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NATURAL GAS SOCIETY

MAY 2018, VOL 2

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India opens biggest city gas licensing round

India today opened for bidding the biggest city gas distribution licensing round, offering 86 permits for selling CNG and piped cooking gas in 174 districts in 22 states and union territories. As many as 86 geographical areas (GAs), made by clubbing adjacent districts, are on offer in the 9th city gas distribution (CGD) bidding round, according to oil regulator Petroleum and Natural Gas Regulatory Board (PNGRB). The GAs cover 24% of the country's area and 29% of its population, Oil Minister Dharmendra Pradhan said at a roadshow organised here to promote the round. The round is likely to attract an investment of Rs 70,000 crore, a PNGRB presentation made at the roadshow said. The last day for bidding is July 10. The bid round is also aimed at meeting Prime Minister Narendra Modi's target of giving piped cooking gas connection to 1 crore households, roughly triple the current size, by 2020. Prior to the 9th round, 91 GAs were awarded which are serving a population of 240 million, 42 lakh domestic consumers and 31 lakh CNG vehicles. Of these, 56 GAs were awarded through bidding rounds and the rest on government nomination. The bid round is being held on changed parameters after 'one paisa' bids spoilt the initial auction rounds. Bidders have been asked to quote the number of CNG stations to be set up and number of domestic cooking gas connections to be given in the first eight years of operation. In the new guidelines, maximum weightage of 50 per cent has been given to the number of piped gas connections proposed in eight years from the date of authorisation, as compared to 30% earlier. The number of CNG dispensing stations proposed to be set up has been assigned 20 per cent weightage. Length of the pipeline to be laid in the GA and the tariff proposed for city gas and Compressed Natural Gas (CNG) have been assigned 10 per cent weightage each. Also, a floor tariff of Rs 30 for city gas and Rs 2 per kg for CNG has been put in order to deter bidders from quoting unviable tariff of 1 paisa per unit. PNGRB said any entity security CGD licence would have to enter into a firm natural gas supply agreement with a natural gas producer or marketer in a transparent manner on the principle of 'at an arm's length' within 180 days of winning a licence. The authorised entity has to achieve financial closure within 270 days from date of grant of licence. The winning company would have 8 years of marketing exclusivity in the given city. Current licences provide for 5 years of exclusivity.

Source: ET Energyworld

In a first, Gujarat to offer PNG subsidy

Gujarat will launch the new PNG/LPG (liquefied petroleum gas) Sahay Yojana—an extension to the Ujjwala Yojana. Gujarat is set to emerge as the first state to offer subsidized piped natural gas (PNG) to poor households. If successful, the scheme that promotes cleaner cooking fuel in Prime Minister Narendra Modi's home state will be rolled out nationally, said two senior state government officials aware of the plans. Gujarat, which has an edge over other states in terms of PNG connections, thanks to its well-developed pipeline infrastructure and easy availability of gas, will launch the new PNG/LPG (liquefied petroleum gas) Sahay Yojana—an extension to the Ujjwala Yojana. The scheme for select urban areas will supplement Ujjwala for BPL-AAY households not covered under Ujjwala to help supply households with clean fuel, the official added. As per the scheme, the government will pay Rs1,600 as one-time subsidy per connection and Rs1,725 as loan to customers opting for a new PNG connection. As a result, a beneficiary will have to pay only Rs118 to get a new connection and a refundable security deposit of Rs50 per month for a period of 100 months. The state has a pipeline network covering over 25,000km for city gas distribution. The pipeline infrastructure and maintenance charges will be borne by city gas distribution companies. In March the Gujarat government appointed Nitin Patil, chief executive officer of Gujarat Gas as the nodal officer to work out the details of the scheme and co-ordinate with various city gas retailers and the state government. The centre had in 2015 announced an ambitious target of connecting 10 million households with piped gas in the next four years by 2019. On 30 June 2015, the total number of PNG connected households stood at 2.93 million. "The present number of households connected to PNG is more than 45 lakhs of which about 17 lakh households are in Gujarat. A policy like the one Gujarat is planning for PNG households will certainly give a major boost in the country's push for cleaner cooking fuel," said an oil and gas expert who was speaking on condition of anonymity.

https://www.livemint.com/Industry/UeypJg-fWZQsQwsTV7PgCFP/In-a-first-Gujarat-to-offer-PNG-subsidy.html

20 districts in Telangana, 3 districts in Andhra Pradesh to get piped natural gas soon

Urban areas in as many as 20 districts in the State are all set to get Piped Natural Gas (PNG), soon. The Petroleum and Natural Gas Regulatory Board (PNGRB) announced that bids would be finalised in October for laying of pipelines to supply PNG in the 20 identified districts of Telangana State. The 20 districts are - Bhadradri Kothagudem, Khammam, Jagtial, Jangaon, Jayashankar Bhupalpally, Peddapalli, Rajanna Sircilla, Karimnagar, Mahabubabad, Warangal (Rural), Warangal (Urban), Medak, Siddipet, Sangareddy, Medchal, Rangareddy, Nalgonda, Suryapet, Yadadri Bhuvanagiri and Vikarabad. Tenders will be finalised by October. Likewise, Srikakulam, Vizianagaram and Visakhapatnam districts in Andhra Pradesh too have been selected for supplying piped natural gas by the board. After this round, India will have CGD coverage in nearly 50% of the total 640 districts in the country. The NDA government at the Centre had doubled the coverage of CGD networks to 94 geographical areas spread across 130 districts in the past four years. Till 2014, our country had City Gas networks in just 47 geographical areas across 73 districts. He said partnership with State governments is needed and they should cooperate.

http://www.newindianexpress.com/states/telangana/2018/may/09/20-districts-in-telangana-3-districts-in-andhra-pradesh-to-get-piped-natural-gas-soon-1812276.html

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PMPML to float tender for 500 electric, air-conditioned buses

Siddharth Shirole, director of Pune Mahanagar Parivahan Mahamandal Limited (PMPML), said that the transport body will also buy as many as 400 new CNG operated buses. In an attempt to boost green mobility, PMPML will be adding 500 electric, air-conditioned regular sized (12m) buses in the near future. These buses will be owned by PMPML. The process for acquisition of the new CNG buses will also commence soon. Shirole also said that apart from this, there's a plan to buy 1,000 e-rickshaws which will be used for last mile connectivity. While tender for the 550 new e-buses is likely to be floated in 10 days, opposition parties in Pune Municipal Corporation have demanded a trial run for 90 days. Chetan Tupe, opposition leader in PMC, said, "Authorities should take some buses from e-bus manufacturing companies for 90 days and start a trial run of these buses." The Pune Smart City Company is likely to build the charging station required for the e-buses.

https://www.hindustantimes.com/pune-news/pmpml-to-float-tender-for-500-electric-air-conditioned-buses/story-ALsO7JkBb7YV2U29rxkOUI.html

GAIL Gas gets new CEO

Asit Kumar Jana has taken over as the Chief Executive Officer, GAIL Gas Ltd. GAIL Gas Ltd is a wholly-owned subsidiary of Maharatna-PSU GAIL (India) Ltd, engaged in City Gas Distribution business across India. According to a company statement, Prior to this, Jana was Executive Director (Marketing JV, Gas Transmission, RGPPL & LNG Retail) at GAIL (India) Ltd. Jana was responsible for Gas Transmission and City Gas Distribution business of GAIL through its arm and joint venture companies. Jana is also a Director in Ratnagiri Gas and Power Pvt Ltd (RGPPL) and Avantika Gas Ltd.

https://www.thehindubusinessline.com/news/gail-gas-gets-new-ceo/article23740441.ece

CNG rush to contain air pollution level in Patna

Bihar State Pollution Control Board (BSPCB) plans to expedite the process of introducing compressed natural gas (CNG) in the city to address air pollution after a World Health Organization (WHO) report noted that Patna is the fifth most polluted city in the world in terms of PM 2.5 concentration. BSPCB plans to take steps to phase out commercial vehicles which are more than 15 years old. BSPCB chairman Ashok Ghosh convened a joint meeting which will see the participation of officials of various state government departments. Ghosh said the action plan to address pollution problem will be decided upon in Monday's (May 7) meeting. Earlier, we had a discussion with the GAIL officials in which they had assured to supply CNG by June but now we would try to talk with GAIL authorities and expedite the whole process. Besides, we are also going to ensure that under -construction buildings are properly covered up so that dust particles from the construction site don't disturb others. The pollution control board has also decided to increase the vehicle pollution checks apart from increasing the green cover along the banks of Ganga. Ghosh said as part of its pollution control measure , the pollution control board recently served showcause notices to 177 units for their failure to maintain pollution control measures.

https://www.telegraphindia.com/states/bihar/cng-rush-to-contain-air-pollution-level-227818

Piped natural gas to cover 17 more districts

Union Minister for Petroleum and Natural Gas Dharmendra Pradhan said supply of piped natural gas (PNG) project under 'Pradhan Mantri Urja Ganga' (PMUG) will be extended to 17 more districts. In October last year, Pradhan launched PNG supply in Nalco Nagar of the city, a first of its kind in the State. The city gas network laying activity in Bhubaneswar and Cuttack is progressing as per schedule and major portion of the twin city will be covered under by 2019. The natural gas pipeline will be constructed at an estimated investment of Rs 4,000 crore covering 17 districts of Angul, Bhadrak, Balasore, Jajpur, Dhenkanal, Keonjhar, Bargarh, Sundargarh, Sambalpur, Jharsuguda, Debagarh, Jagatsinghpur, Puri, Nayagarh, Kendrapara, Ganjam and Mayurbhanj, Pradhan said after reviewing the progress of PMUG at a high-level meeting here. Initially, it was planned to provide PNG supply in 73 districts under 47 geographical areas of the country.

