



EDDIE NAMED AS BUYER OF ONE OF BW'S OLDEST LNG STEAMSHIPS

Twenty-year-old ship added to growing list of secondhand sales reported for 2023, A Taiwanese shipowner is being linked to the sale of a 20-year-old steam turbine-driven LNG carrier controlled by BW LNG. Shipping industry sources named bulk carrier owner Taiwan's Eddie Steamship as the buyer of the 138,028-cbm BW Everett (built 2003), which is one of the oldest in a fleet of 11 steamships for BW LNG.

Sinokor snaps up TotalEnergies' last owned LNG carrier

They said a price of \$45m has been negotiated for the vessel. The ship purchase would be a first move into LNG for Chih-Chien Hsu-led Eddie Steamship which has a listed fleet of seven bulk carriers. BW LNG controls a fleet of 29 LNG carriers and currently lists BW Everett among its vessels. Of these 29 ships, 11 are steam turbine vessels built between 2003 and 2008. The BW Everett and BW Boston are the oldest in this group. Speaking to TradeWinds in October 2022 about the effect of the then-incoming carbon intensity indicator (CII) regulations, BW LNG chief executive Yngvil Asheim said she saw "limited opportunities" for changing the physical parameters of steam vessels that could make a big impact on emissions.

Asheim said at the time that BW believes that the way to make significant improvements is by using the data it has gathered to understand what is driving emissions, and to operate vessels in the most environmentally friendly way.

Full details emerge for third LNG carrier scrap sale of 2023

Steam turbine vessels are coming under increasing pressure in the LNG trading market. While they still represent around one third of the trading fleet, they are small and less efficient than their larger more modern cousins. The advent of CII also highlights that they may produce higher emissions when compared to new two-stroke ships. Fleet replacement is underway with over 300 LNG carrier newbuildings now on order as owners and operators move to both serve the needs of a growing industry but also to replace older tonnage with more efficient vessels. This has led to an active sale and purchase market in what has traditionally been a very illiquid secondhand LNG carrier sales sector. At least four LNG steamships have been sold to date this year with several others floated for offers. The Japanese controlled, 154,982-cbm Trinity Arrow (built 2008) was sold to Chinese trader Jovo for around \$60m and MISC's 137,489-cbm Puteri Intan Satu (built 2022) to Capital Gas for close to \$35m.

Fifteen-year-old LNG steamship floated for sale as S&P action rolls on

Brokers said the larger steamships of around 150,000-cbm are attracting a premium, as are vessels in good condition. Golar LNG agreed a strong price of \$77.5m on the 149,172-cbm Fuji LNG (built 2004) but market players said this high level was partly because the shipowner was specifically looking for a Moss-type ship for conversion. In February, TradeWinds reported that Elcano's 138,000-cbm steam turbine vessel Castillo de Villalba (built 2003) has been put up for sale by its financier, Santander, in advance of ending the Spanish tax lease on the ship. A month later Mitsui OSK Lines and Karpowership joint venture KARMOL put the 147,546-cbm Moss-type steamship LNG Ebisu (built 2008) up for sale. Market talk continues about the possible sale of some of Nigeria LNG's steamships along with other vessels of similar vintage which are being groomed as possible disposable tonnage. source : www.tradewindsnews.com

CHEVRON ADVANCES ENQUIRY WITH SOUTH KOREA IN SIGHT

Major's enquiry for newbuilding berths advances as tight availability for yard slots intensifies . US energy major Chevron has whittled down its choice of shipbuilders for a raft of LNG carrier newbuildings following a tender process. Sources following the company closely confirmed broker reports that Chevron has selected South Korean shipbuilder Samsung Heavy Industries as its preferred yard to build up to six LNG carriers.

