In the US, Freeport LNG continued to make progress towards commercial restart of its liquefaction project, closed since June 2022. Four LNG tankers have been loaded in last one week, till February 18 and left the terminal. Japanese major JERA owned tanker Nohshu Maru was the last one to leave the terminal on Saturday Feb 18. All four tankers were loaded with LNG, already stored in two storage tanks 1 and 2 before the June 8, 2022 shutdown of the terminal due to explosion and fire. Freeport LNG has sought FERC clearance for restart of commercial operations since last Monday. There was no clarity over FERC's decision on Freeport LNG's request for commercial LNG export by the weekend.

Two LNG industry reports released this week, one each by Shell- the biggest LNG trader and by IEEFA had a common thread. Both agreed that the demand for LNG to remain strong through 2025. Shell's report which gives a broader idea about possible demand-supply situation in

2023, forecasts rising gap between demand supply in late 2020s. Shell believes demand for LNG would reach 650 to 700mil mt/year by 2040 compared to 397 mil mt/year in 2022 which was mainly because of strong demand from European Union member countries. According to Shell, more investment is needed to avoid gap in LNG demand and supply in late 2020s- which essentially means between 2027 to 2030.

Institute for Energy Economics and Financial Analysis (IEEFA) in its report released last week, also forecasts tight demand-supply situation through 2025 but believes European demand for LNG will decline by 2030 as decarbonisation and policies related to energy security comes in force. IEEFA believes strong rise in LNG supply in mid-2025 would create kind of supply glut and increase the risk for investors and traders in LNG business. Among suppliers, QatarEnergy alone will bring in additional 49mil mt/year LNG capacity by 2027 which will increase its liquefaction capacity from current 77mil mt/year to 126mil mt/year by 2027. There are couple of liquefaction projects in the United States, either going for expansion or commissioning new capacities, by 2030.

Europe’s demand for LNG jumped by 60% year on year, replacing Russian piped gas supply. Extraordinary LNG prices, kept price sensitive South Asian buyers India, Pakistan and Bangladesh most of the time, away from the LNG market in 2022. The Chinese LNG demand reduced by 20% in 2022 because of Covid 19 shutdowns and zero Covid policy which slowed down its economic growth, according to IEEFA.

Shell says, 15 million tonne fall in Chinese LNG import, combined with reduced imports by South Asian buyers helped European countries to secure enough gas and avoid shortages.

IEEFA argues that European demand for gas will fall through 2030 by nearly 40% and its LNG import infrastructure will also render idle, incurring losses for the investors- all because of “Europe’s ambitious energy transition.”

GAIL India is gearing up for a long-term solution to widening LNG demand supply gap. After losing 2.5mil mt/year LNG supply from Gazprom subsidiary during 2022, GAIL has turned to the US LNG project for an investment opportunity and long-term supply contract. Through an EOI issued during the week, GAIL seeks to tie up for 1mil mt/year long term LNG supply and also looking for an opportunity to buy 26% equity in the existing or upcoming LNG project, scheduled to start commercial LNG export by calendar year 2026-27. Tellurian Inc.’s Driftwood LNG seems like an opportunity for GAIL but at the same time the way Shell, TotalEnergies and Vitol have walked out of the project during 2021 and 2022, potential tie up looks difficult. Tellurian Inc. is left with just one long term customer- Gunvor. Twice Tellurian manged to extend the deadline to keep its sole hope Gunvor alive. With 3mil mt/year offtake contract worth 12billion, Gunvor is the only customer left with Tellurian and has only a week left before the deadline expires on Feb 28.

Enjoy reading and pl share your feedback on editor@lngworldwide.com

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1. **Freeport LNG continues to load tankers while waiting for FERC clearance to restart commercial operations**

Freeport LNG is still waiting for clearance from the federal regulator- Federal Energy Regulatory Commission (FERC) for the restart of commercial LNG export. Freeport had made a request for the clearance to FERC on Monday and requested to grant the same on the same day "if possible".