http://www.newindianexpress.com/states/odisha/2018/may/06/piped-natural-gas-to-cover-17-more-districts-1810899.html

Indian Oil Corporation to provide green fuel for Amaravati

A national-level delegation from Indian Oil Corporation (IOC) informed Chief Minister N Chandrababu Naidu of their 'total energy services plan' for Amaravati which included bio fuel and waste management studies for sustainable development. A senior official from IOC told the Chief Minister that they were planning to provide services such as city gas, petrol, LPG, LNG, diesel hydrogen, batteries, compressed air, CNG/ bio CNG in Amaravati in the coming days, during a review meeting on CRDA at the Secretariat. The IOC officials informed that they were planning to mainly focus on solar energy for Amaravati. It already started fuel cell powered buses in other cities which can be introduced in Amaravati as well. The delegation said that they had an LNG plant coming up in Ennore and it will be functional next year. They said they can build a pipeline from Ennore to Amravati to fuel the energy needs of the city. The oil major's officials also shared their vision for Amaravati through an audio visual presentation which included the model fuel stations, the company outlets, the power supply systems and the pipeline models. Expressing his satisfaction over IOC's plan, the Chief Minister said he knew Indian Oil's strengths and believes they would be great partners in his dream of building a great city. Amaravati is an upcoming greenfield city with a great emphasis on green cover, he added. Naidu said that he wanted to make Amaravati CO2 neutral or negative.

http://www.thehansindia.com/posts/index/Andhra-Pradesh/2018-05-04/Indian-Oil-Corporation-to-provide-green-fuel-for-Amaravati/378620

Crisil to propose regulations for gas trading hub

Crisil has been appointed as the consultant to forma lise regulations that will govern the country's natural gas trading hub. A Petroleum and Natural Gas Regulatory Board (PNGRB) official told Business Line that the decision was taken earlier this month. The PNGRB had sought bids in April from consultants to develop the regulatory framework to develop and operationalise the gas trading hub/exchange in the country. An official aware of the thinking in the government said, "The gas trading hub is likely to operate like the spot power market that is already operational in the country. It will act as a demand and supply aggregator and the price of gas will be averaged out accordingly." The Oil Industry Development Board had already appointed KPMG to propose the physical location of this exchange. Sources said Crisil has 18 weeks to firm up its proposals for the gas exchange. The PNGRB is also expected to become the regulator of this gas exchange. Its role will be akin to the Central Electricity Regulatory Commission's (CERC) in the spot power exchanges.

https://www.thehindubusinessline.com/economy/crisil-to-propose-regulations-for-gas-trading-hub/article23840462.ece

GAIL stirs Bengal gas pot

The battle to dominate the gas market in eastern India is intensifying with state-owned GAIL India opposed to a move by H-Energy, a subsidiary of real estate firm Hiranandani Group, to lay a 125km pipeline between Kukrahati in East Midnapore and Itinda in North 24-Parganas. H-Energy's pipeline would result in the duplication of infrastructure and impact the capacity utilisation of the gas to be supplied by the PSU's Jagdishpur-Haldia & Bokaro-Dhamra natural gas pipeline (JHBDPL) project, GAIL . The state-owned transporter was responding to a public consultation sought by downstream oil and gas regulator Petroleum and Natural Gas Regulatory Board (PNGRB). "The CCEA has approved a capital grant of 40 per cent of JHBDPL's project cost of Rs 12,940 crore and, thus, it is part funded by the Centre. It is important that the pipeline's capacity utilisation prospects are not compromised by duplication of infrastructure in and around JHBDPL," GAIL said. It further said, "The projected demand along the proposed Kukrahati-Itinda pipeline can be met by JHBDPL itself. The potential gas to be supplied to Bangladesh can also be catered through JHBDPL by laying a spur-line of about 85km from Calcutta to Petrapol." According to the details of the plan submitted to the Petroleum and Natural Gas Regulatory Board for approval, the pipeline would provide RLNG to customers at Kukrahati in east Midnapore district. Its next stop would be near Sarisha to cater to Calcutta's city gas distribution network followed by Minakhan in North 24-Parganas. GAIL said, "The EoI has not provided the details of sourcing, tie-up arrangements for LNG which would be the commodity to be supplied through the proposed pipeline."

https://www.telegraphindia.com/business/gail-stirs-bengal-gas-pot-228543

India scraps plan to privatise oilfields following opposition from companies

The government has shelved the plan to privatise several key ageing fields of ONGC and Oil India following strong opposition from the state-run companies and consultations between the oil ministry and the Prime Minister's Office. The two companies will now draw up their own proposals to boost output from the fields.

The oil ministry drew up a detailed plan last year to sell up to 60% participating interest in 11 ageing fields of ONGC and four of Oil India to private companies under the so called Production Enhancement Contract (PEC) aimed at raising output. The plan also included another 44 older fields of ONGC and Oil India that could take on private technological partners under a process managed by the government. ET was the first to report on May 31 last year that the government planned to privatise some of the ONGC and Oil India fields. Soon after the Directorate General of Hydrocarbons (DGH), the technical arm of the oil ministry, began circulating its draft policy paper on oilfield privatisation, ONGC launched a strong protest, triggering a pause among policymakers and exchanges between the oil ministry and the PMO.

Source: ET Energyworld

All news and features carried in this NGS NG/LNG Update are compiled from various sources - print and web editions, and have been duly acknowledged.

ONGC clocks 6.3% rise in gas production

State-owned ONGC registered 6.3% increase in natural gas production in 2017-18 and is on track to double the output by 2022, a top company official said. It produced 23.484 BCM of gas in 2017-18 as against 22.088 BCM in 2016-17, he said. This is the highest gas output by ONGC in five years and the growth rate is higher than the global average of 3-4% year-on-year. ONGC has stepped up on bringing newer fields into production after Prime Minister set a stiff target of reducing oil import dependence by 10% by 2022. India currently imports over 80% of its oil needs. The overall gas production, which includes production from the joint ventures, registered a growth of 5.8% at 24.610 BCM, as against 23.270 BCM in the previous year. "This is the highest ever overall growth in percentage terms since 2001-02," he said. The company is targeting gas production of 24.41 BCM during the current financial year and shall incur an investment of around Rs 7,000 crore. The growth in output was largely contributed by C-26 Cluster fields, Daman and Vasai East fields in the western offshore as well as sub-sea well S2AB in the eastern offshore. From the onshore fields, there has been an increase in production particularly from Ramnad area in Cauvery Asset. There has also been a considerable increase in associated gas production from Ankleshwar and Assam Assets. ONGC Chairman and Managing Director Shashi Shanker said the company has been aggressively pursuing the gas production growth in line with the government's drive for cleaner gas economy. He said the company has charted out a mission to double the gas production at 42.7 BCM by 2021-22.

Source: ET Energyworld

Ambani's EWPL seeks tripling of transportation tariff

Billionaire Mukesh Ambani led East-West Pipeline has sought nearly tripling of the tariff it charges for transporting KG gas from east coast to Gujarat. Downstream oil regulator PNGRB has floated a public consultation paper on EWPL, earlier known as Reliance Gas Transportation Infrastructure Ltd (RGTIL), seeking a rise in pipeline tariff from Rs 52.23 per MMBtu charged till 2017 to Rs 151.84 per MMBtu for 2018-19 to 2035-36. A rise in tariff would lead to increase in the price of electricity and fertiliser as well as city gas like CNG. "EWPL in its updated tariff filing for determination of final tariff has submitted the capital expenditure of East-West pipeline excluding interest during construction (IDC) as Rs 187.3671 billion," PNGRB said in the consultation paper. This includes Rs 162.2730 billion of actual capex on building of the 1,460-km pipeline and another Rs 7 billion capex towards additional connectivity and Rs 18.0941 billion for maintenance and replacement. The pipeline primarily transports KG-D6 gas, which has steadily dipped from 69.43 MMSCMD achieved in March 2010 to just 4.3 MMSCMD in January-March quarter. The company on October 27 last year proposed a final tariff for the pipeline at Rs 78.72 effective from April 1, 2009, till the end of economic life of the pipeline — up to March 31, 2034. When PNGRB sought clarifications, EWPL updated the tariff filing to state that Rs 52.23 per MMBtu would be the tariff till 2017 and Rs 151.84 would be charged from 2018-19 to 2035-36, the regulator said in the notice. PNGRB said when it first fixed the provisional tariff, it had assessed the pipeline's carrying capacity of 85 MMSCMD day including 21.25 MMSCMD for use on a common carrier, open access and non-discriminatory basis by any third party. But the company challenged this first before the Appellate Tribunal of Electricity (APTEL) and then before the Delhi High Court. The Court had in April last year ordered fixing of the tariff once the quorum of PNGRB was complete.
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GAIL signs Rs 20 bn loan agreement with SBI to meet capex requirement