US energy major Chevron taps shipyards for up to six LNG carrier newbuildings

But firm contracts with the yard and any newbuilding berths have yet to be inked. Chevron initially went out to tender with Korea's big three shipbuilders Hyundai Heavy Industries, Daewoo Shipbuilding & Marine Engineering and SHI. The major is

said to have asked yards for offers on berths for four firm LNG carriers with options on a further two. One broker indicated that in time Chevron could require additional vessels, which could bump up its order to nearer 10. But for now, the major is said to be sticking at its six-berth search despite a growing portfolio of LNG. In 2022, the company boosted this buying to a total of two million tonnes per annum of LNG from Cheniere Energy on a long-term basis. Free-on-board volumes from Sabine Pass and Corpus Christi plants are set for delivery from 2026 onwards. Separately, the major inked deals with Venture Global LNG for a further two mtpa of LNG over 20-year periods with these cargoes to come from the US liquefaction developer's Plaquemines LNG facility and its planned CP2 LNG plant. It is not yet clear if Chevron intends to order the vessels directly or run a separate tender for shipowners and marry these up with any berths which it books. Unlike some of its competitors, the major continues to operate a marine transportation business in Chevron Shipping. When the company last ordered LNG carrier tonnage around 10 years ago, these 160,000-cbm, so-called "Asia-class" ships were contracted directly by Chevron Shipping.

Hankuk Carbon fire: 'Lead time to production restarting' key for LNG newbuildings

Chevron, which said this year it is retrofitting its LNG carrier fleet with new technologies to help cut the carbon intensity of vessel operations, has traditionally chosen not to comment on its commercial shipping activity. There are currently over 325 LNG carriers on order equating to around 50% of the global trading fleet. Shipyards claim they now have limited availability for LNG newbuilding slots with 2027 delivery dates. They point to over 40 pre-reserved berths for QatarEnergy that are expected to be firmed up and the ongoing 17 berths held for the TotalEnergies-led Mozambique LNG project, which appears to be inching forward again. Strong prices hovering around \$260m for 174,000-cbm LNG carriers appear to be holding in the face of the continuing demand. Source : www.tradewindsnews.com

SOUTH KOREA'S KOGAS WELCOMES LNG BUNKERING VESSEL WITH NEW CARGO SYSTEM

A unit of South Korean LNG importing giant Kogas has taken delivery of a 7,500-cbm LNG bunkering vessel equipped with a new cargo containment system. According to Kogas and MOTIE, the naming ceremony for the bunkering vessel took place at the Hyundai Heavy Industries' yard in Ulsan on May 10. Moreover, the LNG bunkering vessel, Blue Whale, features the KC-2 membrane cargo containment system, which is an improved version of the KC-1 system developed by Kogas. Korea LNG Bunkering, a unit of Kogas, ordered this LNG bunkering ship at compatriot HHI in 2021. The firm's unit was selected by South Korea's Ministry for Industry and Energy, or MOTIE, for the LNG bunkering project and it also received 15 billion won (\$11.3 million) in subsidies from MOTIE for the construction of the vessel.

Hyundai LNG Shipping to operate the ship

MOTIE said in a statement that the total price tag for the ship, South Korea's first dedicated LNG bunkering vessel, reached 55.3 billion won (\$41.6 million). Also, Kogas said in a separate statement that its unit Korea LNG Bunkering has selected

Hyundai LNG Shipping in January to operate the new ship. The new 7,500-cbm vessel adds to SM Jeju LNG2, Korea's first LNG bunkering vessel which Kogas chartered from Korea Line. Last year, Korea LNG Bunkering or KOLB signed a deal to supply LNG with SM Jeju LNG2 to H-Line Shipping's vessel in South Korea. Besides these ships, EK Heavy Industries last year completed South Korea's first LNG bunkering vessel for coastal ships. The vessel named K LNG Dream has a capacity of 500 cbm. source : www.lngprime.com

SPANISH LNG IMPORTS, RELOADS DROP IN APRIL

Spanish liquefied natural gas (LNG) imports and reloads dropped in April when compared to the same month last year, according to Enagas. LNG imports declined by 2.1 percent to about 29.9 TWh in April and accounted for 77.4 percent of the total gas imports. In March, LNG imports reached some 29.9 TWh as well. Including pipeline imports from Algeria and France, gas imports to Spain reached about 37.4 TWh last month, a drop from some 40.8 TWh in April last year, Enagas said in its monthly report. Moreover, national gas demand in April dropped by 11.9 percent year-on-year to 23.7 TWh. Demand for power generation declined by 6.7 percent year-on-year to about 5.99 TWh last month, while conventional demand dropped by 13.5 percent to 17.7 TWh, the LNG terminal operator said. Enagas operates a large network of gas pipelines and has four LNG import plants in Barcelona, Huelva, Cartagena, and Gijon. It also owns 50 percent of the BBG regasification plant in Bilbao and 72.5 percent of the Sagunto plant, while Reganosa operates the Mugarodos plant. Enagas is planning to launch its El Musel LNG terminal in Gijon in July this year, and will sell 25 percent in this facility to Reganosa.

