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Gas Strategies Group

10 Saint Bride Street
London UK
EC4A 4AD

ISSN: 0964-8496

T: +44(0) 20 7332 9900
W: www.gasstrategies.com
Twitter @GasStrategies

Editorials

+44(0) 20 7332 9957
editor@gasstrategies.com

Subscriptions

+44(0) 20 7332 9976
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[1]

International

The European Commission (EC) has presented a proposal for the EU and its member states to withdraw from the Energy Charter Treaty [2] (ECT) which it says is no longer compatible with the EU's climate and investment policy. The move comes after a number of EU nations have announced their intentions to leave the ECT, however a sunset clause means states will be bound by the provisions under the Treaty for 20 years after withdrawal. The EC last Friday proposed that the EU, its member states, and Euratom "withdraw, in a coordinated manner" from the ECT to ensure "equal treatment of investors across the EU and beyond".

UK energy company Centrica announced last Tuesday that it has firmed up a deal to offtake 1 mtpa of LNG from the offshore Delfin Deepwater Port project in the US [3] – moving the project a step closer to reaching financial investment decision (FID). Project developer Delfin Midstream aims to reach FID on the first two out of four planned FLNG vessels before the end of the year. The conversion of a Heads of Agreement (HOA) signed last August into a full Sales and Purchase Agreement (SPA) will see Centrica taking deliveries from 2027.

Global LNG trade broke through the 400 mtpa level in 2022 as war in Europe led to a surge in demand [4] after Russia weaponised its pipeline gas, said the International Gas Union (IGU) last Wednesday as it launched its latest 'state-of-the-industry' report at the LNG 2023 conference in Vancouver, Canada. While

LNG played a crucial role in keeping lights on around the world, the gas crisis came at high cost to consumers, suppliers and the environment – as prices soared and coal and oil growth pushed up greenhouse gas (GHG) emissions.

Meanwhile, the price sensitivity of LNG demand in Asia was severely tested in 2022 as gas-hungry Europe drove up spot prices to new peaks [5], LNG importers' group GIIGNL said in its latest annual LNG survey. Even in established markets like China, demand was down by a fifth year-on-year, according to GIIGNL. GIIGNL President Jean Abiteboul said Europe has transformed from a balancing market into a firm LNG demand centre because of the impact of Russia's invasion of Ukraine.

Asia Pacific

Vietnam – Vietnam's Son My LNG terminal project, a joint venture between US company AES and PetroVietnam Gas (PV Gas), has been granted Investment Policy Approval [6] (IPA) by local authorities which paves the way for completion of the project by 2027, according to the two companies. The 3.6 mtpa LNG terminal will supply two power plants located nearby in the first phase, but the plant's capacity may be expanded to 10 mtpa at a later stage depending on market demand.

Middle East

Iraq – French energy major TotalEnergies has signed major deals to proceed with the development of natural gas and renewables projects [7] in two nations in the Middle East and North Africa (MENA) – Iraq and Algeria – a region in which the company has a long history. The Iraq deal marks the end of negotiations around the proposed Gas Growth Integrated Project (GGIP), which is valued at USD 10 billion, while the agreement with Algeria relates to enhanced gas production and LNG imports.

North America

US – Dominion Energy announced last Monday that it has concluded an agreement to sell its 50% interest in Maryland's Cove Point LNG to Berkshire Hathaway Energy [8] (BHE), owned by billionaire Warren Buffett, for USD 3.3 billion in cash. This will make BHE, which already operates the facility, a 75% majority owner in Cove Point. The transaction is expected to close by the end of 2023. In a filing to the US Securities and Exchange Commission, dated 9 July, the companies said that in the event that the transaction does not go through, BHE will pay Dominion a USD 150 million termination fee.

US-based Equitrans Midstream said last Tuesday it was weighing its options after the Fourth Circuit Court of Appeals overturned a government decision by blocking a permit [9] allowing the resumption of construction of the Mountain Valley pipeline (MVP) through the portion of the Jefferson National Forest in the Appalachian Mountains. Equitrans said that the decision, unless revoked, would jeopardise its ability to complete construction of the MVP by year-end 2023.