The pact was signed in the presence of GAIL Director (Finance) Subir Purkayastha and SBI General Manager S K Pradhan. State-owned gas utility GAIL India said it has borrowed Rs 20 billion loan from State Bank of India (SBI) to meet its general capital expenditure requirement. The loan is for a 15-year tenure, the company said in a statement without saying what interest rate it would pay on the borrowing. GAIL said it signed with SBI "a rupee term loan agreement of Rs 20 billion having a door-to-door tenure of 15 years. The purpose of the loan is for general capital expenditure of GAIL, mainly in the gas pipeline projects, in the forthcoming years." The pact was signed in the presence of GAIL Director (Finance) Subir Purkayastha and SBI General Manager S K Pradhan. "During their discussions, GAIL and SBI officials said that the loan agreement is an important milestone in the mutually beneficial relationship that the two organisations share in their path of growth," the statement added.
http://www.business-standard.com/article/companies/gail-signs-rs-20-bn-loan-agreement-with-sbi-to-meet-capex-requirement-118050100563_1.html

NATIONAL: POLICY MATTERS/GAS PRICING/OTHERS

Oil politics: By freezing fuel prices, govt. is undermining its own policy

The other worry is its impact on domestic fuel prices, which moved to a new dynamic regime in June last year
Crude oil prices have risen to their highest level since late-2014, pushed by a deepening economic crisis in Venezuela and a looming decision on whether the US will re-impose sanctions against Iran. The price of Brent crude oil, which is the international benchmark, breached $75 per barrel on Monday, May 7. A measure of the sharp rise is the fact that Brent crude was priced around $27 a barrel as late as January 2015. As a corollary, the price of the Indian basket of imported crude oil, too, has risen sharply. India's worry over crude oil prices stems from its energy needs being primarily met through imports. Oil imports rose by over 25 per cent in 2017-18 to $109 billion from a year ago. Elevated oil prices could affect India's trade deficit and consequently, the current account deficit, which was 1.9% of gross domestic product in April-December 2017-18. The other worry is its impact on domestic fuel prices, which moved to a new dynamic regime in June last year. Till two weeks ago, state-owned fuel retailers were revising the prices of petrol and diesel on a daily basis in tune with changes in international prices. However, the government seems to be going back on its promise of a transparent and predictable pricing regime by asking public sector oil companies to pause their daily retail price revision even though the average price of the Indian basket of crude oil has risen from $63.76 a barrel in April to $68.88 a barrel in May. The average marketing margin on petrol and diesel has gone down from Rs 3.5 a litre on April 1 to Rs 1.9 a litre on May 1 for the three public sector oil marketing companies. That is a sharp drop of about 45 per cent. There are several troubling aspects of this development. The most obvious is the discretionary manner in which the government has stopped a market-linked pricing regime. When international oil prices went up sharply between 2004 and 2014, the United Progressive Alliance government did not have the political will or the numbers to pass on the price increases to the consumer. The result was simple: India's oil exploration and refinery upgradation efforts slowed considerably as the companies did not have enough funds. The current regime can do without such knee-jerk response.
http://www.business-standard.com/article/opinion/oil-politics-118050701173_1.html

Vedanta, ONGC bet big in India's oil and gas auction; Global players steer clear in first round

The amount of interest in the EOI level and at the bidding level far exceeds general expectations, Director General of Hydrocarbon Atanu Chakraborty said. Anil Agarwal-led Vedanta Ltd and state-owned Oil and Natural Gas Corporation (ONGC) emerged as the top bidders for India's maiden oil and gas auction held under the new Open Acreage Licensing Policy (OALP). The 55 blocks offered in the bidding conducted by the Directorate General of Hydrocarbons (DGH), the upstream regulator, received 110 bids by nine domestic companies. Vedanta Ltd submitted bids for all of the 55 blocks put out on offer. ONGC submitted bids for 37 oil and gas blocks of the 55 offered. Oil India, the second-largest government-owned oil and gas producer submitted bids for 22 oil and gas blocks. The three companies submitted bids either individually or as part of a consortium. Of the 110 e-bids received for 55 blocks, 92 were received for onshore blocks and 18 for offshore blocks. Most the blocks put on offer by DGH received an average of two bids with two blocks from Cambay basin in Gujarat -- CB-ONHP-2017/11 and CB-ONHP-2017/12 -- receiving three bids each. Cambay block CB-ONHP-2017/1 and Rajasthan block RJ-ONHP-2017/6 received only one bid each from Vedanta Ltd. Of the nine domestic companies which participated in the technical bidding process, five were public sector units including ONGC, Oil India, GAIL (India), IOC, BPRL and four private companies including-Vedanta, Selan, HOEC and Sun Petro.The 55 blocks on offer were spread across the sedimentary areas including 19 in Assam- Arakan, 2 in Mumbai Offshore, 11 in Cambay, 9 in Rajasthan, 5 in KG, 3 in Cauvery, 2 in Kutch, 2 in Saurashtra, and one each in Himalayan Foreland and Ganga basin. The DGH expects to announce the award of the blocks by June 2018.

https://energy.economictimes.indiatimes.com/news/oil-and-gas/vedanta-ongc-bet-big-in-indias-oil-and-gas-auction-global-players-steer-clear-in-first-round/64008878

India's Supreme Court asks government to decide on petroleum coke import ban by June 30

The Supreme Court of India has asked the government to take a decision on banning the import of petcoke by June 30. In November, the Supreme Court banned the use and sale of petcoke in three states around the National Capital Region to help curb pollution. Although the ban was relaxed later for cement and lime kilns, it was followed by a petcoke import tax hike to 10% from 2.5%. Last month, the government told the Supreme Court it was formulating a nationwide policy on the use of petcoke and it had consulted the Ministry of Petroleum and Natural Gas and the Directorate General of Foreign Trade. On Thursday, May 10, the government told the Supreme Court that the process of receiving inputs from those two bodies was under way and would be completed within six weeks. State pollution control boards have started monitoring the use of petcoke by industries such as calcium carbide, cement and lime, the government told the court and said the data would be analyzed to take a final call on banning imported petcoke. According to a Mumbai-based trader source, the government cannot ban the import of petcoke when it is being produced locally, but its usage could be limited. Most end-users were confused and unsure whether to buy imported petcoke or not, while many have already switched to coal, he said.Indian production of petcoke totaled 13.9 MMT during fiscal year 2017-18 (April-March), up 7.4% year on year, government data showed. Petcoke imports in 2017-18 totaled 13.34 million mt, up 21%. Saudi Arabia and the US were the main supply source for the petcoke.

> ***Supreme Court banned the use and sale of petcoke in three states around the National Capital Region to help curb pollution***

https://www.hellenicshippingnews.com/indias-supreme-court-asks-government-to-decide-on-petroleum-coke-import-ban-by-june-30/

Split to grow both GAIL & gas market

It is welcome that the Centre plans to revamp and unbundle the market for natural gas so as to boost investments and shore up competition in pricing and supply going forward. Reports say that the government is to split state-owned gas major GAIL into separate units for marketing and pipeline operations by next March. It would make perfect sense to have the independent entities up and running even earlier. GAIL is, of course, India's biggest gas marketer and also owns much of the gas pipeline network, and we do need separate entities to avoid conflicts of interest, as the gas market here is poised for explosive growth. And GAIL already maintains separate accounts for its pipeline and marketing businesses. The way forward is to step up investment in gas pipelines and attendant infrastructure for pumping and storage, for which the investment requirement is put at $20 billion. Besides, we need multiple gas marketers to competitively seek custom and match demand with supply. In tandem, we need gas trading hubs for better price discovery in the domestic market and also have futures and options in gas. We need to shelve the administered gas pricing regime that is linked to rates in distant mature markets that do not reflect scarcity value here at home, and opt for truer market-determined prices instead, so as to boost supply. Further, we need sound regulatory oversight of the gas market for investor comfort.

https://blogs.economictimes.indiatimes.com/et-editorials/split-to-grow-both-GAIL-gas-market/

LNG diplomacy: India plans to build terminals in 4 nations

The ambitious move to supply clean fuel comes in the backdrop of increasing Chinese influence in some of these countries that New Delhi has traditionally considered within its sphere of influence. In what may boost India's role in creating a new energy security architecture for its neighbours, state-run Petronet LNG Ltd (PLL) is planning to set up liquefied natural gas (LNG) terminals in Myanmar, Bangladesh, Sri Lanka and Mauritius at an investment of around $2.5 billion. Also, Petronet, is exploring a similar opportunity in the Maldives. These terminals, totalling around 15 MMTPA, will reconvert natural gas shipped in a liquid form into gas and would help India exert economic and strategic influence in the region. The ambitious move to supply clean fuel comes in the backdrop of increasing Chinese influence in some of these countries that New Delhi has traditionally considered within its sphere of influence. Prabhat Singh, managing director and chief executive of Petronet, told Mint that the firm was looking at setting up these terminals in Bangladesh (7.5 MMTPA), Sri Lanka (2.6 MMTPA), Myanmar (3.5 MMTPA) and Mauritius (1 MMTPA). Of the four such overseas terminals planned, the ones with Sri Lanka and Bangladesh have already gained traction. A memorandum of understanding (MoU) and heads of understanding has been inked between Petronet and Bangladesh Oil, Gas and Mineral Corp., (Petrobangla) for the 7.5 MMTPA terminal. An MoU has been inked with the Sri Lankan Government, with the island nation also issuing a Letter of Intent for the terminal to come up on its western coast. While presentations have been made to the Myanmar government, PLL is among the firms shortlisted to set up the LNG terminal in Mauritius. Earlier this month, Petronet had also announced its plans to partner with state-run ONGC Videsh Ltd (OVL) to pick up a stake in an upcoming exploration and LNG project in Qatar. Singh's comments come at a time when India, the world's fourth-largest LNG importer, has been trying to leverage the glut in global LNG supplies. Also, apart from the US, new natural gas suppliers such as Mozambique, Tanzania, Egypt, Israel, Canada and Cyprus are expected to enter the LNG market, helping consumers get better prices. India is also championing for a South Asian Association for Regional Cooperation (Saarc) Energy Initiative to create sub-regional hydrocarbon infrastructure such as gas networks. This is on the lines of the Saarc electricity grid which envisages meeting electricity demand in the region. Saarc groups India, Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka, Afghanistan and the Maldives.
https://www.livemint.com/Industry/GzBJIonvBR5UYE2vNT9H5I/LNG-diplomacy-India-plans-to-build-terminals-in-4-nations.html

