% year on year thanks to increased contributions from Equinor's Johan Sverdrup field. But it came in 0.9% below the forecast and was down 3.3% month on month. (October 21, 2021)

21/10/2021

INDIA - QATAR:

India asks Qatar for 50 cargoes it deemed too expensive in 2015.

The global energy shortage has prompted India to ask Qatar, the world's biggest supplier of liquefied natural gas, for around 50 cargoes it deemed too expensive six years ago

The global energy shortage has prompted India to ask Qatar, the world’s biggest supplier of liquefied natural gas, for around 50 cargoes it deemed too expensive six years ago.

State-linked importer Petronet LNG asked Qatargas to deliver the cargoes in the coming year, on top of the approximately 115 cargoes that its long-term contract stipulates for 2022, according to people familiar with the discussions. Normally, companies do not retroactively claim cargoes after initially declining them.

Petronet’s unusual move underscores the desperation of buyers as supply disruptions from Peru to Russia and a voracious post-pandemic rebound in energy demand push spot prices to record highs.

“We have requested Qatar to give us the pending 50 cargoes next year,” Akshay Kumar Singh, chief executive officer of Petronet, said on the side-lines of the CERAWeek India Energy Forum. “We require the cargoes now.” (October 21, 2021)

21/10/2021

EUROPE:

Gazprom rejects gas supply increase to Europe.

The Russian gas giant has booked only minimal capacity on pipelines to Europe for November.

Gazprom has rejected the opportunity to maximise gas sales to Europe for the second month running, with the Russian gas giant booking only a small share of available additional pipeline capacity for November.

The company did not book any additional capacity on pipelines running through Ukraine to the EU for the month, and ordered just a third — 31 million cubic meters per day — of the space on the Yamal pipeline running through Belarus and Poland.

The decision caused gas prices in Europe to fluctuate in trading Tuesday and Wednesday. Spot prices for natural gas in Europe are trading near record highs amid concerns over low storage, a possible cold winter, and weak performance of renewable sources over the summer. (October 20, 2021)

20/10/2021

ROMANIA:

Romania helps Moldova balance natural gas market but expects deficits itself.

Moldova has received some limited amounts of natural gas from Romania, Moldovan prime minister Natalia Gavrilita announced in a press conference on the state of alert triggered by the crisis on the natural gas market, Mold-street.com reported.

The infrastructure needed to deliver natural gas from Romania to the industrialised and populated region of Chisinau, namely the interconnector and Ungheni-Chisinau pipeline, was completed and operated by a Moldovan division of Romania's Transgaz.

Last week, the energy regulator in Moldova approved the transport fees for Vestmoldtransgaz, removing the last obstacle, save for the price, for the exports of gas from Romania.

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However, in separate news, Transgaz launched an auction to import natural gas at almost "any price" to prevent disruptions during the winter season, according to Economedia.ro.

Moldova already faced such problems last week, after Gazprom cut the supplies by one third as part of the ongoing negotiations with the pro-EU authorities in Chisinau.

There is one more obstacle for exporting natural gas from Romania to Moldova: part of the gas goes to the power plant in Transnistria, which delivers electricity to Moldova proper but has never paid for the gas received from Gazprom. In other words, no supplier would send natural gas from Romania to the Cuciurgan power plant unless the Moldovan Government guarantees for the contract. (October 20, 2021)

20/10/2021

UKRAINE:

The Kremlin could end Europe's gas crisis this by increasing gas transit through Ukraine.

Europe is facing an unprecedented surge in natural gas prices, threatening a large-scale energy crisis. The targeted actions of Gazprom have caused this shortage of natural gas on the eve of winter: the Russian state concern thus puts pressure on Germany and the European Union to obtain a permit to start operation of the Nord Stream-2 gas pipeline as soon as possible.

And so, amid panic in the European market, when the price of a thousand cubic meters almost soared to an incredible $2,000, Putin held a meeting on "energy sector development." For two hours, as reported by Kommersant, he "felt like the king of Europe." The Kremlin has traditionally denied responsibility for the gas crisis.

According to a number of experts, the Russian state concern really did fulfil its contractual obligations to European clients. However, it did so by emptying its gas storage facilities in the EU. And at the same time, despite high demand and high prices, it did not book additional transit through Ukraine.

Russia does not explain why it won't book additional capacity, writes Bloomberg. However, Amos Hochstein, a senior US State Department adviser for energy security, said it was a political move. "The reality is there are pipelines with enough capacity through Ukraine to supply Europe. Russia has consistently said it has enough gas supply to be able to do so, so if that is true, then they should, and they should do it quickly through Ukraine," said Hochstein.

According to Mikhail Krutikhin, a Russian economic analyst and oil and gas market specialist, "pipeline capacity is enough to supply gas to two Europes."

"When some expert starts telling you that Nord Stream 2 is meant for 'new' gas for Europe, you can stop listening right away. This expert is corrupt. Nord Stream 2 just circumvents transit from Ukraine at the Kremlin's whim," says Krutikhin.

Non-commercial behaviour

During the meeting, Putin did mention the possibility of increasing gas supplies through Ukraine's GTS. But he objected to it, claiming it is unprofitable for Gazprom. Moreover, he alleged that the only reason Ukraine's transit exists is because of his goodwill, while the Russian state concern is ready to give it up even at the risk of a fine.

This argument about unprofitability is a "blatant lie," says Lana Zerkal, former Deputy Foreign Minister of Ukraine for European Integration (2014-2019). According to her, the Russian monopolist could be earning over $3 billion extra.

"Refusing this opportunity is another sign of non-commercial behaviour on the part of the monopolist and the use of gas as a geopolitical weapon," said Zerkal. (October 19, 2021)

20/10/2021

TURKEY:

Turkey signs new gas supply deal with Azerbaijan.