US, Russia, Nigeria biggest LNG suppliers

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LNG reloads down

Spanish LNG terminals loaded about 1.6 TWh in April, down 21 percent compared to some 2 TWh in April 2022, and also down when compared to 2.23 TWh in March. The Barcelona LNG terminal reloaded about 0.98 TWh of LNG, followed by Sagunto with about 0.43 TWh, and Mugarodos with 0.16 TWh. During January-April, Spanish LNG terminals loaded about 9.2 TWh, a rise of 56.6 percent when compared to the same period last year. Also, the number of truck loads at the LNG terminals rose by 8.1 percent year-on-year to 901, the data shows. The Barcelona LNG terminal completed 219 truck loads

in April, up by 15.8 percent year-on-year, followed by Huelva with 156 truck loads and Cartagena with 154 truck loads. source : www.lngprime.com

EXCELERATE'S FSRU EXCELSIOR STARTS BAHIA BLANCA JOB IN ARGENTINA

Exceleerate Energy's FSRU Excelsior, which will later this year head to Germany, has started seasonal regasification services at the Bahia Blanca GasPort terminal in Argentina. The US FSRU owner said in March that the 2005-built 138,000-cbm FSRU will first provide seasonal regasification service at the Bahia Blanca terminal before heading to Germany in the third quarter this year. In October last year, Exceleerate signed a charter deal with Germany for the FSRU and this charter started in February this year. The vessel will serve the second FSRU-based facility in Wilhelmshaven. E.ON, TES, and Engie are the developers behind this facility. However, Exceleerate won a seasonal charter in March for the FSRU to deliver regasified LNG during the winter season (June-August) in Argentina. The firm said that it will place the FSRU on a suspension agreement during its deployment in Bahia Blanca. "In May 2023, the FSRU Excelsior commenced seasonal regasification services at the Bahia Blanca GasPort terminal in Argentina," Exceleerate said in its first-quarter report on Wednesday. Exceleerate said it expects the FSRU to provide regasification services for the duration of the Argentine winter season.

Reaffirming 2023 guidance range

Exceleerate is reaffirming its 2023 guidance range and the company expects adjusted Ebitda to range between \$320 million and \$340 million for the full year 2023. The company reported net income of \$30.7 million for the first quarter. It also reported adjusted net income of \$32.7 million and adjusted Ebitda of \$79.9 million for the quarter. Net income and adjusted Ebitda increased over the prior year first quarter primarily due to higher margins earned on gas sales contracts in Brazil along with gas sales into Finland and higher FSRU and terminal services revenue from the Finland and Germany charters, the firm said. Also, net income and adjusted Ebitda decreased sequentially from last quarter primarily due to a scheduled dry dock for the FSRU Excelsior along with higher planned maintenance expense at the company's Bangladesh terminal, Exceleerate said. The company currently operates ten FSRUs, one of the world's largest fleets of such vessels, and it ordered one FSRU in South Korea last year. "Exceleerate Energy's first quarter financial results continue to demonstrate the strength of our diversified business model and our proven track record of leveraging our integrated FSRU fleet to provide critical LNG services to customers across our global footprint," said president and CEO **Steven Kobos**. "The ongoing contribution from our stable regasification business was complemented by another quarter of earnings overperformance from our gas sales contracts in Brazil," he added. source : www.lngprime.com

ICHTHYS TERMINAL SHIPPED 34 LNG CARGOES IN Q1

Japan's Inpex has shipped 34 LNG cargoes from its Ichthys export plant in Australia during the first quarter of this year, up by one cargo when compared to the same period last year.

Inpex revealed this in its first-quarter report on Wednesday.