H-Energy launches country's first floating LNG terminal in Maharashtra

H-Energy, a unit of realtor Hiranandani Group, has launched the country's first floating liquefied natural gas (LNG) terminal at Jaigarh Port in Maharashtra's Ratnagiri district, the company said in a statement. The LNG terminal has a capacity of 4 million tonnes per annum and is slated to begin commercial operation by the fourth quarter of 2018. The terminal will also be capable of reloading LNG into other vessels. The Jaigarh Port is owned and operated by JSW Infrastruct .. The terminal will supply gas to customers through a 60-km tie-in pipeline, which will be connected to national gas grids at Dabhol. State-run GAIL already operates an LNG terminal at Dabhol. There are three more LNG terminals on the west coast, including two in Gujarat and one in Kerala. India is working on significantly expanding its LNG import terminal capacity to facilitate more import and enhance consumption of natural gas.
Source: LNG Global/ET Bureau

India seeks Japan's help to build LNG facilities

India asked Japan on Tuesday to help build infrastructure needed to boost the usage of LNG in India and elsewhere in Asia, India's oil minister Dharmendra Pradhan said after a meeting with Japan's trade minister Hiroshige Seko. India wants to increase the share of gas, which is a cleaner fuel than oil, to 15% of its energy usage by 2030 from 6.2% currently. "Explored opportunities for Japanese investments in India's gas infrastructure and SPR (strategic petroleum reserve) program," Pradhan tweeted after a meeting with Seko. The two ministers also discussed the possibility of developing joint energy projects in Africa, Pradhan said. Seko's visit to New Delhi has come at a time when India is preparing to create a network with other major oil consumers in Asia, such as China, South Korea and Japan, to negotiate better terms with sellers. The world's biggest LNG buyers, all in Asia, are increasingly clubbing together to secure more flexible supply contracts in a move that shifts power to importers from producers in an oversupplied market. The world's three biggest LNG buyers China, Japan and South Korea joined together last year in March to secure flexible supply contracts. India was not part of that group. However, in October the Indian cabinet approved a plan allowing New Delhi to work with Japan to make long-term LNG import deals more affordable for its consumers.
https://www.hellenicshippingnews.com/india-seeks-japans-help-to-build-lng-facilities/

Contracts offer glimpse of progress on Jafrabad FSRU project

Multiple contracts announced this week provide a progress report of sorts on the floating storage regasification unit (FSRU) being built explicitly for use in Indian territorial waters. News of supplier and classification contracts for Swan LNG's Jafrabad FSRU project coincided with the arrival of another FSRU in India – GDF Suez Cape Ann – which will shortly commence operations as India's first floating LNG receiving facility. Hyundai Heavy Industries (HHI) is currently building the as-yet-unnamed Jafrabad FSRU at its shipyard in South Korea. The 180,000m3 FSRU is set for delivery in December 2019 and expected to begin operating early in 2020 in India's Gujarat province. The 5 MMTPA project's cost is estimated at more than US$600M. The Indian gas market is expected to be one of the fastest growing in the world over the next two decades with natural gas projected to make up 20% of India's total energy consumption by 2030. TMC Compressors of the Seas has signed two contracts to supply five marine compressors to the Swan LNG FSRU. TMC agreed the contract directly with HHI to provide three service and control air compressors to the South Korean shipyard.
Source: LNG World Shipping/Indian Oil & Gas

Cyprus-Egypt gas pipeline to cost $800 mln-$1 bln

According to Egyptian Petroleum Minister Tarek El Molla a planned pipeline connecting Cyprus' Aphrodite gas field to Egypt's LNG facilities will cost between $800 million and $1 billion. Egypt has rapidly increased its production of natural gas and hopes to become a hub for exporting to Europe after making a series of big discoveries in recent years. Molla, speaking at a joint news conference with Cyprus Energy Minister Yiorgos Lakkotrypis, said Cypriot gas would be used in part for domestic consumption and in part for export. Molla said last month that Egypt aims to sign an agreement with Cyprus for a pipeline to transport gas from the Aphrodite field to its LNG facilities. Lakkotrypis said a final agreement on the pipeline would be signed as quickly as possible but did not specify when. Egypt hopes to halt gas imports by 2019 and achieve self-sufficiency. Egypt has an extensive pipeline network and two idle gas liquefaction plants ready to export new gas as it arrives. Molla said that domestic gas production has increased to 5.7 BCFD as a result of new production coming online, up from 5.5 billion in February. It rapidly increased its production of natural gas in 2017 with four major new gas production projects coming online, some ahead of schedule. Its newly discovered fields include the mammoth Zohr field discovered by Italy's Eni in 2015. Egypt is targeting about $10 billion in foreign investment in the oil and gas sector in the 2018/19 fiscal year that begins in July, Molla said last month, matching the figure expected for the current year.

Source: LNG Global

US EIA lowers expected Q3 gas marketed production by 1.09 Bcf/d to 87.13 Bcf/d

The US Energy Information Administration on Tuesday, May 8, lowered by 1.09 Bcf/d to 87.13 Bcf/d its natural gas marketed production estimate for the US in third-quarter 2018. EIA, in its May Short-Term Energy Outlook, also lowered its Q2 production forecast 0.33 Bcf/d to 86.18 Bcf/d. The agency raised its natural gas consumption estimates 1.5 Bcf/d to 69.12 Bcf/d for Q2, but lowered the estimate 0.59 Bcf/d to 69.18 Bcf/d for Q3. EIA raised its forecast for Q2 Henry Hub natural gas spot prices 3 cents to $2.85/MMBtu. The Q3 forecast also rose by 1 cent from the previous month to $3.02 MMBtu. The agency projected Henry Hub natural gas prices would average $3.01/MMBtu for full-year 2018 and $3.11/MMBtu in 2019.

https://www.hellenicshippingnews.com/us-eia-lowers-expected-q3-gas-marketed-production-by-1-09-bcf-d-to-87-13-bcf-d/

PetroChina targets 4.3 BCM gas output in 2018 at China's largest oil field

PetroChina said it aims to produce 4.3 billion cubic metres (BCM) of natural gas in 2018 from its Daqing oil field, China's largest, up from 4 BCM in 2017. PetroChina said in a statement posted on its official website that it plans to drill 10 new wells at Daqing, aiming to lift daily natural gas output by 500,000 cubic metres. News comes as the company shifts focus to natural gas production at the ageing Daqing field, which has seen oil output dwindle amid high production costs. Daqing recorded a 7% fall in 2017 output versus the previous year.

https://www.hellenicshippingnews.com/petrochina-targets-4-3-BCM-gas-output-in-2018-at-chinas-largest-oil-field/

In Europe, Gas Is King

Natural gas demand in Europe is growing at a remarkable pace, according to a report published last week. And this growth is set to quicken over the next five years. This isn't just about market forces – it's the result of concerted European Union policy. The report, published by the Oxford Institute for Energy Studies, concludes that EU laws including the cap-and-trade Emissions Trading Scheme and new rules for power installations are pushing the share of gas in the EU's energy mix up. Natural gas demand in Europe increased by 5% last year, the third yearly increase in a row, reaching 548 BCM. The strongest growth was in Germany, France, the UK, Italy and the Netherlands. Natural gas demand in Europe already rose significantly in the 1990s, peaking at 25% of consumption in 2010 before falling in the years thereafter due, in part, to difficulties of security of supply in Russia. But though those difficulties have not abated, the gas proportion is rocketing up again because of EU policy, and will shortly match those 2010 highs. The EU's 2010 industrial emissions directive, which set efficiency requirements and emissions limits for power plants, has a had a particular effect, the report concludes. These limits are expected to effectively ban all but the cleanest coal plants in the next five years. And gas is replacing that coal supply. Though coal accounts for 20% of EU energy supply today, this is expected to decrease significantly within the next five years because of decisions to phase out coal in several countries including France (by 2022) and the UK (by 2025). At the same time, the cost differential between gas and coal and oil is growing. The market stability reserve introduced in the most recent reform of the emissions trading scheme will make power generation within Europe more expensive, in many cases, than importing it. And while nuclear remains the cheapest form of power in the long term, political decisions in several countries including Germany will see nuclear power phased out. An increased reliance on gas, at the expense of coal and nuclear, will require more gas imports. The preferred supplier for the EU is Norway, but the reality is that for the foreseeable future, the largest supplier is going to be Russia. Poland, which still uses little gas and is heavily reliant on domestic coal, has been siting energy security fears in its resistance to new EU laws that favour gas. Poland has also been the leading country blocking authorisation of a proposed new gas pipeline from Russia to Germany via the Baltic Sea. The EU is looking at possible alternatives for gas supplies from the South, including the South Stream project to bring gas to the EU from Azerbaijan. The European Commission, the EU's executive branch, has highlighted the emissions-reduction benefits of switching from coal to gas. But this has rankled climate campaigners, who say EU lawmakers are being too positive on gas and are making investments in new projects that will lock the EU into gas dependency for many years to come. They say this money should instead be invested in renewable energy and efficiency improvements. The Oxford Institute study predicts an energy landscape in five years in which gas is king in Europe. Policymakers and energy stakeholders will certainly be taking this into account when devising their long-term planning. It would appear that Europe's gas lock-in is already well under way.