Turkey makes progress in securing additional natural gas supplies ahead of anticipated increase in winter, says Minister.

An additional natural gas trade agreement of 11 billion cubic meters to run until the end of 2024 has been agreed upon between Azerbaijan and Turkey, according to Turkey's Minister of Energy and Natural Resources Fatih Donmez on Friday.

In a written statement, Donmez lauded the deal as one that has made progress in securing additional natural gas supply for the country in the run-up to the winter season and at a time that the world is facing a major energy crisis.

"Negotiations to meet natural gas demand, which may increase as winter approaches, are progressing positively. In this context, an additional natural gas trade agreement of 11 billion cubic meters from the Baku-Tbilisi-Erzurum Line, which will be valid until the end of 2024, has been signed with Azerbaijan."

In the statement, Donmez also dispelled rumours of the country's energy plans to sell off Turkish Petroleum and BOTAS, which he said are "baseless and untrue."

"Neither Turkish Petroleum nor BOTAS will be sold. There has never been such an agenda. The companies play a key role in Turkey's energy supply security today."

He also disputed claims that Turkey buys expensive gas, explaining that significant volumes are bought through long-term contracts in line with the current indicators on the international market and below the claimed cost of $1,300 per 1,000 cubic meters.

"In fact, compared to Europe, Turkey is among the countries that have the cheapest purchase prices for natural gas and electricity," he said. (October 15, 2021)

15/10/2021

GERMANY:

Germany sees no gas supply shortages.

Germany does not currently see any gas supply shortages, a ministry spokesperson said on Wednesday when asked if the government will take action to fill the country's storage tanks in response to global price increases.

The country's gas stores are currently 75% full and filling slowly, the energy ministry spokesperson said, adding that the capacity of German gas storage is higher than that of other countries such as Britain.

"For this reason, the amount of gas available in Germany is higher than in some countries that have the tanks filled at 100%," she said. (October 14, 2021)

14/10/2021

EUROPE - RUSSIA:

Russia says gas supplies to Europe are at maximum levels.

Europe will need to negotiate new contracts with Russian oil giant Gazprom if it wants to receive more natural gas deliveries, the Kremlin said.

New contracts will be needed for Russian energy company Gazprom to increase its natural gas deliveries to Europe, Russian Energy Minister Nikolai Shulginov said Wednesday.

Europe has been struggling with a surge in gas prices and a stagnant supply. As economies ramp up after the easing of coronavirus restrictions, the demand in the continent has spiked.

Gazprom has been the latest flashpoint of tensions between Russia and the European Union, as lawmakers in Brussels accuse the company of raising prices for political pressure.

'Contractual obligations'

Russian officials have defended Gazprom, saying the company is supplying gas based on the deals made with Europe.

"If there are requests, that will only be via the establishment of new contractual obligations," Shulginov said, describing Russia as a "reliable supplier."

Kremlin spokesperson Dmitry Peskov also said Wednesday that "nothing can be delivered beyond the contracts."

"How? For free? It is a matter of negotiating with Gazprom," Peskov told reporters.

Peskov insisted that Russia has fulfilled all contractual obligations "to the possible maximum."

A day earlier, a Russian official said Gazprom was even using its inventories to pump more natural gas into the pipeline network to stabilize surging prices.

Putin blames electricity shortage

Russian President Vladimir Putin said on Wednesday that electric power shortages were behind the gas price rise in Europe, "and not vice versa."

The gas market in Europe is neither balanced nor predictable, Putin said, as he reiterated that Gazprom was meeting its contractual obligations.

Putin also pinned the blame on European countries who rely on "the invisible hand of the market," referring to the short-term so-called spot markets, where natural gas is bought as the need arises.

Earlier this year, Gazprom refused to increase supply in those spot markets.

Political ploy?

Last month, a group of members of the European Parliament asked the bloc's Commission to probe Gazprom's role in the rising natural gas prices.

The MEPs said Gazprom's behaviour made them suspect market manipulation and an "effort to pressure" Europe to agree a fast launch of the controversial Nord Stream 2 gas pipeline between Russia and Germany.

However, Russia denies the accusations, and President Vladimir Putin has blamed the gas crisis on "mistakes" by Europe. (October 14, 2021)

14/10/2021

UKRAINE:

Lack of gas supplies causes technogenic state of emergency announced in two regions of Ukraine.

Government organizations can't buy enough gas to safely pass the winter season due to the rapid growth of gas prices worldwide.

Administrations of two Ukrainian regions decided to introduce the technogenic state of emergency due to the absence of natural gas supplies for budget institutions for the winter of 2021-2022. Regional committees for emergencies in Lviv and Khmelnytsky regions made respective decisions during their recent sessions.

Officials report that government organizations can't buy enough gas to safely pass the winter season due to the rapid growth of gas prices worldwide.

Lviv regional state administration claimed that 825 governmental offices consume natural gas for their own needs. These offices have more than 4,000 points of gas account. Only 986 of these are working now (that's 23.4 percent). This is because most of the government offices that use natural gas for heating have not yet signed agreements for gas supplies.

"The situation that occurred could lead to the end where we might fail to start the heating season in time. That, in turn, could affect the health and lives of residents in this region"m said Viltaliy Zahaynyi, the deputy head of Lviv regional state administration. (October 13, 2021)

13/10/2021

TURKEY:

Turkey faces no gas supply problem.

By the end of 2021, annual gas consumption in Turkey is expected to reach 60 billion m3, and projected to grow to about 70 billion m3 per year in the future.

Thanks to recent investments in natural gas and electricity infrastructure, Turkey will not face any energy shortage in winter, Energy and Natural Resources Minister Fatih Dönmez has said.

- We have pipelines coming from the Black Sea, the Blue Stream, another one from Azerbaijan and a pipeline from Iran
- We have added 2 floating LNG terminals, called FSRUs [floating storage and regasification units]
- We have also increased underground storage capacity, which is slightly above 4 billion.

