



LNG CARRIER LAY-UPS SET TO DOUBLE AS NUMBER OF IDLE SHIPS GROW

Lay-up numbers for LNG carriers are expected to double in the near term as more vessels are prepared to be parked on a more permanent basis in an increasingly problematic trading market for older ships. Brokers said at least seven LNG carriers are now classed as in cold lay-up, with talk of a similar number ready to follow them. One said they know of six to seven more vessels, consisting of both steam turbine and diesel-electric ships, that are in the process of being put into lay-up. They commented that some of these vessels are on charter to energy majors and it is the charterers opting to take the lay-up route as it is becoming more difficult to trade the older LNG carriers on their books. This fresh interest in lay-up comes as spot charter rates for LNG carriers finally turn upwards after wallowing at rock-bottom levels since the start of this year. But brokers said this is doing little for some of the smaller, least-efficient and oldest LNG vessels in the global fleet, which are being hit by the double whammy of a weak trading market and more stringent emissions regulations. Market players have also pointed to the growing pools of idle vessels, particularly off the west coast of Malaysia, in Brunei Bay and around Gibraltar in the Mediterranean. Clarkson's Shipping Intelligence Network lists the number of "idle" LNG carriers at 37 ships, all of them either steamships or dual-fuel diesel-electric vessels. The names of those ships already deemed as in cold lay-up differ slightly among brokers and other entities, showing the difficulty of establishing a vessel's condition, but most included a core of the

Hoegh LNG confirmed it had signed a deal with Australian Industrial Energy (AIE) and EGAS to deploy the 2019-built FSRU Hoegh Galleon to Egypt. Hoegh said the agreement with EGAS is for an interim period of June 2024 to February 2026 and will help Egypt to address potential gas shortages and fuel power plants during summer months. source: www.lngprime.com

HANWHA OCEAN STARTS WORK ON NAKILAT'S LNG CARRIER

South Korean shipbuilder Hanwha Ocean has officially started building Nakilat's first of eight LNG carriers under the massive QatarEnergy shipbuilding program. The shipbuilder held the steel cutting ceremony for the LNG carrier (Hull No. 2585) on February 19, according to Nakilat. Last year, state-run LNG giant QatarEnergy signed time charter agreements with Nakilat for 25 conventional-size LNG carriers as part of the second phase of its massive shipbuilding program. Each of the 25 vessels will have a capacity of 174,000 cubic meters and will be chartered out by Nakilat to affiliates of QatarEnergy pursuant to the 15-year TCP agreements, QatarEnergy said on Sunday. Seventeen of the 25 LNG vessels are being constructed at the Hyundai Heavy Industries (HHI) shipyards in South Korea, while the remaining eight are being constructed at Hanwha Ocean, formerly Daewoo Shipbuilding & Marine Engineering. This order for eight LNG carriers at Hanwha Ocean is worth \$1.84 billion. Hanwha Ocean will deliver these vessels by January 2028. In addition to these 174,000-cbm vessels, QatarEnergy also signed a time charter and operation agreement with Nakilat for nine 271,000-cbm LNG carriers. The nine QC-Max vessels will be constructed at China's Hudong-Zhonghua. Nakilat has 36 LNG carriers and four LPG/ammonia carriers on order. The total vessel count in the company's fleet will reach 114 once all the vessels are delivered, including 105 LNG carriers.

EIA BOOSTS HENRY HUB PRICE FORECAST

The US Energy Information Administration expects the Henry Hub spot price to average \$4.20/MMBtu in 2025 due to lower natural gas inventories and higher LNG exports, according to its latest short-term energy outlook. This is 11 percent higher than in the previous forecast. EIA said below-normal temperatures in both January and February led to increased consumption of natural gas to meet space heating demand, which resulted in more natural gas being withdrawn from underground storage than estimated in the October STEO. In January and February combined, 33 percent more natural gas was withdrawn from storage than EIA had expected in the October forecast. "In our current forecast, we expect natural gas inventories in working gas storage to be about 10 percent lower than the five-year average at the end of the winter season (November-March) on March 31," the agency said. "Because of the stronger-than-expected storage withdrawals in January and February, we now expect there will be less natural gas in storage for the rest of this year, which has led us to raise our natural gas price forecast," EIA said.

vessel supply, and limited capacity addition squeezed rates across all engine types—steam, TFDE/DFDE, and MEGA/XDF. Moreover, the oversupply of vessels outpaced the increased tonne-mile demand generated due to the re-routing of LNGCs via the Cape of Good Hope (COGH), with steam carriers failing to reap any benefits from longer voyages, Drewry said. “This trend is likely to continue in 2025–26, with rates for steam carriers remaining lower throughout the year,” the consultancy said. Drewry said that charters will likely become more reluctant to deploy steam carriers as it will incur substantial costs. While some shipowners remain hopeful of any reversal of the current market conditions, the cost embedded with lay-ups and increasing market uncertainty could influence their decision, it said.