https://www.forbes.com/sites/davekeating/2018/04/30/in-europe-gas-is-king/2/#d74c9d454d2d

Pakistan invites Iran to hold talks on IP gas line

Pakistan has extended an invitation to Iran for holding crucial talks on the most import project of the IP gas pipeline that was earlier unilaterally shelved by the government. Both sides would put their heads together to find out the way out how to proceed for implementation of the project in the presence of the US sanctions and hawkish attitude of the Trump administration. President Trump is hell bent upon deviating from the US-Iran nuclear deal earlier done during Obama regime. So under the new scenario, the top mandarins of both the countries would also work out new timelines for the project's completion. Pakistan and Iran have already agreed to open up and review the gas sales purchase agreement (GSPA) inked between the two in 2009 following the reduction in the prices at which Pakistan is procuring the LNG from Qatar and is having the imported product through spot purchasing and the price of gas settled under TAPI gas line. Pakistan and Iran signed GSPA in 2009 under IP gas pipeline project in era of Pakistan People's Party. Since then the project could not get the shape. Tehran had already indicated to authorities concerned in Islamabad saying it has made up its mind to move arbitration against Pakistan for unilaterally shelving the project. Tehran, while threatening Pakistan, had asked for the payment of over $1.2 billion as under the penalty clause from January 1, 2015, as Pakistan is bound to give penalty of $01 million per day if it fails to have intake of gas from Iran under the IP project. The IP project was to be implemented under segmented approach meaning by that Iran had to lay down the pipeline on its side and Pakistan had to build the pipeline in its territory. The project was to be completed by December 2014 and come on stream from January 1, 2015. Under the penalty clause it was agreed by both sides that if Pakistan fails to have intake of Iranian gas from January 1, 2015, it will have to pay $1 million per day as penalty.
https://www.thenews.com.pk/print/314182-pakistan-invites-iran-to-hold-talks-on-ip-gas-line

Iran views Turkmenistan-India gas pipeline as unlikely: report

Iran is ready to participate in a gas swap between Pakistan and Turkmenistan, but a long-planned pipeline to transport gas from Turkmenistan to India is unlikely to become operational, Iran's semi-official Fars news agency reported. "I see it unlikely for the TAPI (Turkmenistan-Afghanistan-Pakistan-India) pipeline to become operational and Iran is ready for this swap to Pakistan," Fars quoted the head of the National Iranian Gas Company, Hamidreza Araqi, as saying. The TAPI pipeline - named after the countries involved, Turkmenistan, Afghanistan, Pakistan and India - was first proposed three decades ago. But the region's complex geopolitics and security concerns have hindered its construction. TAPI will transport 33 billion cubic meters of gas a year along an 1,800 km (1,125 mile) route from Turkmenistan's Galkynysh, the world's second-biggest gas field, to Fazilka in northwest India. "We have announced our readiness to Turkmenistan for exporting their natural gas to Pakistan, but have not received any response from them," Araqi said.

"Given Iran's situation in the centre of the region, we can join every gas pipeline that passes around the country."
http://www.business-standard.com/article/reuters/iran-views-turkmenistan-india-gas-pipeline-as-unlikely-report-118043000932_1.html

IGU, IOGP and IPIECA join natural gas industry leaders to combat methane emissions

Leaders of global energy industry associations and natural gas industry leaders have focused on reducing methane emissions by the adoption of 'Methane Guiding Principles'. IGU, IOGP and IPIECA (International Petroleum Industry Environmental Conservation Association) became Associate Signatories to the guidelines, joining signatory companies BP, Eni, ExxonMobil, Gazprom, Qatar Petroleum, Repsol, Statoil, Shell, Total, Wintershall and Woodside to encourage their application. Providing access to energy, while addressing global climate change, is one of the greatest challenges of the 21st century. Natural gas plays a major role in meeting global energy demand today. Since natural gas consists mainly of methane, a potent greenhouse gas, its part in the transition to a low-carbon future will be influenced by the extent to which the oil and gas industry reduces its methane emissions.

The Guiding Principles focus on priority areas for action along the natural gas value chain, from production to the final consumer. They are complementary to and mutually reinforcing of other initiatives, including the Oil and Gas Climate Initiative and the Climate and Clean Air Coalition's Oil and Gas Methane Partnership.

The Guiding Principles include:

- continually reducing methane emissions;
- advancing strong performance across gas value chains;
- improving the accuracy of methane emissions data;
- advocating sound policies and regulations on methane emissions; and
- increasing transparency.

A concerted industry response is needed to increase focus on the reduction of methane emissions. Therefore, signatories will encourage other companies to apply the principles. The principles were developed collaboratively by BP, ENI, ExxonMobil, Repsol, Statoil, Shell, Total and Wintershall, as well as a coalition of international institutions, non-governmental organisations (NGOs) and academics: The Environmental Defense Fund, the International Energy Agency, the International Gas Union, Oil and Gas Climate Initiative Climate Investments, Rocky Mountain Institute, Sustainable Gas Institute, The Energy and Resources Institute, United Nations Environment.
http://www.ngvglobal.com/blog/igu-iogp-and-ipieca-join-natural-gas-industry-leaders-to-combat-methane-emissions-0502

A U.S. shale gas cargo is heading to Israel for the first time

Israel is about to receive a cargo of U.S. liquefied natural gas, the first to arrive in the Middle Eastern nation from America's shores since exports began in 2016. The vessel British Diamond, beneficially owned by BP Plc, is set to arrive at Israel's Hadera import terminal on May 27 after departing Cheniere Energy Inc.'s Sabine Pass in Louisiana on May 3, ship tracking data compiled by Bloomberg show. Most cargoes to Hadera have come from Trinidad and Tobago, which also ships to the U.S. U.S. shale gas has sailed from the nation's two operating LNG export terminals — Sabine Pass and Dominion Energy Inc.'s Cove Point facility in Maryland — to buyers from Mexico to China. With three more projects set to start up in the next year, America is on course to rival Qatar and Australia for global LNG dominance in the next five years. Israel's gas imports, meanwhile, may slide in coming years as the nation produces more gas from domestic fields. Earlier this year, Dolphinus Holdings Ltd., a private Egyptian company, agreed to buy gas from Noble Energy Inc. and its partners from Israel's two largest offshore fields, Leviathan and Tamar.
https://www.hellenicshippingnews.com/a-u-s-shale-gas-cargo-is-heading-to-israel-for-the-first-time/

Global LNG-June prices slip on healthy supply

Asian spot prices for liquefied natural gas (LNG) edged lower over the past week amid plentiful supply, despite strong oil and coal markets. Asian LNG prices for delivery in June LNG-AS slipped 20 cents to $7.90 per MMBtu, and the July contract was assessed at $8.20 per MMBtu. Demand emerged from several countries, including Mexico, Argentina, Taiwan, Kuwait, Turkey and India, but supply kept pace as producers from Indonesia to Trinidad churned out cargoes sold via tenders. LNG markets are in the midst of the northern hemisphere's low-demand spring season, during which little gas is typically used, except that demand has been relatively strong this year, driven not just by China but also by India and South America. Brent crude traded at $77.12 a barrel, just below the $78-level hit on Thursday, its highest since November 2014. Coal demand in Asia is strong and Chinese domestic prices have been rising on concerns about import restrictions. Coal and gas markets are linked as they are the main fossil fuel competitors in power generation. Overall, the LNG market in Asia has tightened over the past year, with the winter seasonal demand peak (December/January) and spring low (April/May) seeing significantly higher prices in 2017/2018 than in 2016/2017.
https://www.hellenicshippingnews.com/global-lng-june-prices-slip-on-healthy-supply/

PNG LNG completes restart

EXXONMOBIL has resumed normal production rates a month after restarting the Hides gas conditioning plant and one LNG train that was shut down after the February earthquake. The plant's second train is also operational, with the company expecting to reach full capacity in May. Exports from the LNG plant outside Port Moresby have also resumed. ExxonMobil PNG managing director Andrew Barry acknowledged there was still plenty of relief work to do after the magnitude 7.5 earthquake that struck Hela province in late February. "I am extremely proud of the spirit of partnership and commitment that has been displayed by so many in recent weeks to help our business and communities through these events," Barry said. "We know there is a lot of work to be done and communities are still struggling. "It will take some time to restore homes, food gardens, health centres and education services, and we remain committed to working with the government, our community partners and aid organisation to continue providing assistance and support in the weeks and months ahead." To date the company has provided nearly 3.5 million Kina towards humanitarian relief.
http://www.pngindustrynews.net/lng/news/1337281/png-lng-completes-restart