Turkey's national pipeline company Botaş and private importers are in close contact with their counterparts in natural gas supplier countries Russia, Azerbaijan and Iran, according to the minister.

Russian President Vladimir Putin also reassured that gas supply to Turkey will continue uninterruptedly in a recent meeting with his Turkish counterpart Recep Tayyip Erdoğan, Dönmez noted.

Last year, Turkey consumed 48 bcm of natural gas, Dönmez said, adding that: This year, probably natural gas consumption will be 10 bcm more than that.

The rise in consumption has been caused by a rapid increase in industrial capacity utilization rate as the economy recovers from the COVID-19 pandemic effects.

On top of that, natural gas power generation stations have been used more than in recent years, because drought kept many hydro plants idle, according to the minister.

In recent years, Turkey has payed approximately $12 billion to pipeline exporters Russia, Azerbaijan and İran, as well as LNG suppliers including Qatar, Nigeria, Algeria and the United States.

Demand revival, restrained Russian exports, lack of LNG supply due to few new projects in recent years after 2014 price collapse, technical problems in some LNG plants and lower renewable output because of weather factors in Europe and South America, altogether has caused a gas price increase globally. (October 12, 2021)

12/10/2021

PRICE

EUROPE:

European gas prices drop on windy and mild weather forecasts.

European natural gas prices declined as mild and windy weather will provide some relief to the region's strained energy system.

Warm temperatures at the start of the heating season will cushion the impact of lower supplies from Russia, while liquefied natural gas cargoes are also diverting to Asia. Wind turbines in both the U.K. and Germany are poised to produce more electricity than ever on Thursday.

"Starting from November, with each month that is warmer than normal, the global gas balances will ease marginally, helping to unwind a large portion of the recent rally in both gas and oil prices," JP Morgan Chase & Co. said in a note.

Temperatures in northwest Europe are forecast much above seasonal norms until Thursday, and will largely be above or near normal levels through the end of November, according to a forecast by The Weather Co. on Bloomberg.

Dutch front-month futures slipped 3.7% to 90.49 euros a megawatt-hour. U.K. futures tumbled 8% to 218.43 pence a therm. Carbon futures and German power also declined.

German wind output is forecast to exceed 52 gigawatts on Thursday, while the U.K. farms may generate more than 17 gigawatts, according to Bloomberg Models.

In the U.K., forecast gas demand for Tuesday is below the five-year average, while wind is supplying nearly a third of power generation, with the share of gas at 39%, according to National Grid data. (October 19, 2021)

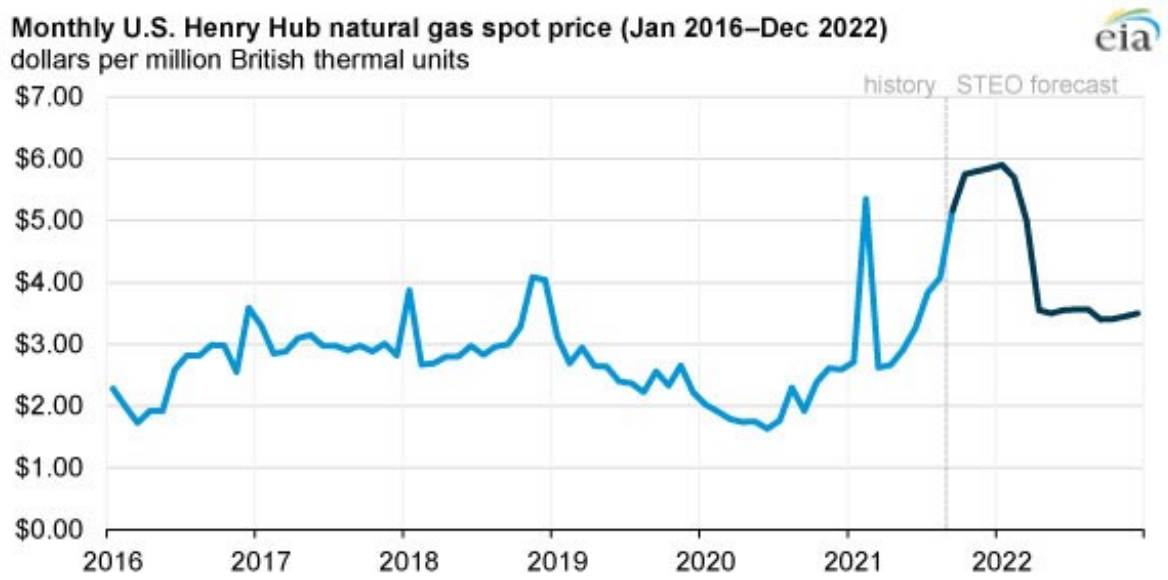
19/10/2021

UNITED STATES:

US natural gas prices to remain high this winter.

In the US Energy Information Administration's October Short-Term Energy Outlook, it forecasts that natural gas spot prices at the US benchmark Henry Hub will average US$5.67/million Btu between October and March, the highest winter price since 2007 - 2008.

The increase in Henry Hub prices in recent months and in the EIA's forecast reflect below-average storage levels heading into the winter heating season and strong demand for US LNG, even though there has been relatively slow growth in US natural gas production. The EIA expects Henry Hub prices will decrease after the 1Q22, as production growth outpaces growth in LNG exports, and will average US$4.01/ million Btu for the year.



US exports of LNG are establishing a record high this year, and the EIA expects them to set a new record high next year. It expects LNG exports to average 9.7 billion ft3/d this year (3.2 billion ft3/d more than the 2020 record high of 6.5 billion ft3/d and to exceed annual pipeline exports of natural gas for the first time. The y/y increase in LNG exports coincides with slight growth in US natural gas production. We expect US dry natural gas production to average 92.6 billion ft3/d this year, which is 1.1 billion ft3/d more than in 2020 but 0.3 billion ft3/d less than in 2019.