Steam carriers becoming uneconomical

Drewry said the fall in rates questions the economic feasibility of these carriers as they are unable to cover operating costs, increasing idle vessels as these carriers come off their charter with negligible chances of finding employment opportunities. “The cost differential (of about 16–17 percent) between 10-year and 15-year-old steam carriers is quite substantial, which is growing further and affecting the status quo of steam carriers,” the consultancy said. Drewry noted that some owners are also considering placing their ships in lay-up conditions, hoping that the vast liquefaction capacity expected towards the end of the decade will generate demand. “Although we expect a supply-demand squeeze, demand for steam carriers will still be low, and even after laying up the ships for three–four years (with the laid-up costs depending on condition), vessels might only get a short burst of employment, resulting in vessel owners bearing the cost,” Drewry said. “Moreover, we expect older steam carriers to find conversion opportunities as the demand for FSRUs and FSUs is expected to be on an uptrend amid the rising energy security concerns and growing LNG supply,” it said. However, “only a few” will be qualified to be potential conversion candidates, given the technical feasibility and the vast number of such carriers, Drewry said. Thus, lower rates, minimal employment and conversion opportunities will also support scrapping. Steam carriers comprise 25 percent of the current fleet, acting as a buffer and exaggerating the oversupply conditions. “We expect demolitions to accelerate in 2025, and this momentum will continue in the following years, reinstating a steady rebalance to the ongoing oversupply market conditions. However, demolitions could face some headwinds amid concerns over perlite disposal and easing steel prices,” Drewry said,

Average speed of LNG carriers reducing

Drewry also said that the increasing environmental scrutiny has started impacting LNG shipping as vessels slow steam and market fragmentation (based on engine type) is underway. According to Drewry AIS, the average speed of LNGCs has been reducing, signalling changes in LNG shipping to comply with maritime regulations, such as CII and EEXI. “Steam carriers are expected to face the steep brunt of these regulations and become highly non-compliant with the increasing scrutiny. While shipowners opt for slow steaming to keep up with regulations, we believe this will not be a way out for steam carriers as speed reduction will become uneconomical after a certain threshold due to higher boil-off gas,” Drewry said. Meanwhile, the

fuel, and an approval providing the Golden Pass LNG terminal more time to start exports. “Delfin, majority-owned by Fairwood Peninsula, Talisman Global Alternative Master, L.P. and Talisman Global Capital Master, L.P., is seeking to reach a final investment decision later this year and have construction begin on its offshore floating liquefied natural gas vessel (FLNGV),” the Department said. In October 2023, Delfin LNG, a unit of Delfin Midstream, won more time from the US FERC to put into service the project’s onshore facilities in Louisiana. In March 2024, Delfin sought a five-year extension for its LNG export authorizations from DOE. The firm said at the time it was also in talks with South Korea’s Samsung Heavy to reserve a shipbuilding slot for the first FLNG unit. After that, the US Maritime Administration (MARAD) said in April that Delfin LNG needs to file an amended application for its floating LNG export project in the Gulf of Mexico to reflect the changes to the project made since 2017. Delfin plans to install up to four self-propelled FLNG vessels that could produce up to 13.3 mtpa of LNG or 1.7 billion cubic feet per day of natural gas as part of its Delfin LNG project. Besides this project, it also aims to install two FLNG units under the Avocet LNG project. Source: www.lngprime.com