The JERA owned 177,300cbm tanker Nohshu Maru had reached the Freeport LNG on Thursday February 16 afternoon and left terminal on Saturday February 18 afternoon after loading a cargo from the previously stored LNG. All four tankers loaded so far and left the terminal were loaded with the LNG, left in the storage tanks 1 and 2.

Apparently, Freeport has yet not received clearance to start liquefaction although the clearance to start Train 3 has been granted by FERC. New LNG inventories will reach the storage tanks once liquefaction is allowed and the clearance given for the restart of the commercial operations by FERC, as requested by Freeport LNG.

On February 11, during the public hearing on restart of Freeport LNG, another US regulator, Pipeline and Hazardous Materials Safety Administration (PHMSA) had gone on record denying a possibility of early restart of the project.

It is not clear what role PHMSA approval has to play in commercial restart of the project however, most industry analysts firmly believe that the full capacity restart which is 2.1bcfd, may not happen until end March or early April.

As and when FERC clearance granted for the commercial restart of first phase of the project, it would mean 7.5mil mt/year LNG- half of total 15mil mt/year capacity available for export. Going by the media reports on Freeport LNG, company has insisted on nearly full restart of the terminal in any case.

At least two tankers, Prism Brilliance, Corcovado LNG were spotted anchored in the Gulf near Freeport LNG. Prism Brilliance has been waiting since January 26 and Corcovado LNG since February 10. Nohshu Maru which was waiting in the Gulf since January 31 for loading, had left Freeport at around 12pm CST on Saturday. As reported by lngworldwide.com earlier, Nohshu Maru would be transporting the first LNG cargo since June 2022 shutdown for JERA which owns 25.7% equity stake in Freeport LNG and at the same time has term contract for 2.2mil mt/year LNG. JERA had ruled out possibility of receiving LNG before March from Freeport LNG in its recent announcement.

2. GAIL India seeks to invest in US LNG project to secure long term supply

GAIL India seeks to invest up to 26% in equity of an existing or an upcoming US-based liquefaction project, to be commissioned by calendar year 2026-27and buy 1 million omt/year term LNG on free on board (FOB) basis for 15 years from the same entity.

GAIL is an experienced player in the US market with two existing term deals- 3.5mil mt/year with Cheniere Energy’s Sabine Pass liquefaction terminal and 2.3mil mt/year with the Cove Point LNG, totalling 5.8mil mt/year of LNG.

The liquefaction terminal operators and promoters of existing and upcoming export terminals can submit their proposals by Mar 10, 2023.

The move seems to be a promising news for the Driftwood LNG, promoted by Tellurian Inc. During the India Energy Week early in February, Tellurian Inc. top management was quite vocal about their interest in attracting Indian investment in Driftwood. Tellurian CEO Octavio Simoes was quoted by S&P Global at India Energy Week that if Indian companies becomes equity partners in Driftwood LNG they can “lift LNG at the cost of producing LNG.”

Tellurian has been struggling to save its last of the long-term customers- trading major Gunvor from the leaving the project. To save it Gunvor deal, Tellurian management needs to achieve financial closure of first phase of the project by February 28, 2023.

Last September, Shell and Vitol pulled out of the Driftwood project where Tellurian would have sold 3mil mt/year LNG to each from its 27.6 mil mt/year Driftwood LNG project for 10 years. Tellurian had signed two separate deals with both the companies in 2021. French major TotalEnergies had terminated its agreement with Tellurian earlier in 2021. Gunvor is the last buyer left with Tellurian with 3mil mt/year term contract for 10-year, from the Driftwood LNG project.

Other than US, Novatek of Russia has also approached Indian LNG companies, especially GAIL India to sell LNG from its Arctic 2 LNG project. Talks between the two sides apparently reached a dead-end as GAIL India was insisting on a FOB deal while Novatek was keen on an ex-ship supply of LNG. Considering the troubles in shipping LNG amid Russia-Ukraine war, GAIL was not so keen for any ex-ship basis deal with Russian major.