Because US LNG exports have grown faster than domestic natural gas production, inventories are lower than average. As of the end of September, the EIA estimates that total US natural gas inventories are 5.5% below the five-year (2016 - 2020) average. The EIA forecasts that US inventories of natural gas will begin the winter heating season on 1 November 1 3572 billion ft3/d, or 4.8% below the five-year average. Lower US inventories could contribute to more natural gas price volatility, particularly if any area in the US experiences a severe cold snap, which makes the price outlook for this winter very uncertain.

In 2Q22, the EIA forecast decreasing Henry Hub natural gas prices as anticipated growth in domestic natural gas production begins to outpace growth in US LNG exports. The EIA expects US production to average 96.4 billion ft3/d in 2022, or 3.9 billion ft3/d more than in 2021, and US LNG exports to rise by a smaller amount, 1.4 billion ft3/d, during this time period. The EIA forecasts that faster growth in production will put downward pressure on natural gas prices. (October 18, 2021)

18/10/2021

EUROPE:

Severe gas crisis looms in Europe

Natural gas prices in Europe have pulled back from their record highs since Russian President Vladimir Putin promised to pump more gas to Europe.

After hitting a record high of 114.2 euros on Thursday, the spot price of natural gas at the Dutch Title Transfer Facility, a European benchmark, dropped to 87.15 euros per megawatt hour on Sunday. With the heating season setting in and natural gas prices still hovering at high levels, the looming energy crisis is poised to elevate household utility bills and derail Europe's economic recovery.

Natural gas spot prices in Europe started to rise precipitously from May and have undergone drastic fluctuation since mid-September, according to Dutch Title Transfer Facility historical data. The figures whipsawed and reached new highs before retreating from Thursday's all-time high.

Based on the Sunday price, the spot price is still over five times the level from the beginning of this year. The skyrocketing prices will not only inevitably lead to huge utility bills for households, but also put great pressure on energy-intensive manufacturers.

Some European companies are already feeling the heat. In late September, Germany's leading chemical company BASF decided to curtail ammonia production in its factories in the Belgian city of Antwerp and the German city of Ludwigshafen, citing rising natural gas prices in the region.

As more countries emerge from pandemic lockdowns and restrictions, demand for commodities and services has been rising. Efforts by manufacturers to meet pent-up needs from customers eventually drove up the global demand for energy as well as their prices.

Though energy price spikes impact the entire world, surging gas prices have become a thorny issue for Europe.

In the fight against climate change, the European Union is undergoing a transformation for achieving carbon neutrality by 2050 with the target written into the European Climate Law. European countries are racing to phase out coal and embrace green energy sources like solar and wind power.

The situation highlighted the role of natural gas, which is a relatively clean burning fuel, frequently seen as a bridge from traditional energy to clean energy. According to Bruegel, a Brussels-based think tank, higher gas prices "are putting disproportionate upward pressure on electricity prices," although natural gas only accounts for 20 percent of Europe's electricity. The current pressure caused by soaring gas prices, some critics argue, could imperil Europe's climate goals if member states are forced to supplant natural gas with coal.

Global energy crunch conveys grim warning to environmental warriors

At a Eurogroup meeting held in Luxembourg earlier this month, the hike in gas prices was among the topics discussed by EU finance ministers with some of them calling for a unified response to the continent's energy challenges and others warning against overreaction.

On Wednesday, European Commission President Ursula von der Leyen stressed that the European Union should invest in renewables for the long term while conceding that energy prices remain a serious issue.

The ballooning prices were partly due to a short supply, she said, adding Russia has not been helpful in stepping up supplies like Norway. Around 90 percent of the natural gas consumed in Europe is imported and Russia is one of the main suppliers.

Global energy crunch conveys grim warning to environmental warriors

Some European countries are seeking to alleviate the mounting pressures incurred by surging gas prices by cutting taxes. The French government announced on September 30 that it would freeze gas prices and cut taxes on electricity in a bid to slow down the rise in prices.

While the tax cuts and rebates can protect vulnerable households and small businesses for the time being, the only way to fix the energy crisis in Europe is to promote energy conservation, a Bruegel note said. The European Commission chief's complaint is shared by some critics in Europe who claim that Russia is intentionally cutting natural gas supplies to Europe to expedite the approval of its Nord Stream 2 pipeline, an allegation rebutted by Russia. The Nord Stream 2 pipeline is a gas pipeline program running from Russia to Germany across the Baltic Sea. (October 13, 2021)

13/10/2021

RUSSIA - EUROPE:

Russia’s Gazprom mulls higher gas prices for Europe as energy crisis deepens.

Gazprom PJSC increased its 2021 price guidance for natural gas exports, while signalling caution on volumes it could ship, as Europe’s energy crisis worsens.

The Russian gas giant, Europe’s biggest supplier of the fuel, reiterated that shoring up inventories at home was its top priority. Only after it has refilled its own storage facilities by the end of October, would the company look at potentially increasing exports to continental Europe, Wood & Co. and BCS Global Markets wrote in separate notes Friday following a webinar with Gazprom managers.

Gazprom increased its full-year gas-price guidance for exports to Europe and Turkey to a range of $295 to $330 per 1,000 cubic meters, wrote Ildar Davletshin, head of Russian research at Wood & Co. Mitch Jennings, a senior analyst in Moscow-based Sova Capital, also outlined the same price range. The revised outlook on Gazprom’s average prices in the region is good news for the company’s investors as it signals higher dividends may be coming.

Both Wood & Co. and Sova Capital also say that Gazprom is sticking with its conservative estimate of full-year gas supplies to Europe and Turkey, which is seen at 183 billion cubic meters.