Chevron to idle Gorgon LNG unit in May, considers boosting Australian output

Chevron will idle the second production unit at its Gorgon LNG project in May to carry out modifications already implemented at the other two units, a senior executive said. Pat Yarrington, Chevron's vice president and chief financial officer, said in an earnings call on Friday that Gorgon Train 2 in Australia has a planned "pit stop" in May for crews to replicate performance improvement modifications. Traders said the maintenance is expected to last 30 days. The work will focus on remedying vibration problems already fixed on Trains 1 and 3, they said. A company spokesman declined to comment on the maintenance duration or the issues being addressed. LNG production at Wheatstone's first train started in October 2017. The company expects to start LNG production from the second train this quarter, Yarrington said, bringing the facility to its annual target output of 8.9 MMT. Chevron also plans to exploit global gas supply deficits forecast early in the next decade by boosting production from existing trains at Gorgon and Wheatstone through a process known as debottlenecking, vice-president of midstream Mark Nelson said.Boosting output via low-cost debottlenecking could improve Gorgon and Wheatstone profit margins which, burdened by among the highest per metric tonne cost of production, struggle in the low-price environment. Asian spot LNG prices for June delivery are trading at $7.95 per MMBtu, compared with a range of $12-20 per MMBtu between 2011 and 2015.
Source: LNG Global/Reuters

Sri Lanka approves $500 million LNG plant near Chinese-controlled port

Sri Lanka's state-run investment body has approved a $500 million liquefied natural gas plant by China Machinery Engineering Corp near a Chinese-controlled port and industrial zone, the development strategies minister said on Friday, April 4. The state-run Board of Investment has approved investment projects worth $1 billion in the first quarter, Malik Samarawickrama said, the largest of which was the LNG project in Hambantota, where China Merchants Port Holdings controls a Chinese-built port on a 99-year lease. The port, which is leased for $1.12 billion, is near the main shipping route from Asia to Europe and likely to play a major role in China's "belt and road" initiative. Chinese control of Hambantota, as well as a plan to acquire 15,000 acres (23 square miles) to develop an industrial zone nearby, has raised fears that it could also be used for Chinese naval vessels. Government and diplomatic sources have told Reuters that the United States, India and Japan had raised concerns that China might use the port as a naval base. The Sri Lankan government has said the agreement bans usage of port for military purpose.
https://thehimalayantimes.com/business/sri-lanka-approves-500-million-lng-plant-near-chinese-controlled-port/

Greece's gas company DEPA to take part in a market test for LNG terminal

Greek gas company DEPA will take part in a market test for the development of a liquefied natural gas terminal in northern Greece, DEPA said on Friday, May 4. Greece currently has one LNG terminal on an islet off Athens. Gastrade, part of Greek energy group Copelouzos, is planning a second LNG terminal near the northern city of Alexandroupolis. State-controlled DEPA last year agreed to participate in the project, while Bulgarian Energy Holding (BEH) has also expressed interest in the scheme. DEPA has agreed with BEH and Gastrade on the future capacity reservation by DEPA and for the company's participation in the test that will carried out in the coming months, DEPA said in a statement. It added that the Bulgarian firm has said it would speed up discussions to finalise its participation in the project. The LNG facility, with an estimated annual capacity of 6.1 BCM, will seek to supply gas to southeastern Europe via another natural gas pipeline scheme that will cross through Greece, the Interconnector Greece-Bulgaria (IGB).

Source: Reuters/LNG Global

Exxon pushes ahead with Rosneft LNG project despite sanctions - sources

Exxon Mobil is pushing ahead with efforts to develop its $15 billion Far East Liquefied Natural Gas (LNG) project with Russia's Rosneft despite being forced to exit some joint ventures due to Western sanctions. Two months ago Exxon invited companies including China National Petroleum Corporation's engineering arm to bid for construction contracts by October, sources with knowledge of the matter said. A final investment decision is due in 2019, they said. The project is being jointly developed with Rosneft using gas from the Sakhalin-1 venture which will be chilled into liquid to underpin the LNG plant's initial annual output target of 6 MMT. Western sanctions forced Exxon to exit some joint ventures with Rosneft in late February, but LNG is not part of the sanctions. The Russian company said the move would not affect the Sakhalin-1 oil and gas production-sharing JV struck in the mid-1990s. "The Sakhalin-1 consortium continues to explore every opportunity to monetise Sakhalin-1 gas resources," Exxon spokeswoman Julie King said. Exxon's LNG footprint is expanding rapidly with major new projects planned in Qatar, Mozambique, Papua New Guinea and the United States as demand in China and Southeast Asia booms. Gas accounted for 43% of Exxon output last year, according to BMO Capital Markets, a share set to rise as new LNG projects start up.

https://www.hellenicshippingnews.com/exxon-pushes-ahead-with-rosneft-lng-project-despite-sanctions-sources/

Bangladesh's Petrobangla inks 10-year deal to buy LNG from Oman Trading International

Bangladesh's state-owned Petrobangla has signed a 10-year deal to buy 1 MMTPA of LNG from Oman Trading International, said Chairman Abul Mansur Mohammed Faizullah. The sales and purchase agreement is Bangladesh's second long-term contract. In September last year, it signed a deal to buy 2.5 MMTPA of LNG from Qatar's RasGas over 15 years. Petrobangla's SPA with Oman Trading International is under a delivery ex-ship arrangement, with the price including transportation costs for LNG to be delivered to the terminal. Under the deal, the base quantity of 500,000 tonne/year is subject to the completion of the first LNG terminal and another 500.000 tonne/year is subject to the completion of the second terminal owned by Summit Group, expected to start up later this year. The purchase price for LNG from Oman Trading has been set at around 11.9% of the three-month average of Brent crude prices plus 40 cents/MMBtu, Faizullah said. In comparison, in its deal with RasGas, Petrobangla buys LNG at 12.65% of the three-month average of Brent crude plus an additional 50 cents/MMBtu. Its first commissioning cargo arrived on April 24 at the Excelerate Energy Bangladesh-owned FSRU Excellence, 136,009 cu m of lean LNG from RasGas. State-owned Rupantorita Prakritik Gas Company Ltd. is in charge of monitoring LNG imports.

https://www.platts.com/latest-news/natural-gas/dhaka/bangladeshs-petrobangla-inks-10-year-deal-to-27975917

BP Alaska signs onto the Alaska LNG Project in a 'historic milestone'

A gas sales agreement between BP Alaska and the state is being touted as 'a historic milestone' in the decades-long effort to construct a natural gas pipeline from the North Slope for sale abroad. Keith Meyer, the executive director of the Alaska Gasline Development Corp., said the parties had agreed to key terms namely, price and volume, "which are the two big significant components of any sales agreement." BP Alaska's Chief Executive, Bob Dudley, was quoted in an AGDC press release saying that the company is "pleased to be part of the State's vision to bring Alaskan natural gas to new and expanding markets globally. We think this is good for the State, good for BP and good for the environment." The gas sales precedent agreement was signed May 4. The project would see an estimated 30 trillion cubic feet (TCF) of gas from Prudhoe Bay, taken down to Nikiski through an 800 mile pipeline and turned into Liquid Natural Gas (LNG) at a plant before being shipped overseas. Meyer said similar gas sale agreement negotiations were ongoing with other major North Slope suppliers that the AGDC hoped to conclude soon. "We're saying weeks, months but not longer than months." He said the specifics of the deal with BP Alaska were not being released as the other negotiations continued. Mike Navarre, the Alaska Commerce Commissioner, spoke at Anchorage's Make it Monday Forum about Gov. Walker's upcoming trip to China and discussed the deal. "What it means is we have one of the major producers in Alaska that has committed their gas to the project and that is a significant step in the right direction." [Edited]

Source: LNG Global

All news and features carried in this NGS NG/LNG Update are compiled from various sources - print and web editions, and have been duly acknowledged.

Toluca Police Department in Mexico puts into operation 100 NGVs

The mayor of Toluca Fernando Zamora Morales delivered 100 patrols to the Citizen Security Directorate with the objective of strengthening the "Police Working for You" Program. In this sense, the vehicles will be deployed in areas where, according to studies carried out by the municipality, there is a higher crime rate such as bus stops, schools, ATMs of banks, companies, shopping centers, among others. The patrols, acquired with municipal resources and that will reinforce the security of the 200 sectors in which the territory of the State of Mexico's capital has been divided, run on natural gas, so in addition to providing an economic saving, they will help reduce carbon monoxide emissions, thus improving air quality. It should be added that AltFuels Mexico 2018 was recently held at the WTC of Mexico City, an event dedicated to promote and encourage adoption of alternative fuel technologies. It was attended by worldwide energy companies and experts, as well as many visitors interested in knowing more about clean energies and sustainable mobility. For more information, visit the official.

http://www.ngvjournal.com/s1-news/c3-vehicles/toluca-police-department-puts-into-operation-100-ngvs/