The company reported a 61.2 percent rise in its net profit to 151.5 billion yen (\$1.12 billion) due to higher oil and gas sales. A spokesman for Inpex told LNG Prime via email that the Ichthys project also sent 6 plant condensate cargoes, 8 offshore condensate cargoes, and 9 LPG cargoes during the first quarter. During the January to March 2022 period, the Ichthys LNG project shipped 33 LNG cargoes, 6 plant condensate cargoes, 8 offshore condensate cargoes, and 9 LPG cargoes, while it sent 112 cargoes of LNG in 2022. To remind, the Japanese firm said in February that it plans to ship record 132 cargoes of LNG, or 11 per month, from the Ichthys plant in 2023. The spokesman confirmed on Wednesday that Inpex expects to ship about 11 LNG cargoes per month this year. The facility at Bladin Point near Darwin has two trains and a nameplate capacity of 8.9 mtpa but it is expected to reach a production of about 9.3 mtpa this year due to debottlenecking. According to the Inpex Australia website, the firm aims to close the LNG plant for maintenance during September 8-16, 2023. Ichthys LNG is a joint venture between operator Inpex and major partner TotalEnergies. Also, other partners include Australian units of CPC, Tokyo Gas, Osaka Gas, Kansai Electric Power, Jera, and Toho Gas. Natural gas arrives to the LNG plant at Bladin Point from the giant Ichthys field offshore Western Australia via an 890 kilometers long export pipeline. Inpex recently sent the 500th cargo of LNG from its Ichthys terminal in Australia since the start of operations in 2018. Source : www.lngprime.com

POSCO INTERNATIONAL, H-LINE PEN LNG CARRIER CHARTER DEAL

Posco International, a unit of South Korean steel producer Posco, has signed a long-term deal to charter one 174,000-cbm LNG carrier from compatriot H-Line Shipping. Posco International, which merged with Posco Energy earlier this year said in a statement on Wednesday that South Korea's Hyundai Samho will build this LNG carrier and deliver it in the first half of 2025. The firm said it will use this chartered LNG carrier to transport US shale gas to South Korea from 2026 to 2046. In May 2022, Posco International signed a 20-year deal with Cheniere Marketing, a unit of US LNG exporting giant Cheniere, to buy LNG from the Corpus Christi expansion project in Texas. Under the deal, Cheniere Marketing will supply about 0.4 million tonnes per annum (mtpa) of LNG to Posco International on a free-on-board basis, beginning in late 2026. With this charter, Posco International will boost its LNG business and the firm plans to secure more vessels in the future, it said. Posco International operates the 5.2 mtpa Gwangyang LNG terminal, Korea's first private LNG terminal besides the Kogas-owned facilities. The facility currently has five storage tanks, while Posco International is also expanding the LNG import terminal at Gwangyang with the addition of a sixth tank. In addition, the firm started building in January this year two more LNG storage tanks with a capacity of 200,000 kiloliters on a site near the LNG terminal. Source : www.lngprime.com

PACIFIC LNG FREIGHT RATES DROP TO \$46,750 PER DAY

Spark Commodities reported a further drop in its Pacific LNG freight rates, while the Atlantic rates declined as well this week. "LNG freight on the Pacific Spark25S route dropped to reach \$46,750/day today, its lowest since since August 2022, with less being paid for ballast bonuses as owners are paid to the nearest hub rather than load port," Spark said on Tuesday. "This drop has brought the \$5,500/day spread between rates in the Pacific and on the Atlantic Spark30S route to the narrowest since December 2022," it said. The Pacific rates for 160,000-cbm TFDE carriers declined from \$50,250 per day to \$46,750 per day, while the Atlantic rates dropped from \$42,000 per day to \$41,250 per day on Tuesday. Spark reported on April 20 a further drop in its Pacific LNG spot freight rates to \$55,250 per day, while the Atlantic rate were at \$43,500 per day. Both the Atlantic and Pacific rates for 160,000-cbm TFDE carriers fell below \$100,000 per day in January, following record highs in October and November last year. Last week, the Spark NWE DES LNG front month fell below \$10 per MMBtu on growing European storage levels, however the forward curve showed winter prices still remain above \$17 per MMBtu, according to the firm. Platts reported on May 8 that low demand has also dragged Asian LNG prices to the lowest level in two years. It assessed the JKM for June at \$9.882 per MMBtu on May 5. Source : www.lngprime.com