Gazprom didn’t immediately respond to a Bloomberg request for a comment sent outside normal business hours.

Supply Caution

The energy crisis sweeping Europe, due to scarce supply exhausted by rebounding demand, threatens to hamper the region’s economic recovery by driving up business costs and household bills and sending inflation soaring. As a result, Gazprom’s caution on shipments may disappoint some traders and policy makers hoping for an immediate hike in supply.

Russian President Vladimir Putin suggested on Wednesday that exports from the country to Europe could hit a record in 2021, but wouldn’t specify precise volumes or when the ramp-up may start.

It’s not unusual for Gazprom to offer a cautious supply outlook, due to the fact that its sales are highly dependent on the weather, both in Russia and abroad. However, the company has taken pains to reiterate in recent days that it is fulfilling all its contractual obligations and it will aim to boost exports whenever possible.

The analysts say that Gazprom sees longer-term contracts and longer-dated prices as a tool that would help Europe mitigate the impact of extreme volatility.

Sova Capital’s Jennings said the company may consider a return to indexing gas price to oil in certain contracts “as off takers might want less volatility in pricing.”

Meanwhile, Europe’s gas rally is already signalling a record-high dividend for Gazprom. Earlier this year, BCS forecast the gas giant’s 2021 pay-outs may exceed 40 rubles per share, more than double the previous record-high dividends in 2018. (October 11, 2021)

11/10/2021

RESERVES

AUSTRALIA:

Woodside flags drop in gas reserves.

Woodside Petroleum slashed its gas reserves estimate for two fields at the Wheatstone project on Thursday, in an unexpected downgrade that knocked the top Australian oil and gas company's shares.

The company also said it was on track to sell down stakes in its $12 billion Scarborough gas project and Pluto LNG train 2 and $4.6 billion Sangomar oil project in Senegal, with soaring oil and gas prices improving its bargaining position. "It certainly doesn't hurt to have oil prices in the $80s and record LNG prices and supply crunches at the time you're doing this," Chief Financial Officer Sherry Duhe told Reuters.

Woodside expects to announce selldowns on the Scarborough and Pluto in time to make a final investment decision on those projects by Dec. 15, she said. Shares in Woodside, which is poised to merge with the petroleum arm of BHP Group, fell as much as 1.8% in a flat broader market after it cut its reserves estimate and reported weaker-than-expected third quarter sales revenue. Woodside cut estimated total proved and probable reserves from the Julimar and Brunello fields, which contribute one-fifth of the gas at the Wheatstone LNG project run by Chevron Corp, by 27% to 168.4 million barrels of oil equivalent.

"Overall it does not change our fundamental view this is a multi-decade high quality asset and any changes in these reserves are back at that tail end of production anyway," Duhe said in an interview. She said the downgrade would have no impact on production at the 8.9 million tonnes a year Wheatstone LNG plant and would not impact the merger ratio with BHP's petroleum arm. The reserves estimate cut stemmed from reviewing well performance, drilling results and a reassessment of seismic data on the reservoir. Woodside said its quarterly revenue more than doubled to $1.53 billion from $699 million a year ago, boosted by sales of third-party volumes into a hot spot market. However, it missed a broker consensus forecast of $1.69 billion.

It expects to benefit more from the strong prices in the fourth quarter, as most of its contracts are tied to oil prices with a three-month lag. Woodside has more exposure to spot LNG prices, which have soared to record highs, than local rivals Santos, Oil Search and Origin Energy. It expects about 17% of its produced LNG to be sold into the spot market in the fourth quarter. (October 21, 2021)

21/10/2021

UKRAINE:

Ukraine has enough gas ahead of winter, Zelensky assures public.

President Volodymyr Zelensky has assured that Ukraine currently has sufficient gas reserves to cover consumer demand at regular prices. The relevant statement came as the president was speaking with ICTV, Ukrinform reports.

"I'd like to reassure everyone: I believe the government has made many significant, substantive, and most importantly, timely actions. Today there is enough gas for the public, enough gas for consumers at really normal prices," said the head of state.

The president said that, given the current market cost of gas with no government intervention, the price for the population could be as high as UAH 50, while remaining at nearly UAH 8 at the moment.

Zelensky added that the safe heating season is the responsibility of both central and local authorities.

"We have signed a memorandum, which has two main points in it, NJSC Naftogaz and the central government guarantee two things: a specific stable price and stable volumes. Then there are technical issues, legal issues, and political issues as regards some local authorities. All this, I am sure, will be settled. In any case, the price will remain normal," the president stressed.

As previously reported, Secretary of the National Security and Defense Council Oleksiy Danilov assured that the country has accumulated sufficient gas reserves in its underground storage facilities to allow for the safe passage of the heating season.

On September 30, the Cabinet of Ministers, NJSC Naftogaz of Ukraine, the Association of Ukrainian Cities, and the Congress of Local and Regional Authorities signed a memorandum set to prevent any increase in central heating and hot water tariffs for households throughout this heating season. (October 18, 2021)

18/10/2021

STORAGE

EUROPE:

Europe's gas storage levels fall by over 20% in Jan-Sept.

Country with most gas in its storage is Italy with 17.6 billion cubic meters, according to official data The occupancy rate in Europe's natural gas storage facilities fell by 20.5% in the first nine months of this year compared to the same period last year, according to data from Gas Infrastructure Europe.

Occupancy was at 95%, totalling approximately 108 billion cubic meters as of Sept. 30 last year but dropped by 23 billion cubic meters to 85 billion cubic meters or 74.6% in the January-September period this year, the data showed.

Currently, the country with the most gas in its storage is Italy with 17.6 billion cubic meters followed by Germany with 16.5 billion cubic meters and France with 12.4 billion cubic meters.

