

Platts assessed NWE at \$35.84/MMBtu.

In the US, the value of LNG traded free on board from the US Gulf Coast reached a two-month high June 15, with Platts assessing the market at \$11/MMBtu. This is nearly one-third of where the market was during the same time a year ago, following Russia's invasion of Ukraine, when Platts assessed it at \$30.70/MMBtu.

The Platts Gulf Coast Marker fell to \$9.75/MMBtu June 22.

Platts is part of S&P Global Commodity Insights.

“By joining forces with Venture Global LNG, SEFE makes another important step on our mission to secure energy for German and European customers and meet the energy demand of the region,” SEFE CEO Egbert Laege said in the statement announcing the deal. “In delivering a substantial amount of the contracted capacity of CP2 LNG to European customers, we contribute to the further diversification and sustainability of the European energy supply.”

— Corey Paul, Margaret Rogers

INTERVIEW: Securing long-term LNG contracts key for German gas market: MET

- LNG contracts uncharted territory in Germany: CEO
- Mismatch between LT contract length preferences
- Hydrogen import quota could mitigate risk

German gas prices are set to remain volatile after the loss of Russian pipelines supplies, with securing new long-term contracts for LNG key to keeping prices affordable in the future, the head of MET Group's Germany unit said in a recent interview.

The Switzerland-based gas and power trader is currently in contact with several global LNG suppliers and German gas consumers to discuss new LNG contracts.

“LNG contracts are still uncharted territory for this customer segment,” MET Germany CEO Joerg Selbach-Roentgen said.

Interested clients, mainly industrial companies and municipal utilities or so-called Stadtwerke, represent around 20% of German gas demand, he said.

Current talks underline their desire to start deliveries in the short term if possible for some of that demand, he added.

Selbach-Roentgen however noted a mismatch between LNG suppliers' demands for 20-year contracts, which are in conflict with Germany's 2045 net zero goal and the current 3-4 year contract horizon for industrial clients in Germany.

He also warned about a false sense of security in terms of gas supply after LNG spot benchmark prices fell to two-year lows in May.

Without a significant number of long-term LNG volumes, too much would depend on the level of Asian demand, meaning volatility linked to the LNG spot market would remain high.

Platts, part of S&P Global Commodity Insights, assessed the benchmark Dutch TTF month-ahead price at an all-time high of Eur319.98/MWh on Aug. 26, 2022.

Prices have come down sharply with Platts assessing the

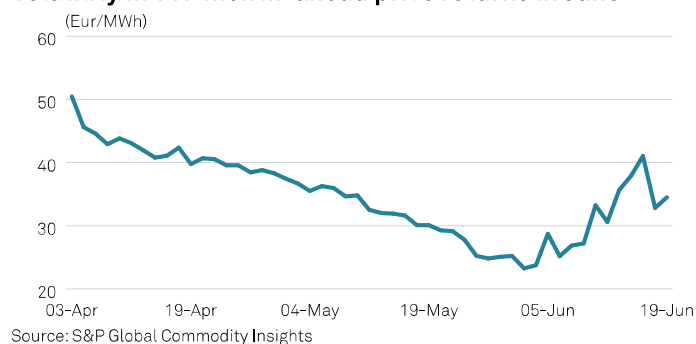
contract at Eur23.25/MWh on June 1, a level not seen in almost two years, before prices again doubled in the fortnight to June 15.

TTF month-ahead was last assessed at Eur37.30/MWh on June 21.

LNG into Northwest Europe fell below \$8/MMBtu late May, the lowest since April 2021, while the benchmark Platts JKM for Asian spot LNG dipped below \$9/MMBtu, S&P Global data show.

However, the Platts JKM spot cargo assessment rose 60% from June 7 to \$12.25/MMBtu by June 21.

Volatility in TTF month-ahead price returns in June

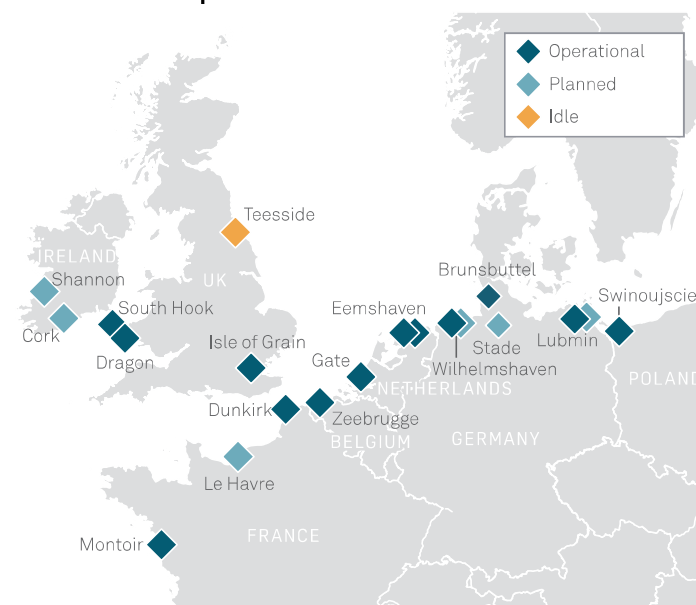


Long term risks

Selbach-Roentgen foresees a renaissance of long-term contracts to replace the current dominance of LNG spot trading, with German clients interested in pegging LNG contracts to US Henry Hub gas prices.