PETROVIETNAM GAS SAYS VIETNAM'S FIRST LNG TERMINAL READY TO RECEIVE CARGOES

PetroVietnam Gas, a unit of state-owned PetroVietnam, said that its Thi Vai LNG import terminal, Vietnam's first such facility, is ready to start receiving liquefied natural gas cargoes. The firm revealed in a statement issued on Monday that the Thi Vai LNG import terminal is ready to be put in use this year. The launch of the onshore LNG receiving terminal at Thi Vai in the coastal area southeast of Ho Chi Minh City has been delayed. PetroVietnam Gas said in June last year that it expected to receive the first LNG cargo at the facility in the fourth quarter of the same year. The LNG import facility consists of one 180,000-cbm LNG tank, a jetty, and regas area. According to PetroVietnam, these facilities are ready for commissioning activities, while the company will also soon complete the construction of the truck loading facility. The terminal will have a capacity of 1 mtpa in its first phase, but the company plans to boost the capacity to 3 mtpa in the next stage. PetroVietnam also said in the statement it has become the first company in the country to receive approval for LNG imports and exports. The firm received the certificate from the Ministry of Industry and Trade on May 5, it said. South Korea's Samsung C&T is building the Thi Vai LNG terminal. It also won an order from PetroVietnam Power, a unit of PetroVietnam, to build a new power plant that will get regasified LNG from this import facility. The Nhon Trach 3 and 4 plants will have a total capacity of some 1,500 MW. Source : www.lngprime.com

FIRST LNG CARGO OFFLOADED FOR FSRU TEST PHASE IN ITALY

The Maran Gas LNG carrier *Kalymnos* was moored at the site 5 May, carrying the first load of gas for the first set of safety checks and testing to be run on the equipment and pipelines that make up the terminal. The LNG carrier moored at the FSRU *Golar Tundra* on the east quay of the north dock at the port in Piombino for the testing operations. The ship-to-FSRU LNG transfer will be managed through six hoses to the FSRU's tanks, where the liquefied natural gas will be returned to a gaseous state and fed into Italy's national transport network. FSRU *Golar Tundra* is 293-m long and equipped with four tanks capable of storing 170,000 m³ of liquefied natural gas and a continuous regasification capacity of 5Bn m³ per year. 2021-built, 299-m LNG carrier *Kalymnos* carried an Eni cargo of 170,000 m³ of LNG from Damietta LNG in Egypt to Piombino, a port city in the northern Tuscany province on Italy's west coast. During a tour of the facility, Snam chief executive Stefano Venier said, "The arrival of the first load of gas, which will allow us to carry out the plant's testing and fine-tuning operations, is another important step in equipping the country with an infrastructure that is fundamental to the security and diversification of supplies. Proof of this is the fact that 86% of the entry capacity has already been sold to multiple operators for 20 years, and [100% of capacity has been sold over] the next three years. We started this 11 months ago with the purchase of the *Golar Tundra*, and for the past six months we have been working with about 450 people on the shore and quayside sites employing 150 sub-contractors and suppliers." Source : www.rivieramm.com

FINLAND'S GASUM NOT TAKING LNG FROM RUSSIA'S KRYOGAZ – KOMMERSANT

Finnish energy provider Gasum has not been taking cargoes of liquefied natural gas (LNG) for about a month from the Russian Kryogaz-Vysotsk plant controlled by Novatek, Kommersant daily reported on Thursday, citing data from analytics group Kpler. It said Gasum tanker Coral Energice was in the Baltic Sea port of Vysotsk on April 24 and left empty. Another, Coral Energy, was last detected in the port on April 4. Before, the tankers used to take several LNG cargoes every month from the plant with a capacity of 660,000 tonnes a year. Gazprom Export, a subsidiary of Russian energy giant Gazprom, acts as the exporting agent for selling gas from the plant. "Gasum has a long-term LNG supply contract with Gazprom Export and this contract is still valid," Gasum told Reuters. It also said the company obtained LNG from several different supply sources. Most of the LNG purchased by Gasum comes from countries other than Russia, it added. Novatek did not immediately respond to a request for comment. Gazprom halted pipeline gas exports to Finland in May 2022, demanding that European countries pay for Russian pipeline gas supplies in roubles because of sanctions imposed over Moscow's actions of Ukraine, but Finland refuses to do so. LNG supplies do not fall under the rouble payments scheme. Source :