Outside the EU, the UK leads with a 100% occupancy rate, containing 1 billion cubic meters of natural gas. Poland follows with a 96.32% rate, equal to 3.5 billion cubic meters of gas in storage. The countries with the lowest storage occupancy rates are the Netherlands with 14.8%, Austria with 56.8%, and Portugal with 59.2%.

These rates represent a dramatic decline from those recorded on Sept. 30 last year when the Netherlands' storage rate was 90.93%, Austria’s rate was 90% while Portugal’s rate was 98.7%. Ukraine similarly showed a massive drawdown in stocks from a storage rate of 76% in September last year to a fall to 44% this September.

Why is storage empty?

The increase in energy demand from the extreme heat in the summer months caused more withdrawal of natural gas from storage. This was coupled with a fall in Russian gas supplies to Europe via Ukraine and an electricity production decrease from hydroelectric power plants due to dry weather conditions.

Experts predict that European countries will experience greater problems if the winter this year is colder than expected.

Russia supplies natural gas to Europe through its energy giant, Gazprom, either through long-term contracts or on one-off trading agreements on the spot market.

However, Fatih Birol, the head of the International Energy Agency, said in his latest statement that Russia is capable of sending 15% more gas to Europe than the current volumes.

Experts contend that Russia is using the contentious Nord Stream-2 gas pipeline, the construction of which has been completed despite encountering various obstacles and deemed undesirable by many European countries, to gain leverage in Europe, showing its necessity to transmit much-needed gas to Europe.

Turkey currently holds enough gas to cover the needs of the country for more than one month at its storage facilities in two separate areas -- the Silivri Underground Natural Gas Storage Facilities and the Salt Lake Underground Natural Gas Storage Facility, which consists of salt caverns. (October 21, 2021)

21/10/2021

CHINA:

Sinopec begins operations at Wei 11 gas storage facility in China.

With a capacity of 10.03 billion cubic meters, Wei 11 is said to be the largest underground natural gas storage cluster in the northern part of the country.

China Petroleum & Chemical announced that the Wei 11 gas storage facility built in the Zhongyuan oilfield region has completed its first gas injection.

The move marks the start of the official operation of the largest underground natural gas storage cluster in northern China, said the company.

The Wei 11 gas storage facility has a capacity of 10.03 billion cubic meters.

Sinopec claimed that the facility would become a strong resource guarantee for the storage of gas as well as for peak shaving in north China and the Yellow River Basin from winter to spring. Besides, it will help in maintaining a steady gas supply.

The company’s Zhongyuan gas storage cluster now comprises three blocks, which include Wen 23, Wen 96, and Wei 11.

According to the Chinese firm, the Wei 11 gas storage facility is said to be an important part of establishing a natural gas storage cluster, which has reached a capacity of 10 billion cubic meters.

Located at the junction of the Henan and Shandong provinces, the block is designed to hold 1.009 billion cubic meters of natural gas.

The largest daily capacity for peak shaving of the Wei 11 gas storage facility is five million cubic meters. This is enough to handle the daily demands for gas for 10 million households.

Additionally, Sinopec intends to put its Wen 13 West and Bai 9 gas storage facilities within the Zhongyuan oilfield region into operations before the end of the year, after the completion of their construction and gas injection.

After the two facilities are operational, the company will add an estimated gas storage capacity of 1.116 billion cubic meters, thereby further increasing its capacities for gas storage and peak shaving.

Recently, Sinopec had started operations at phase 1 of the Gulei refining complex in the Fujian province in China. The phase 1 of the refining complex was developed with an investment of around $4.28bn. (October 19, 2021)

19/10/2021

BLUEH2

PRODUCTION

UNITED STATES:

Air Products plans blue hydrogen in US.

Air Products & Chemicals plans to build what it says will be the world's largest blue hydrogen complex in Ascension Parish, Louisiana. The $4.5 billion investment will be the industrial gas company's largest ever in the US.

The plant will have 20 million m3 per day of blue hydrogen capacity when it comes on line in 2026. Air Products will distribute some of the hydrogen via its Gulf Coast pipeline network; the balance will be converted into ammonia and sent around the world to special installations that will convert it back into hydrogen for truck and bus fuel.

The hydrogen is called blue because some 95% of the CO2 generated from producing it will be sequestered. To this end, the company has secured sites from the State of Louisiana where the CO2 —about 5 million metric tons annually—will be locked in geological pore space about 1.6 km underground.

In June, the firm announced a blue hydrogen complex for Canada. It is also participating in a $5 billion green ammonia project in Saudi Arabia, that will make hydrogen for ammonia via electrolysis. (October 18, 2021)

18/10/2021

GREENH2

PRODUCTION

INDIA:

India's largest green hydrogen plant to be built by GAIL.

State-owned GAIL (Ltd will build India's largest green hydrogen-making plant as it looks to supplement its natural gas business with carbon-free fuel.

"It will take 12-14 months to put the plant," he said adding the company has finalised 2-3 sites for the unit including one at Vijaipur in Madhya Pradesh.

Jain said the plant planned is for 10MW capacity, the largest announced so far in the country.

State electricity producer NTPC has announced a 5MW green hydrogen plant.

"We have on a pilot basis started mixing hydrogen in natural gas in one of the cities," he said adding the company is testing for idea mix percentage before scaling it up.

The hydrogen Gail plans to produce can be sold to fertiliser units which as per government mandate are required to use hydrogen as fuel, he said.

India's largest gas transporting and marketing company is also looking at newer avenues to boost business including pushing for use of LNG as fuel in long haul trucking.

"For India to achieve the target of raising the share of natural gas in the energy basket to 15% gas usage by 2030 from current 6.2%, gas consumption has to rise three and half times to 600 million standard cubic meters per day. And for this to happen, all sectors have to jump in," he said.

The government, he said, is pushing for use of LNG as fuel transport and mining sector.