The MET Germany CEO referred to a recent study that sees LNG prices including regasification in the Eur30-40/MWh range

Northwest European LNG terminals



possible for 10-12 year contracts.

Contractual risks beyond 10-12 years due to German fossil phase-out plans can be mitigated through different measures, the manager said, noting options to send contracted LNG elsewhere in the future.

MET's revenue more than doubled in 2022 to Eur41.5 billion on the back unprecedented volatility, with the company trading 109 Bcm of natural gas.

MET took delivery of over 30 TWh of LNG into Croatia, Greece, Spain, Belgium and the UK.

In Germany, it booked 1 Bcm/year of LNG capacity at Lubmin, Germany's only private LNG import terminal, where MET is one of two capacity holders.

Capacity at Germany's state-supported LNG facilities is used by Uniper, RWE and VNG until spring 2024.

MET entered the German gas market in 2020 with the acquisition of Gas-Union's gas storage facilities from VNG.

Hydrogen quota for gas

For the transition to clean gas, Selbach-Roentgen also called for a binding quota for a combination of LNG imports with green hydrogen imports to help steer the ramp-up of hydrogen and phase-out of fossil gas in Germany.

"We need an honest debate about the actual hydrogen ramp-up," the manager said.

This would add planning certainty as well as visibility on prices and investment demand.

"If the industry isn't ready to sign 15-year contracts without incentives, then people [in government] are listening and we need to discuss the potential solutions," the manager said, adding that he wants to play an active role in the transition from natural gas to green gas.

In the hydrogen blending debate, Selbach-Roentgen also sees space for a binding quota, noting that actual expected volumes for the next 5-10 years that could be blended into the gas grid will be much smaller than needed.

Platts assessed the cost to produce hydrogen via electrolysis in Europe (Netherlands, PEM, front-month) at Eur7.39/kg on June 21.

— *Andreas Franke*

US DOE stands by rejection of export extension for Lake Charles LNG project

- Says burden is on applicant to supply specifics
- Maintains information at time showed little progress

The US Department of Energy has upheld its position denying an extension of the export authorization for Energy Transfer's Lake Charles LNG project until 2028, leaving in place an obstacle for the planned Louisiana LNG terminal.

The developer had sought a second extension, until December 2028, for the project's authorization to export LNG to non-free trade agreement countries.

The June 21 denial of rehearing leaves in place a deadline to

start exports by Dec. 16, 2025.

"Should Lake Charles LNG Export be unable to commence exports by December 16, 2025, it is welcome to resubmit a non-FTA request so that it can be evaluated under current policies with the most recent market information," the order said.

No "good cause" for rehearing: DOE

In rejecting Lake Charles' rehearing request, the department said it did not use a new, heightened standard for allowing extensions under a policy it rolled out April 21.

Rather, the DOE said that its decision was based on its long-standing criteria for weighing whether good cause is shown to allow more time, and it found Lake Charles failed make such a showing or back its case with enough specificity.

While the LNG project developer, in its rehearing request, argued that the DOE simply could have asked if it needed more details, the department responded that "the burden is on the applicant – not DOE – to demonstrate good cause."

Lake Charles had emphasized its progress in executing long-term offtake contracts to support its case, but the DOE said in the rehearing order that at the time of the project's extension application, 36% of the total authorized volume had been subscribed.

Moreover, the DOE said it took notice that offtake contracts Lake Charles used to show progress were not necessarily tied to the facility.

"Rather than demonstrating that Lake Charles LNG was progressing toward completing the LNG project, the execution of long-term offtake contracts after the passage of so much time highlighted how little progress Lake Charles LNG had made," the order said. After more than a decade since seeking authorization, Lake Charles has executed long-term offtake contracts for only about half its authorized volume, the DOE continued.

Lake Charles also had pointed to financial arrangements that hinged on all authorizations remaining in effect through Dec. 16, 2028. But the DOE said it was not required to nor has ever considered terms of an applicant's financial arrangements as a factor to show good cause.

The department also found Lake Charles' identification of global events as a cause for delay to be "too vague and generic for DOE to act upon," given that other developers were able to meet their application deadlines.

More generally, the department defended its power to set deadlines, saying its authority to impose conditions, including deadlines for the start of exports, is well established.

In addition, the DOE said approving the second extension would require it to rely on facts in the original 2013 application, and some of those facts are "obsolete" due to changes in the marketplace, including estimates of supply and demand.

Adding headwinds

Energy Transfer did not offer an immediate comment on the denial of rehearing.

In a June 15 filing at the US Federal Energy Regulatory