Canadian Natural Gas Vehicle Alliance launches new website

The Canadian Natural Gas Vehicle Alliance (CNGVA) has launched a new bilingual website to provide Canadians with information to encourage greater use of natural gas fleet vehicles in Canada's transportation sector. Today, natural gas vehicles operate in Canada in a variety of applications including medium and heavy-duty trucks, transit, refuse, marine, rail and off road. The website is a consolidation of both the CNGVA.org site, and GoWithNaturalGas.ca, a collaborative initiative between industry and Natural Resources Canada to support greater use of natural gas for transportation. The new site offers information on environmental benefits, payback and performance, driving range, fuel savings, fleet success stories, energy use, properties, and safe handling. "Whether for heavy trucks, buses, ships, or rail locomotives, natural gas can reduce fleet fuel costs and lower emissions. CNGVA's new website builds on the valuable collaborative work between CNGVA, industry, and Natural Resources Canada to raise awareness about the benefits of this emerging fuel option for vehicles. It also will provide the necessary information for fleets thinking of converting," said Bruce Winchester, Executive Director of the Canadian Natural Gas Vehicle Alliance. "Natural gas is a transportation fuel success story that Canada needs to seize. It helps reduce the operating costs and emissions of heavy-duty and medium-duty trucks, transit, rail, marine, and off road fleets, which need to remain competitive to help keep the Canadian economy moving," added Timothy M. Egan, President and CEO of the Canadian Gas Association.

http://www.ngvjournal.com/s1-news/c1-markets/canadian-natural-gas-vehicle-alliance-launches-new-website/

City in southwestern Colombia reaches 50 eco-friendly CNG buses

With the support of the Palmira Municipal Administration, the Unified Transportation Company of Palmira, TUPAL, presented 13 NGVs that will help improve the quality of urban transportation in the city. The ceremony was attended by Mayor Jairo Ortega Samboní, as well as other authorities of private and social entities. With this addition, Palmira already has 50 new environmentally friendly vehicles running on natural gas, allowing considerable reductions in polluting emissions. The buses also have security cameras, monitors to control speed and access ramps for the population with reduced mobility. This fleet places Palmira at the forefront and pioneer in the Valle del Cauca with a modern, non-polluting transportation system. "This is a source of pride to us that our city, among few in Colombia, can enjoy modern, competitive and environmentally friendly transportation. This guarantees a safe and quality service for the entire community," said Mayor Ortega Samboní. According to the Secretary of Traffic and Transport Erminson Ortiz Soto, with the current fleet of 50 vehicles, the urban transport service is expected to exceed the 5,000 passengers per day, efficiently connecting the city center with the surrounding neighborhoods, educational institutions, shopping centers, health entities and universities.

http://www.ngvjournal.com/s1-news/c3-vehicles/city-of-southwestern-colombia-reaches-50-eco-friendly-cng-buses/

More than 500 CNG and LNG vehicles for France's Jacky Perrenot

French transportation and logistics company Perrenot Group has acquired six IVECO Stralis X-WAY NP, signing the deal at Intermat Paris in late April. Perrenot is seeking to replace diesel with industry-leading natural gas technology for its construction logistics fleet. This agreement comes on the back of the order for 250 Stralis NP the logistics operator placed during the Solutrans show in November 2017.

Source: NGV Global

Volkswagen presents new natural gas system at Vienna Motor Symposium

Volkswagen will be enhancing its model range with the introduction of what it says is currently the world's most cutting-edge natural gas drive, announced at the Vienna Motor Symposium (26 to 27 April). The technology meets the CO2 fleet emissions target of 95 g/km prescribed in the EU as of 2020. The new 1.5 TGI Evo direct injection natural gas engine, fitted with VTG forced induction (latest-generation turbochargers with variable turbine geometry), is based on the 1.5 TSI ACT BlueMotion1/2/3/4 engine. Like its counterpart, the equally powerful natural gas engine, at 96 kW/130 hp, uses the efficient TSI/TGI Miller combustion process. For Volkswagen, the new 1.5 TGI Evo is a lynchpin in its natural gas campaign. Its stated objective: further increasing the volume of natural gas engines operating efficiently and largely without generating particle emissions. On the German market, natural gas engines already represent the drive type with the strongest growth. Moreover, the TGI petrol engines can be run on e-gas – renewable CNG based on methane obtained from wind, solar, hydropower or biomass power generation processes. Production of the 1.5 TGI Evo engine will start this year. With an estimated average consumption of 3.5 kg/100 km (CNG) in the current Golf featuring dual clutch gearbox (DSG), the agile turbocharged engine will be as efficient as it will be cost-effective to run. This results in a range of 490 km in CNG mode.

http://www.ngvglobal.com/blog/volkswagen-presents-new-natural-gas-system-at-vienna-motor-symposium-0502

IVECO launches natural gas vehicle range in Japan

IVECO has launched its natural gas powered vehicle range on the Japanese market with a display of the Stralis NP 400 and the Daily Blue Power Family at the

Japan Truck Show in Yokohama, open from May 10th to 12th. The Stralis NP 400 is the first ever Liquefied Natural Gas (LNG) truck ready for sale in Japan. IVECO presented the latest developments in its action plan to support the use of natural gas in the transport sector in Japan. The event, held on May 8th at the Nippon Press Centre in Tokyo, was attended by Pierre Lahutte, IVECO Brand President; Takao Kashiwagi, Professor at Tokyo Institute of Technology and Chairman of the LNG Expert Committee; Hiroaki Matsuoka, President of Fuji Transport Corporation; Mariarosa Baroni, President and CEO of NGV Italy, and Jean-Claude Girot, President of the French Natural Gas Vehicles Association (NGV France) and General Commissary of the Paris Motor Show, as well as distinguished guests from government, media and the transport sector. IVECO's plan of action comes on the back of the Memorandum of Cooperation that the Ministry of Economy, Trade and Industry of Japan signed with the European Commission last year for the development of advanced technologies for the use of LNG powertrains in road and maritime transport.

The brand announced the public launch of the Stralis NP 400, the first heavy-duty natural gas vehicle ready for sale on the Japanese market and the first natural gas truck specifically designed for long distance transport. It can run on Liquefied (LNG), Compressed Natural Gas (CNG), or a combination of the two.

Source: NGV Global

Spain: HAM opens compressed natural gas station in Seville

The HAM Group has opened a new compressed natural gas dispenser at its service station in Seville. The refueling facility is already operational, and is located in Alcalá de Guadaíra (Seville), between SE30 and A-92 km. Initially, the Seville station supplied only LNG and, due to the high demand, it has been modified so that it can refuel both products, LNG and CNG. Professional fleets can refuel with credit card and HAM card. This initiative consolidates HAM's leadership in the natural gas for vehicles sector, maintaining its commitment to its pricing policies and strengthening the confidence of its customers. Currently, HAM has a wide network of natural gas stations, offering both LNG and CNG, distributed throughout Spain.

http://www.ngvjournal.com/s1-news/c4-stations/spain-ham-opens-compressed-natural-gas-station-in-seville/

NATIONAL: LNG DEVELOPMENT/SHIPPING

Adani signs pact with IOC for regasification services at Dhamra

Adani Ports and Special Economic Zone Ltd (APSEZ) which is building LNG import terminal at Dhamra in Odisha, has signed a long-term agreement with Indian Oil Corporation Ltd (IOC) to provide liquefied natural gas (LNG) re-gasification services on a use-or-pay basis to the state-run refiner. As per the contract, IOC has booked 3 MMTPA re-gasification capacity spread over 20 years. IOC plans to supply the gas to its refineries at Paradip in Odisha and Haldia in West Bengal. The proposed Dhamra LNG import terminal is designed for an initial capacity of 5 MMTPA, expandable up to 10 MMTPA. Initially, it will have two full containment type tanks of 180,000 cubic meters capacity each. It will have a jetty capable of handling a wide range of LNG supply vessels, including the largest Q-max fleet from Qatar. Foundation stone of the project was laid in July 2017 and L&T has commenced the construction. L&T has won the contract to set up tankages for gas storage. The terminal is expected to be commissioned during the second half of 2021.

Source: Indian Oil & Gas

All news and features carried in this NGS NG/LNG Update are compiled from various sources - print and web editions, and have been duly acknowledged.

TECHNOLOGICAL DEVELOPMENT FOR CLEANER ENVIRONMENT /BIO-METHANE

U.S. largest brewer acquires 800 hydrogen-powered trucks

Anheuser-Busch and Nikola Motor Company announced that America's leading brewer has placed an order for up to 800 hydrogen-powered semi-trucks. The zero-emission trucks — which will be able to travel between 500 and 1,200 miles and be refilled within only 20 minutes, reducing idle time — are expected to be integrated into Anheuser-Busch's dedicated fleet beginning in 2020. Through this agreement Anheuser-Busch aims to convert its entire long-haul dedicated fleet to renewable powered trucks by 2025. Nikola's technology will enable the brewer to achieve this milestone across its long-haul loads, while also helping to improve road safety through the trucks' advanced surround viewing system. The partnership with Nikola will contribute to Anheuser-Busch's recently announced 2025 Sustainability Goals, which include reducing CO2 emissions by 25% across its value chain. Once fully implemented, the carbon reductions gained from these 800 trucks will reduce the brewer's carbon emissions from logistics by more than 18% equivalent to taking more than 13 thousand passenger vehicles on the road annually.

http://www.ngvjournal.com/s1-news/c7-lng-h2-blends/u-s-largest-brewer-acquires-800-hydrogen-powered-trucks/