GAIL is also holding talks with the UAE major and the oldest supplier of LNG, ADNOC. GAIL is struggling to fill the gap caused by the loss of

2.5mil mt/year LNG it lost from Gazprom Singapore due to Russian Ukraine war.

3. **LNG demand supply to remain tight through 2025 says IEEFA report**

Global LNG supplies are likely to remain tight through 2025, curbing demand growth in key Asian import markets. European LNG demand may remain strong in the short term, but will decline by 2030 as decarbonization and energy security policies take effect.

A wave of new LNG export capacity coming online later in the decade could create a mismatch between supply and demand, elevating financial risks for LNG suppliers and traders. When large volumes of new supply enter the market starting in mid-2025, it could trigger a supply glut, heightening the financial and pricing risks for LNG exporters and traders.

The findings come from the new Global LNG Outlook from the Institute for Energy Economics and Financial Analysis (IEEFA), which analyzes LNG supply and demand developments in Europe, Asia, Australia, the U.S., and Qatar. The report finds that last year's LNG market turmoil—characterized by record high prices and unreliable supplies—has undermined long-term LNG demand growth in both Europe and Asia:

In 2022, European countries boosted LNG imports by 60% to make up for declining pipeline gas shipments from Russia. Europe's red-hot LNG demand drove global spot prices to all-time highs, forcing price-sensitive Asian buyers to slash LNG purchases and curtail plans for new LNG imports.

China cut 2022 LNG purchases by 20%, due to a combination of high prices, COVID-19 shutdowns, and slower economic growth. High LNG prices have pushed the country's gas buyers to rely more heavily on domestic production and pipeline imports.

India, Bangladesh, and Pakistan slashed LNG demand by a combined 16% last year. Concerns over fuel security, unaffordability, rapidly depleting foreign currency reserves, and demand destruction could limit the region's medium-term LNG imports.

Southeast Asian buyers face challenges from high prices and infrastructure constraints. Long-term LNG contracts with deliveries starting before 2026 are reportedly sold out globally, forcing Southeast Asian countries into expensive spot markets.

In Japan and South Korea, high LNG prices accelerated a resurgence of nuclear power generation that could slash power sector gas demand. In Taiwan, persistent terminal delays and state-owned utility financial difficulties could constrain rapid increases in LNG imports.

Europe's LNG demand could remain strong in 2023 but is poised to fall, as EU climate and energy security policies curtail gas demand by at least 40% through 2030. Although new LNG terminals could boost the continent's import capacity by one-third by the end of 2024, Europe's ambitious energy transition targets mean that much of the new capacity could remain unused.

The Russia-Ukraine crisis has exposed long-term financial risks throughout the LNG value chain. In 2022, high spot prices and supply disruptions earned LNG a reputation as an expensive and unreliable fuel source, undermining the prospects for demand growth in key markets.

4. Shell forecast widening supply demand gap end of 2020s

Europe's increased need for LNG looks set to intensify competition with Asia for limited new supply available over the next two years and may dominate LNG trade over the longer term, according to Shell's LNG Outlook 2023.

European countries, including the UK, imported 121 million tonnes of LNG in 2022, an increase of 60% compared to 2021, which enabled them to withstand a slump in Russian pipeline gas imports following its invasion of Ukraine. A 15 million tonne fall in Chinese imports combined with reduced imports by South Asian buyers helped European countries to secure enough gas and avoid shortages. Europe's rapidly rising appetite for LNG pushed prices to record highs and generated volatility in energy markets around the world.

With reduced Russian pipeline gas, LNG is becoming an increasingly important pillar of European energy security, supported by the rapid development of new regasification terminals in north-west Europe. In contrast, China is evolving from being a rapidly growing import market to playing a more flexible role with an increased ability to balance the global LNG market.

"The war in Ukraine has had far-reaching impacts on energy security around the world and caused structural shifts in the market that are likely to impact the global LNG industry over the long term," Steve Hill, Shell's Executive Vice President for Energy Marketing, said.

"It has also underscored the need for a more strategic approach – through longer-term contracts – to secure reliable supply to avoid exposure to price spikes.”