The Energy Information Administration (EIA) said last week it expects CO₂ emissions from coal power in the US to decrease by an additional 9% in 2023 [10], compared to its January estimate. The increase in solar power capacity, along with lower natural gas prices, reduces the forecast of coal-fired electricity generation this year, EIA said. EIA's July Short-term Energy Outlook (STEO) forecasts that coal-fired energy emissions will drop by a total of 20% in 2023, although overall CO₂ emissions will decline by only 4% compared to 2022.

US midstream companies Kinder Morgan and Howard Energy Partners (HEP) last Wednesday

announced that their affiliate companies, which include the Dos Caminos joint venture (JV), have received the necessary binding commercial agreements to expand their respective Eagle Ford natural gas transportation systems [11]. The pipeline expansions would in particular improve access to feed gas for the Gulf of Mexico's LNG shippers. The projects are planned to be completed in the fourth quarter of 2023 and will have a capacity to deliver up to 2 Bcf/d of natural gas

US LNG developer NextDecade announced final investment decision (FID) on the first phase of its Rio Grande LNG export facility [12] last week on Thursday, having secured what it claims is the largest project financing ever for a greenfield US project – valued at USD 18.4 billion. The keenly anticipated decision puts the US on track for LNG production capacity of 170 mtpa by 2028 – giving it a clear lead over nearest rivals Qatar and Australia. NextDecade issued full notice to proceed (NTP) to engineering, procurement and construction (EPC) contractor Bechtel.

US midstream player Energy Transfer has signed three non-binding Heads of Agreements (HoAs) totalling 3.6 mtpa of LNG offtake [13] from its proposed Lake Charles LNG project in Louisiana. The agreements come amid the company's ongoing stalemate with the Department of Energy (DOE), which earlier this year refused to extend the plant's license. Energy Transfer did not reveal the names of two of the companies and also said that each HoA is subject to negotiation and execution of definitive agreements.

ExxonMobil last Thursday announced it has entered into a definitive agreement to acquire Denbury [14], an experienced developer of carbon capture, utilisation and storage (CCS) solutions and enhanced oil recovery, for USD 4.9 billion. The acquisition comes on the back of benefits offered by the Inflation Reduction Act (IRA) and enables ExxonMobil to gain a significant foothold in CO2 pipeline infrastructure. According to the US energy major, the acquisition of Denbury will provide it with the largest owned and operated CO2 pipeline network in the US, at 1,300 miles.

Europe

The European Parliament (EP) last Tuesday backed a reformed Energy Efficiency Directive (EED) that will oblige EU member states to collectively reduce energy consumption [15] by at least 11.7% by 2030 compared with a 2020 reference scenario. The new legislation, which is soon expected to be adopted by the EU Council, comes amid increased focus on energy savings following a sharp reduction of Russian pipeline gas supplies to EU nations and higher prices.

Norway – oil and gas company DNO last Monday announced a gas and condensate discovery in a mature area of the North Sea [16] which it says is the largest on the Norwegian Continental Shelf (NCS) since 2013. This comes amid efforts to sustain high production from NCS in the coming years in order to meet European demand in the absence of Russian deliveries. DNO said the preliminary evaluation of the Carmen discovery in the Norwegian part of the North Sea indicates gross recoverable resources in the range of 120-230 million boe (18.7-35.8 Bcm).

Germany – BP and TotalEnergies were the only successful bidders in Germany's first offshore wind auction for sites that are not centrally pre-investigated [17], according to the results announced last Wednesday. The two energy majors secured concessions for a total of 7 GW of wind power projects in the North Sea and Baltic Sea, however the auction design has come under criticism for awarding concessions to the highest bidders amid fears costs will be passed on to consumers and suppliers.

Russia & CIS Region

Uzbekistan – Japan's Mitsubishi Power, a subsidiary of Mitsubishi Heavy industries (MHI), has received an order for two gas turbines destined for a 1.6 GW capacity gas turbine combined cycle (GTCC) plant [18] in the Syrdarya region of Uzbekistan. The plant, owned by an international consortium, is expected to be one of the largest power facilities in the country and is linked to the government's policy of replacing and modernising older gas-fired power plants in order to meet climate targets. The equipment deal was signed with the contractor for the project, China's Harbin Electric International, according to which Mitsubishi Power will supply two M701JAC gas turbines.



Consulting

+44 (0) 20 7332 9900
consult@gasstrategies.com



Alphatania Training

+44 (0) 20 7332 9910
training@gasstrategies.com



Information Services

+44 (0) 20 7332 9976
subscriptions@gasstrategies.com