www.naturalgasworld.com

SHELL HALTS PRODUCTION AT PRELUDE FLOATING LNG FACILITY

Shell has suspended production at its Prelude floating LNG facility off Western Australia due to a trip, a Shell spokeswoman said on Friday. "Production on the Shell-operated Prelude FLNG facility has been temporarily suspended due to a trip," she said. "We are working methodically through the stages in the restart process with safety and stability foremost in mind." Shell did not give a time frame for when production at the facility would resume. In the past year, Shell has wrestled with disruptions at Prelude FLNG, the world's largest floating LNG platform. Production at the 3.6 million tonnes a year facility was last suspended in December after a small fire broke out. LNG cargo shipments resumed nearly a month later. That came after production and shipments were disrupted from July to September last year due to work bans by unions seeking better pay. Source : www.naturalgasworld.com

SNAM CONFIRMS GUIDANCE AFTER RISE IN FIRST QUARTER SALES

Italian gas grid operator Snam on Thursday confirmed its targets for this year after reporting a 13% year-on-year rise in revenue for the first quarter. Sales between January and March rose to 912 million euros (\$1 billion) driven by the group's regulated business, the company said. Adjusted core earnings rose 1.5% to 597 million euros in the period thanks to the growth in the group's energy transition business. Gas demand in Italy in the first quarter of 2023 amounted to 20.5 billion cubic metres (bcm), down 19% year-on-year due to lower consumption in all sectors that Snam operates in. Snam said the most recent estimates on the evolution in gas demand in Italy for 2023 were in line with 2022, when the country consumed 69 bcm. The group, which also manages the bulk of Italy's gas storage facilities, said the country was in good shape ahead of a winter season in which imports from Russia were expected to fall further. "We face the coming winter with a much stronger and more resilient energy system thanks to storage facilities that are still 65% full," Snam CEO Stefano Venier said in a statement. The group is completing work on its new liquefied natural (LNG) gas terminal in the Tuscan port of Piombino, which is expected to start commercial operations by the end of this month. Source : www.naturalgasworld.com

SOUTH KOREA'S KOGAS WELCOMES LNG BUNKERING VESSEL WITH NEW CARGO SYSTEM

A unit of South Korean LNG importing giant Kogas has taken delivery of a 7,500-cbm LNG bunkering vessel equipped with a new cargo containment system. According to Kogas and MOTIE, the naming ceremony for the bunkering vessel took place at the Hyundai Heavy Industries' yard in Ulsan on May 10. Moreover, the LNG bunkering vessel, Blue Whale, features the KC-2 membrane cargo containment system, which is an improved version of the KC-1 system developed by Kogas. Korea LNG Bunkering, a unit of Kogas, ordered this LNG bunkering ship at compatriot HHI in 2021. The firm's unit was selected by South Korea's Ministry for Industry and Energy, or MOTIE, for the LNG bunkering project and it also received 15 billion won (\$11.3 million) in subsidies from MOTIE for the construction of the vessel.

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Sagunto with about 0.43 TWh, and Mugardos with 0.16 TWh. During January–April, Spanish LNG terminals loaded about 9.2 TWh, a rise of 56.6 percent when compared to the same period last year. Also, the number of truck loads at the LNG terminals rose by 8.1 percent year-on-year to 901, the data shows. The Barcelona LNG terminal completed 219 truck loads in April, up by 15.8 percent year-on-year, followed by Huelva with 156 truck loads and Cartagena with 154 truck loads. source : www.lngprime.com

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BRUSSELS TAKES AIM AT RUSSIAN LNG [GAS IN TRANSITION]