PETROVIETNAM GAS PLANS TO DEPLOY FSRU

PetroVietnam Gas, a unit of state-owned PetroVietnam, plans to deploy a floating storage and regasification unit in Vietnam next year, adding to its Thi Vai LNG import terminal. PV Gas revealed this move in a statement following a meeting with Vietnam’s power utility EVN on March 6. The meeting focused on ensuring gas and LNG supply for electricity production in the 2025–2030 period. Notably, in the context of rapidly declining domestic gas resources, PV Gas committed to increasing the regasification capacity of its Thi Vai LNG terminal from 5.7 million Sm³/day to 7 million Sm³/day from March 2025, PV Gas said. This move will help EVN ensure reserve capacity in the upcoming dry seasons, meeting the demand for electricity production in the context of high load, the firm said. Moreover, in the period of 2026–2029, PV Gas plans to deploy an FSRU at its Vung Tau port. According to PV Gas, this FSRU will have a storage capacity of 135,000 – 174,000 cbm of LNG and a regasification capacity of up to 14 million Sm³/day, bringing the total regasification capacity of the entire system to about 22 million Sm³/day. This is a strategic step, ensuring a stable and flexible LNG supply for the national power generation system during peak periods, PV Gas said. PV Gas did not provide further details regarding the FSRU-based terminal. The firm also noted that it is accelerating the upgrade of the Thi Vai LNG terminal in phase 2, with a plan to increase capacity from 1 mtpa to 3 mtpa by 2029. PV Gas said this will not only help increase gas supply capacity for power plants but also contribute to stabilizing electricity prices. It’s worth mentioning here that US FSRU player Exceleerate Energy and PetroVietnam Technical Services Corporation (PTSC), a unit of PetroVietnam, signed a strategic partnership agreement in September last year to jointly study FSRU-based technical solutions for LNG imports into Vietnam. Prior to that, Exceleerate signed a term sheet with ITECO, a Vietnamese-based private development company, to co-develop a greenfield LNG import terminal in Hai Phong, Vietnam.

Source: www.lngprime.com

MFGK and a unit of Switzerland-based trading firm MET are some of the users of the facility. Due to high demand, LNG Croatia is currently working to boost the capacity of its FSRU-based Krk LNG terminal. In 2023, a unit of Finland's Wartsila won a contract to supply one regasification module for the FSRU. Under the contract, Wartsila Gas Solutions is building the regas module with a maximum capacity of 250,000 m³/h. The firm awarded the module contract to China's CIMC SOE. The current three LNG regasification units have a maximum regasification rate of 451,840 m³/h. Following the upgrade, the Krk LNG facility will have a capacity of about 6.1 bcm per year in 2025. Source: www.lngprime.com

ORLEN TO SUPPLY LNG CARGO TO UKRAINE VIA LITHUANIAN FSRU

Poland's Orlen has signed a deal with Ukraine's Naftogaz to supply the latter with one liquefied natural gas (LNG) cargo via the FSRU-based terminal in Lithuania's Klaipeda. According to a statement by Orlen on Friday, the two firms have signed a memorandum of cooperation in the LNG sector. The Polish firm said the implementation of the deal will allow Ukraine to create a more diversified supply of natural gas. As part of the cooperation, Orlen will supply about 100 million cubic metres of gas via the 170,000-cbm FSRU Independence in Klaipeda. Orlen did not provide further information regarding the LNG cargo. Following regasification at the KN Energies-operated FSRU-based facility, the gas "will then be transmitted via the GIPL pipeline connecting Lithuania and Poland, and further through Polish territory to the interconnector on the Ukrainian border in Drozdowicze, where it will be received by Naftogaz." "The letter of intent between Orlen and Naftogaz forms the foundation for long-term and mutually beneficial cooperation in the crucial area of energy commodities supply," Robert Soszyński, VP of Orlen management board for operations said. "Our relationship will be based on commercial terms, but securing an additional source of gas is vital for Ukraine also from the point of view of its security," he said. Ukraine has no LNG import facilities. Orlen has secured long-term regasification capacity at the FSRU-based facility in Klaipeda, reserved until 2032, allowing it to import via the terminal over 0.5 billion cubic meters of natural gas annually. It also uses KN Energies' small-scale LNG terminal in Lithuania's Klaipeda. In Poland, Orlen imported LNG via the Gaz-System-operated import facility in Swinoujscie, which was expanded to about 8.3 bcm per year. In addition, Orlen booked 6.1 bcm per year of regasification capacity at Gaz-System's planned FSRU-based LNG import facility in Gdansk. source: www.lngprime.com

NIGERIA'S NNPC TO SUPPLY GAS TO SSONIC'S LNG PLANT

State-run Nigerian National Petroleum Corp has signed a deal with compatriot Ssonic Petroleum to supply the latter's proposed liquefied natural gas (LNG) plant in the Lekki free trade zone, Lagos. NNPC said in a statement that its unit NNPC Gas Marketing, and its unincorporated JV partner, NIPCO Gas, have executed a gas sale and purchase agreement (GSPA) with Ssonic. Under the terms of the agreement, the NGML-NIPCO UJV will supply 80 million standard cubic feet (mmscf) per day