Rolls-Royce will convert up to nine Norwegian ferries to gas propulsion

Norwegian expedition cruise operator Hurtigruten has signed a Letter of Intent with Rolls-Royce for a major environmental upgrade program, including switching the main engines on up to nine cruise ships from diesel to LNG and installing a hybrid battery system. The deal comprises the supply of equipment to six existing passenger cruise vessels, with an option for a further three. The ships will completely change their power system with the installation of new Rolls-Royce LNG engines. The upgrade will enable the former diesel-powered ships to reduce CO2-emissions by at least 25%. Daniel Skjeldam, CEO of Hurtigruten was recently awarded licenses by the Norwegian Government for seven out of 11 coastal ferry routes. The year-round service, on the renowned passenger and cargo route from Bergen in the southwest to Kirkenes in the north, has 34 stops. One of the key requirements from the Government of the route's operator was a reduction in CO2-emissions. With its plans for a major upgrade, Hurtigruten will continue operating its existing fleet on the route, while meeting these new stricter environmental demands. The intentional agreement specifies that Rolls-Royce is to deliver two of its Bergen B36:45L&PG gas engines as the main engines to each ship. These LNG engines set a new standard in power and efficiency with exceptionally low emissions of NOx, CO2, SOx and particulates.

http://www.ngvjournal.com/s1-news/c7-lng-h2-blends/rolls-royce-will-convert-up-to-nine-norwegian-ferries-to-gas-propulsion/ [Edited]

Oman next up for LNG bunkering

Natural gas from onshore basins in Oman could be used to develop a maritime fueling point for liquefied natural gas, French supermajor Total said. The French company signed a memorandum of understanding with the Omani government to develop, alongside its Dutch counterpart Royal Dutch Shell, an onshore natural gas basin that could have a peak capacity of 1 billion cubic feet per day. Analysis published early last month from consultant group Wood Mackenzie found that improved market conditions and improvements on where operators can break even in terms of the price of oil led to an uptick in industry sentiment. For natural gas, the bonanza could be in Iran, Norway and Oman. The French company said it would use its share of the gas in Oman to develop a regional hub for LNG bunkering for fueling marine vessels. Bunkering is the ship-to-ship transfer of fuel. Total in July said it was making strides on LNG as a fuel through its marine fuels subsidiary. Its first agreement for LNG bunkering was signed with Brittany Ferries, a French passenger and freight shipper that starts to get the supplies in 2019. The French supermajor said LNG as a fuel source is transformative given the maritime shipping industry's quest to cap emissions of nitrogen oxide, carbon dioxide and other harmful greenhouse gas emissions. The 173-member International Maritime Organization in April agreed to cut emissions from its industry by 50 percent from 2008 levels by 2050.

Source: LNG Global

Gaslog Ltd. reports record quarterly revenues

GasLog Ltd. and its subsidiaries, an international owner, operator and manager of liquefied natural gas ("LNG") carriers, Friday, May 4, reported its financial results for the quarter ended March 31, 2018.

Paul Wogan, Chief Executive Officer, stated: "I am pleased to report another record quarter of revenues and EBITDA for GasLog, driven by the initial contribution of our 2018 newbuild deliveries and the stronger performance of the vessels operating in the LNG carrier pooling arrangement (the "Cool Pool"). On the back of our improving financial performance, our strong balance sheet and our confidence in the long-term prospects for the company, I am delighted to announce a 7.1% increase in our quarterly dividend to $0.15 per share. During the quarter, we continued to execute on our business plan, taking delivery of three newbuilds, the GasLog Houston, the GasLog Genoa and the GasLog Hong Kong, all on time and on budget. Due to their fuel efficient engines and low boil-off rate, these vessels will have highly competitive unit freight costs. We also continued to execute on our long-term growth strategy, recycling capital through the drop-down of the GasLog Gibraltar to GasLog Partners and ordering two newbuild LNG carriers for delivery in the second quarter of 2020. In addition, GasLog Partners announced two charter agreements with a new customer, simultaneously meeting key objectives of increasing the Partnership's contracted revenues and diversifying its customer base. During the quarter, global LNG supply continued to increase, with Wood Mackenzie forecasting 9% growth in volumes during 2018. Although no new supply projects have yet taken a final investment decision ("FID") in 2018, several major projects continue to make progress and we remain confident that additional liquefaction capacity will be sanctioned in 2018 and 2019. As expected, LNG carrier spot rates experienced a seasonal decline from the multi-year highs of Q4 2017. However, headline spot rates remain higher year-on-year, and there are signs that rates have bottomed out as buyers now look to source supply for cooling demand in the Northern Hemisphere summer and heating demand in the Southern Hemisphere winter. We expect rates to strengthen in the second half of this year. [Edited]

https://www.hellenicshippingnews.com/gaslog-ltd-reports-record-quarterly-revenues/

TECHNOLOGICAL DEVELOPMENT FOR CLEANER ENVIRONMENT /BIO-METHANE

City in western Germany will power fleets with local, green hydrogen

Next year, buses in Rennerod, Germany (north of Frankfurt), will be powered by an advanced, environmentally friendly hydrogen energy system designed and implemented by an international team of companies using technology that is now commercially available. Danish GreenHydrogen, Spanish Clantech and Calvera, and Rennerod-based Gesellschaft für Windenergieanlagen GmbH (GFW) & Co KG have devised a solution that makes hydrogen production green and local to minimize environmental impact and expense. GFW, which provides electrical power from wind turbine farms, will produce hydrogen fuel using advanced alkaline electrolyzers from GreenHydrogen, which convert electricity into hydrogen, at two different locations.

http://www.ngvjournal.com/s1-news/c7-lng-h2-blends/city-in-western-germany-will-power-fleets-with-local-green-hydrogen/

TOTE pushes back LNG conversions

Washington-based shipping company TOTE Maritime announced that it has pushed back the conversion of its two Orca-class ships to LNG propulsion. The ro/ro Midnight Sun was slated to undergo a brief dry-docking in late 2018 for the first phase of the conversion, but this work period has now been delayed until late 2019. The Sun's sister ship, the North Star, already completed "phase one" of her conversion this February, and she will now wait until the end of 2020 for phase two. Midnight Sun's phase two yard period will occur at the end of 2021. The conversion process has already been delayed by several factors, including the loss of the El Faro and the scrapping of her sister ship El Yunque. The two Ponce-class ships were due to take over the Tacoma-Alaska run in order to make time for the Orca-class conversions. While not related, the announcement of the one-year delay follows after Washington State regulators launched another environmental review for a planned LNG bunkering plant in Tacoma, the Puget Sound Energy Liquefied Natural Gas facility. The plant is the only natural gas liquefaction terminal in the Pacific Northwest to begin construction, and it is the planned LNG fueling point for TOTE's Orca-class ships. The project's proponents point to LNG's improved emissions profile relative to HFO - minimal SOx, substantially less NOx, almost no PM and a reduction in GHG - and the fact that natural gas evaporates in the event of a spill. "This has been through a very long, years' long public process," said Port of Tacoma director of communications Tara Mattina, speaking to Seattle Times. "We are disappointed . . . I just don't understand this argument that this is somehow harmful to water or air quality."

https://www.maritime-executive.com/article/tote-pushes-back-lng-conversions#gs.7WOEYwU

LNG bunkering business launched in Japan

Kawasaki Kisen Kaisha, Ltd. ("K" Line), Chubu Electric Power Co., Inc., Toyota Tsusho Corporation and Nippon Yusen Kabushiki Kaisha (NYK Line) have agreed to launch an LNG Bunkering business in Japan. They marked the decision by establishing two Joint Ventures (JV) on May 10. The companies say LNG is expected to become an important alternative to heavy fuel oil due to its low emission rate of air polluting substances and greenhouse gases, which will enable ships to meet increasingly stringent international regulations on emissions. As per the announcement on January 26, 2018, the four companies have been in joint discussions on commercialization of LNG Bunkering Business in the Chubu (central region) of Japan. The four companies have now agreed to launch the business, and have established two joint ventures to run the LNG Bunkering Business:

- Central LNG Marine Fuel Japan Corporation (business: LNG bunkering business)
- Central LNG Shipping Japan Corporation (business: Ownership of the LNG Bunkering Vessel)

Going forward, each of the four companies will utilize the expertise and strengths that they each possess to propel the "Ship-to-Ship Bunkering" business. Ship-to-Ship is a method of bunkering where an LNG Bunkering vessel comes alongside an LNG Fueled vessel to supply LNG at different locations such as along the quayside, pier or at anchor.

Source: NGV Global

TECHNOLOGICAL DEVELOPMENT FOR CLEANER ENVIRONMENT /BIO-METHANE

Biomethane supply expected to grow at North American CNG stations

Fortistar, LLC will be entering construction shortly on a portfolio of new landfill Renewable Natural Gas (RNG) projects for transportation fuel projects. RNG or biomethane is American-made from sustainable sources such as landfill gas and digester methane emissions. RNG is carbon-neutral and chemically identical to geothermal natural gas, allowing it to be to be used as a transportation fuel in natural gas vehicles and trucks. Landfills are the major source of RNG. The growth in natural gas fueling infrastructure spurred on by companies such as TruStar Energy, an affiliate of Fortistar, has dramatically improved the prospects for the development of a commercially viable RNG industry with distribution into the existing transportation fueling system. "RNG offers a tremendous opportunity to sustainably expand America's transportation fuel supply," said Mark Comora, President of Fortistar. "Our firm has operated in dozens of landfill gas to energy projects; TruStar Energy has constructed over 100 natural gas fueling stations. Fortistar is poised to close the loop in a coordinated manner and produce, distribute and supply RNG across the country." Fortistar has built, invested in and managed portfolios of successful independent power and sustainable energy generation projects in the United States and in Canada.

http://www.ngvjournal.com/s1-news/c4-stations/new-project-plans-to-boost-biomethane-adoption-in-north-american-fleets/

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