"We as the industry will set up 20 LNG dispensing stations on Golden Quadirateal by March 2022 and 500-600 outlets in 3-4 years. The ultimate target is 1,000 LNG stations," he said. (October 21, 2021)

22/10/2021

EUROPE:

Green hydrogen to account for 20% of European power demand by 2050

Hydrogen produced from renewable energy sources will account for 20% of Europe's power consumption in 2050, and for 10% globally, a report published by Norwegian power company Statkraft on Thursday showed.

Green hydrogen is produced by splitting water molecules with a current of renewable electricity in electrolysers. The gas is touted as a clean replacement for fossil fuels in industries that are otherwise hard to decarbonise.

European power demand will rise to just over 5,000 terawatt hours in 2050, with green hydrogen production accounting for around 1,000 TWh, up from current demand of around 30 TWh, Statkraft's sixth annual Low Emissions Scenario report showed.

The company is one of Europe's largest renewable energy producers and also operates several gas plants in Germany. It uses its analysis from the Low Emissions Scenario as the foundation for future investments.

Global power demand will likely more than double by 2050 to just over 60,000 TWh as electrification is seen as the main tool to reduce carbon dioxide emissions with renewable energy meeting about 80% of that demand, it found.

At present, green hydrogen production is more expensive than traditional production from fossil fuel sources, but Statkraft said that would change.

The company expected investment costs for electrolysers to fall by 60% by 2050, which coupled with storage could ensure a steady supply for industry.

"Seasonal storage can be beneficial in markets with significant power price differences between seasons, for example in Europe," the report said.

It is published ahead of the U.N. Climate summit (COP 26) in Glasgow, Scotland, from Oct. 31 to Nov. 12, where representatives from nearly 200 countries will meet for talks to strengthen action to tackle global warming under the 2015 Paris Agreement.

Limiting global warming to 1.5 degrees as per the Paris Climate Accord will require more renewables and electrification at a faster pace than at present, Statkraft said.

Statkraft is involved in several green hydrogen projects, including projects to supply steel works and fertiliser production. (October 21, 2021)

21/10/2021

EUROPE:

European green hydrogen production is cheaper than blue and grey.

The high price of natural gas and carbon have made it so H2 produced with renewable energy is more affordable. As CO2 prices reach record levels and the price of natural gas continues to rise, green hydrogen production has become cheaper in Europe than blue and grey forms of H2.

New calculations have shown that it's cheaper to capture and store the emissions than to release it.

While the expense associated with causing CO2 air pollution has never been higher, the price of natural gas has reached the point that using renewable energy for green hydrogen production is a comparatively affordable option.

The EU carbon price at a record €60 per tonne makes it so that grey H2 made using natural gas without any carbon capture would be substantially more expensive to make than blue H2, which is also made with natural gas, but that uses carbon capture and storage to reduce the greenhouse gas emissions. That said, there has yet to be any blue H2 made in Europe.

Keynumbers and the Energy Flux services in Australia calculated that under real use circumstances, the levelized cost of making green H2 would currently be about €4.18 per kilogram. Comparatively, it would currently cost €6.55 per kilogram for grey H2 and €6.21 per kilogram for blue H2, according to the calculations they published in their newsletter.

For instance, the cost of electricity and the price of natural gas were both assumptions made for the calculation that were based on varying figures. Other factors upon which the calculation was dependent on assumptions included renewable project capacity factors, capex and opex (capital and operating expenditures), electrolyzer efficiency, interest rates, carbon capture rates, and more.

That said, even if all those factors were to adjust slightly or to vary over time, the point of the calculation was the substantial gap between the price associated green hydrogen fuel production using renewable energy and the amount it would cost to make blue and grey H2. However, should the price of natural gas fall substantially, the entire conclusion of the calculation could easily be reversed. (October 19, 2021)

19/10/2021

EGYPT:

Scatec to install up to 100 MW of green hydrogen capacity in Egypt.

Norwegian renewables specialist Scatec has revealed plans to collaborate with Fertiglobe and the Sovereign Fund of Egypt on the development of a green hydrogen plant in Egypt with an electrolyzer ranging from 50 MW to 100 MW.

Norway's Scatec has announced plans to team up with Fertiglobe and the Sovereign Fund of Egypt to build a green hydrogen plant in Ain Sokhna, Egypt. The electrolyzer will range in size from 50 MW to 100 MW.

The project, to be built under Scatec's "Power to X" strategy, will make green hydrogen for use as feedstock for green ammonia production. For Egypt, the planned plant marks the country's first attempt to turning itself into a regional green hydrogen hub.

"We see green hydrogen as a natural part of our strategy and the renewable ecosystem in the years to come," said Scatec CEO Raymond Carlsen.

Scatec will build, operate and own the plant, and will retain a majority stake in the project. It will sell the green hydrogen to a subsidiary of Fertiglobe, an an ammonia production venture between Abu Dhabi National Oil Co. and OCI.

"Fertiglobe is increasingly becoming an ideal springboard to capture the huge growth opportunities offered by the hydrogen economy," said Ahmed El-Hoshy, CEO of OCI.

Scatec aims to finalize its investment plans at some point in 2022. The plant is scheduled to being commercial operations in 2024, pending regulatory approvals and permission to pull renewable electricity from the grid. It noted that it plans to build new solar PV and wind power facilities in Egypt in the future to further support its hydrogen ambitions in the country. (October 15, 2021)

15/10/2021

EGYPT:

Scatec, partners to build up to 100-MW green hydrogen plant in Egypt.

Norwegian renewable power producer Scatec ASA will work with Fertiglobe plc and The Sovereign Fund of Egypt to jointly develop a green hydrogen production plant in Egypt with an electrolyser capacity of between 50 MW and 100 MW.