The drop in Russian pipeline gas flows prompted unprecedented policy and regulatory intervention as governments in Europe sought to bolster energy security and shield their economies from high costs, including prioritising LNG imports and quickly developing new import terminals.

In 2022, Europe’s LNG demand forced other buyers to reduce their imports and switch to other fuels, generating more emissions. High global LNG prices led to a drop in LNG imports in South Asia, with Pakistan and Bangladesh importing more fuel oil to minimise power supply shortages and India using more coal.

Total global trade in LNG reached 397 million tonnes in 2022. Industry forecasts expect LNG demand to reach 650 to over 700 million tonnes a year by 2040. More investment in liquefaction projects is required to avoid a supply-demand gap that is expected to emerge by the late 2020s. Diverse new technologies to reduce emissions from gas and LNG supply chains will help to consolidate its role in the energy transition.

5. Bangladesh awarded Mar 10-11 spot cargo to JERA

Bangladesh’s state-owned Rupantarita Prakritik Gas Company Ltd (RPGCL) a subsidiary of Petrobangla awarded March 10-11 window buy tender to Japanese major JERA. The tender was closed on Feb 12 by RPGCL. The buy tender was awarded at around $16.5/mBtu which was lower by almost $3 compared a previous buy tender awarded by the state-owned RPGCL.

RPGCL had awarded Feb 21-22 buy tender for a single cargo to TotalEnergies for $19.70/mBtu. Buy tender was closed on Jan 29 by RPGCL.

As mentioned earlier, RPGCL plan to import eight spot cargoes between February and June this year, according to Energy and Mineral resources minister of Bangladesh.

Apart from one or two spot LNG cargoes a month Bangladesh will import from the international market, the South Asian nation also receives three term LNG cargoes from two suppliers- QatarGas and Oman Trading International now renamed as OQ. RPGCL had signed a contract to buy 1mil mt/year LNG from Oman International for ten years. In a separate contract, Bangladesh had contracted 2.5mil mt/year LNG for 15 years with Qatargas. Oman LNG was to be delivered to two separate floating storage regasification units (FSRUs) supplied by Excelerate Energy and another one provided by the Summit Group.

6. Woodside of Australia announced shutdown schedule for 2023

Australia's Woodside Energy announced a maintenance shutdown for the year 2023. In an announcement, Woodside Energy said it will undertake planned maintenance activities across several of its key LNG operations, including the Pluto LNG project, this year.

The maintenance activity at the Pluto LNG project in Western Australia will start in the second quarter between April-June and last about for one full month, while the turnaround at the North West Shelf LNG Train 1 will also take one month but it will take place during July-September quarter, Woodside said. One month long maintenance shutdown likely to have impact on LNG export from NSW as well as Pluto LNG project of Woodside Energy.

Another LNG liquefaction project in Australia Ichthys LNG last week announced maintenance shutdown of its project this year. The Ichthys LNG spokesperson said in 2023, company plans to take 10-day maintenance shutdown. In 2022, scheduled maintenance shutdown between June 26 to August 10 had caused loss of 4% of its shipments on year-on-year basis.

7. German utility RWE receives first cargo for FSRU Hoegh Gannet

German utility RWE's trading arm received its first cargo of LNG at Brunsbuettel port from Abu Dhabi National Oil Company (ADNOC) on Wednesday, saying the gas will be fed into to onshore pipelines from the end of this month.

The cargo was delivered on the 137,000cbm tanker ISH to the floating LNG terminal "Hoegh Gannet" at Brunsbuettel. The terminal was chartered by RWE on behalf of the German government as part of efforts to ensure supply after Russia cut exports.

Germany has been increasing LNG purchases via existing European terminals and built up floating storage and regasification unit (FSRU) terminals on its coastlines in record time.

RWE and ADNOC had signed a memorandum of understanding (MoU) last year on several years of LNG supplies to be delivered to Germany from 2023. LNG supplies from ADNOC can be delivered to Germany through either floating or land-based regasification terminals as these become operational.