Europe had no control over the loss of its pipeline gas supply from Russia. Brussels' response to Moscow's invasion of Ukraine was to announce an ambitious plan to get off Russian gas as soon as quickly, targeting a two-thirds decrease in pipeline supply from the country by the end of 2022, and eliminate those imports entirely well before the end of the decade. But it was Moscow that moved first and drastically cut flow, first by cutting off any customers that refused to pay in rubles, and then by curtailing supply over last summer via the Nord Stream 1 pipeline. The Kremlin bet heavily on Europe enduring a difficult winter, hoping this would force its leaders to reduce support for Ukraine and press on Kyiv to go to the negotiating table. But the European winter was very mild, the continent managed to outcompete Asia for ample LNG supply, and EU efforts to stock up gas before the weather got colder were successful. As a result, even though Russian pipeline gas supply to Europe is at only 10–15% the pre-war level, gas prices, though still high, have fallen back to the pre-war level. Now the EU is once more targeting Russia's gas, but this time in LNG form. Even while Russian pipeline gas to the bloc slumped last year, the country's LNG supplies soared, by 31% to 19.2bn m3. That means Russian LNG supply to Europe is not that

much than current Russian pipeline supply, which came to 2.3bn m³ in March, or 27.6bn m³ on an annualised basis. That growth in Russian LNG, as cargoes were diverted away from Asia to fetch a higher price, helped ease European gas prices. The fact that there were growing calls to block those supplies when, as International Energy Agency (IEA) head Fatih Birol notes, Europe is “certainly not out of the woods yet,” should be cause for alarm for a number of reasons.

Targeting Russian LNG

EU member states agreed to explore a legal option in late March to prevent Russian companies from booking LNG infrastructure capacity, and the proposal appears to enjoy the support of the European Commission, which must come up with a way of implementing it. “We can and should get rid of Russian gas completely as soon as possible, still keeping in mind our security of supply,” EU Energy Commissioner Kadri Simson told EU lawmakers in early March. “I encourage all member states and all companies to stop buying Russian LNG, and not to sign any new gas contracts with Russia once the existing contracts have expired.” Some member states have already taken their own steps. The Dutch government plans to phase out volumes of Russian LNG bought under existing contracts, energy minister Rob Jetten told Bloomberg in an interview in early April. The government has already committed not to sign any new contracts for Russian LNG. The Dutch decision will have implications for neighbouring states, as the Netherlands is an important transit country for LNG shipments to elsewhere in Western and Central Europe. As Anne-Sophie Corbeau, expert with the Center on Global Energy Policy at Columbia University, notes, the impact of Europe restricting Russian LNG imports might be limited if there is a “perfect swap.” That is to say, any Russian LNG that does not go to Europe simply goes to Asia, and then other suppliers that would have sent their LNG to Asia, deliver it to Europe instead. “As Yamal LNG is closer to Europe than to Asia, this tightens the global shipping market during the winter season due to longer shipping routes to Asia when the northern route is unavailable,” Corbeau said in a blog post in early April. “It also affects the transshipment of Russian LNG from nuclear icebreakers, which typically takes place in Belgium and France. The impact on gas prices is limited.” Alternatively, though, she warns there may not be a perfect swap, and that “China’s LNG appetite grows and Chinese companies compete with spot LNG going to Europe.” “Faced with lower LNG supplies, Europe is forced to weigh on demand while gas prices increase,” Corbeau said.

Russian retaliation

The expert also flags up the risk of a Russian retaliation to any move to restrict its LNG imports. After all, Moscow showed it was perfectly willing to do this when the EU moved to scale down its dependence on Russian pipeline gas over the years to come. “A first obvious move could be to cut Russian pipeline gas volumes flowing through Ukraine and then through TurkStream, removing around 20bn m³/yr of pipeline gas,” Corbeau explained. “Whether or not Europe achieves the perfect



swap (mentioned above) in terms of LNG supplies further impacts Europe's gas balance. Any cut by Russia to its LNG supplies is a far more worrying move. Yamal volumes contracted by European companies (but not by China National Petroleum Corporation and Russia's Novatek) could be cut by Russia shutting down one train (roughly 8.8bn m3/yr). Russian LNG (45bn m3 in 2022) is needed for the global gas balance, to avoid a return of sky-rocketing spot LNG prices." Regardless of whether the EU moves to restrict Russian LNG or not, Europe must be prepared for a further cut in gas supplies. Source : www.naturalgasworld.com

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