The purpose of the project, which is part of Scatec's "Power to X" strategic initiative, is to produce green hydrogen that will then be used as feedstock for green ammonia production. The project also represents the first step towards developing a green hydrogen hub in Egypt.

Scatec will build, operate and own the plant through a majority stake, while selling its output to EBIC, a unit of Fertiglobe. The latter is an ammonia producer jointly owned by OCI NV and Abu Dhabi National Oil Company.

The location of the plant will be close to EBIC in Ain Sokhna. Scatec said it will begin the required engineering and development immediately with the hope of making an investment decision next year. Commercial operation is scheduled for 2024.

The partners will turn to the government of Egypt for support in obtaining the needed regulatory approvals and in sourcing renewable electricity from the grid. Scatec noted that there is a plan to build out new solar and wind capacity to power the country's green hydrogen ambitions in the years to come. (October 14, 2021)

14/10/2021

NETHERLANDS:

VoltH2 receives permit for new green hydrogen plant

Vision Hydrogen Corporation has announced that VoltH2, a Europe-based developer of green hydrogen production infrastructure projects that is 15.9% owned by the company, has received building and environmental permits for the construction of a large-scale green hydrogen plant in the Benelux region.

Strategically located in the North Sea Port of Vlissingen, the Netherlands, within an industrial cluster, the site has proximity to existing high voltage power and gas infrastructure as well as large renewable power producing assets for the supply of green electrons. The 25 MW green hydrogen plant will be able to produce up to 3500 tpy of green hydrogen and will be scalable to 100 MW or 14 000 t. The facility is to be built adjacent to a connection point enabling direct access to the future European Hydrogen Backbone which is the dedicated hydrogen infrastructure traversing Europe.

Additionally, VoltH2 is in the advanced stage of permitting for a second green hydrogen plant in Terneuzen, the Netherlands, in joint development with Virya Energy. This site will also have an initial capacity of 3500 tpy of hydrogen and will be scalable to 75 MW or 10 500 t. VoltH2 is also actively developing additional sites in Belgium, France, and Germany. VoltH2 has commissioned the leading engineering firm of Sweco to design the initial green hydrogen plants in Vlissingen and Terneuzen, which will feature dedicated hydrogen storage and access to multimodal transport systems to support distribution.

Jo-Annes de Bat, Provincial Executive of Zeeland, commented: “The VoltH2 projects for two hydrogen electrolysers in Vlissingen and Terneuzen is a good example of how we want to lead the way with green hydrogen in the province of Zeeland. This is an excellent initiative that shows how we can bring the sustainability of industry and transport in combination with the large supply of sustainable electricity in the province which is a big step forward in the short-term.” (October 13, 2021)

13/10/2021

UNITED KINGDOM:

Total and partners plan to produce hydrogen with offshore wind in Scotland.

French oil major Total Energies and partners hope to produce hydrogen with offshore wind on a Scottish island, the companies said on Tuesday.

Offshore Wind Power Limited - the consortium formed by Macquarie’s Green Investment Group, TotalEnergies and Scottish developer Renewable Infrastructure Development Group - said it is studying the use of offshore wind to power the production of green hydrogen on an industrial scale on the island of Flotta in Orkney, Scotland.

The OWPL consortium has submitted a proposal to the Crown Estate Scotland’s offshore wind leasing round to develop the N1 plan option area west of Orkney. (October 12, 2021)

12/10/2021

AUSTRALIA:

New $1 billion-plus project in Queensland to double world's green hydrogen production capacity.

Fortescue Future Industries will build the world's largest green energy hydrogen manufacturing facility in Central Queensland, mining billionaire and company founder Andrew "Twiggy" Forrest says.

The first step in the project — a $115 million manufacturing facility set to be built in Aldoga, west of Gladstone — is expected to double the world's green hydrogen production capacity and bring thousands of jobs to Queensland's energy industry for years to come.

The plant will be manufacturing green energy infrastructure and equipment — such as electrolysers, cabling and wind turbines — to create green hydrogen that will be exported across the world.

Mr Forrest said the announcement marked the first stage of a "billion-plus dollar", six-step operation.

The first stage of the operation, which is expected to be completed early next year, is set to create 120 construction jobs and 53 operational jobs.

Mr Forrest described the proposed facility as a "breakthrough" for Australia's green energy market that signalled the start of an industrial revolution. "This is the future," Mr Forrest said from the Port of Gladstone. "We will not allow the world to keep on cooking — we will not allow our children to inherit a much-less stable environment.

"I'm convinced we have thousands of times more energy available than we'll ever need.

Mr Forrest said the facility would double the world's green hydrogen production capacity, with the first stage expected to produce 2 gigawatts of hydrogen electrolysers each year.

Electrolysers split hydrogen from water, producing emission-free energy.

Mr Forrest said he had spent the past 15 months travelling to 62 countries across the globe to determine the best location to build the facility.

"Queensland has the beautiful combination of wind and solar and you have a hard-working, educated people [and] a great government steering into a green hydrogen future," he said.

Mr Forrest said he expected the first electrolysers to be produced and ready to be exported by 2023. (October 11, 2021)

11/10/2021

GENERAL INFORMATION

UNITED KINGDOM:

QatarEnergy, Shell to pursue hydrogen projects in the UK.

QatarEnergy and Shell have signed an agreement to pursue joint investments in blue and green hydrogen projects in the UK, the Qatari state-run company said on October 19.

“The partners will target integrated and scalable opportunities in key sectors where hydrogen could help decarbonise, especially around industrial cluster development and also for the transport sector, with a focus on the London metropolitan area,” QatarEnergy said. “The collaboration will exploit both companies’ expertise in delivering large and technically complex energy projects.”

The agreement was signed on the side-lines of the UK Global Investment Summit. This is the first agreement on hydrogen between QatarEnergy and Shell. (October 20, 2021)

20/10/2021