Nebras and Kepco in deal to boost joint energy investments

Nebras Power, a joint venture of Qatar Electricity and Water Company (60%) and Qatar Holding (40%), has entered into an agreement with Korea Electric Power Corporation (Kepco).

Under this agreement, Nebras Power and Kepco will jointly identify and invest in projects that utilise different fuels, including renewable energy.

The memorandum of understanding (MoU) between Nebras Power, the leading Qatar-based power investment company, and Kepco, the largest state-owned utility provider in Korea, is a pioneering agreement that strengthens the strategic co-operation between two international companies in the field of energy investments.

“At Nebras Power we are always endeavouring to strengthen our relationships with prominent international organisations through seminal projects and initiatives. This MoU with Kepco illustrates our promise to broaden our portfolio of investments worldwide,” according to Fahad bin Hamad al-

Mohannadi, Nebras Power, chairman.
Nebras Power is currently focused on building its investment portfolio in a progressive and balanced manner as part of its commitment to the 2030 National Vision.
Further to this mandate, it will continue to hike its generation capacity from electricity and water while taking into account the importance of diversity in fuels.
“This agreement is representative of Nebras Power’s prominent role in the energy sector and its ambition to secure robust investments globally by creating new partnerships and studying investment opportunities with trusted international partners,” said Khalid Mohamed Jolo, chief executive of Nebras Power.

Mining industry seeks to polish tarnished reputation

The global mining industry is increasingly showing a commitment towards greater respect for human rights and the environment, but is accused of wanting to improve its

reputation without seeking real progress.

Wildcat miners, including children, are risking their lives daily to unearth metals and minerals they sell to mining companies. In return, they earn a subsistence wage but not the working rights of a legal and salaried mining group employee.

“While industry initiatives on certain minerals and metals are helpful, companies are still responsible for undertaking comprehensive human rights due diligence across all minerals and metals in their supply chains,” Eniko Horvath, senior researcher at the Business and Human Rights Resource Centre (BHRRC), told AFP.

In June, dozens of illegal miners died when part of a copper mine collapsed in southeastern DR Congo. The mine was in the Kolwezi area operated by Kamoto Copper Company, a subsidiary of the Swiss giant Glencore.
Meanwhile at the start of the year, a dam collapse at a mine operated by Brazilian group Vale unleashed a tsunami of mud that killed more than 200 people while around 100 more went missing.

China, also the scene of fatal mining accidents, has additionally been in the spotlight for its dumping of toxic waste in Baotou, Inner Mongolia, as Beijing drives global production of rare earth elements used in key technologies such as smartphones.

Faced with rising criticism, the mining industry says it wants to adopt standards of good governance.

The London Metal Exchange, the global centre for trading in industrial metals, recently adopted new ethical standards to ensure better traceability of raw materials, especially those most at risk such as cobalt used heavily in high-end technology.

“As metals play an increasingly important role in society with

increased focus on ethical supply chains, the LME's role and responsibility is vital," the exchange's incoming and first female chair Gay Huey Evans said on her appointment.

Earlier this month, the World Gold Council (WGC) issued "Responsible Gold Mining Principles", although the guidance is non-binding.

The industry body calls upon its members to "respect the human rights" of workers and communities affected by mining activities.

"We will work to ensure that fragile ecosystems, critical habitats and endangered species are protected from damage and we will plan for responsible mine closure," according to another directive.

A spokesman for Barrick Gold, the world's largest producer of the precious metal, told AFP that the group was already meeting or exceeding the new WGC guidance, while Glencore has laid out a similar charter to that provided by the World Gold Council.

Elsewhere, BMW along with German chemical giant BASF and Samsung last week announced a joint project to ensure "responsible" cobalt mining in DR Congo.

"It's great to see these statements of purpose and expressions of a willingness to meet these standards, but they have to be matched with action," Amnesty International official Lucy Graham told AFP.

"What we really want to see is laws that are going to legally require industry to mine minerals responsibly and transparently."

Jamie Kneen, from MiningWatch Canada, said he believed companies and industry bodies were simply providing "yet another effort at PR whitewash".

He added: “The standards that they are incorporating are… self-administered and audited by unaccountable third parties; and they are explicitly focused on providing confidence to investors and buyers with not even a mention of host or affected communities.”

Kneen said there was a need for “enforceable… legal and regulatory standards at all levels”.

To help companies face their responsibilities, human rights group BHRRC has this month launched a dedicated website, the Transition Minerals Tracker.

It “seeks to improve the human rights practices of companies that produce the minerals vital to the renewable energy and electric vehicles sectors, by shedding light on the key human rights risks in the geographies where they operate”, noted Horvath.

US beats Saudi to become top oil exporter on shale boom

Want the lowdown on European markets? In your inbox before the open, every day. Sign up here.

The U.S. briefly became the world's No. 1 oil exporter as record shale production found its way to global customers, and there are prospects for more.

Surging output from shale helped America ship almost 9 million barrels a day of crude and oil products in June, surpassing Saudi Arabia, the International Energy Agency said in a report, citing gross export figures. There's room to send even more supply overseas as companies add infrastructure to transport the burgeoning production from fields in Texas and New Mexico to the coast.

Gains in U.S. supply are undermining efforts by the Organization of Petroleum Exporting Countries and its allies, whose production cuts are in their third year in a bid to drain stockpiles. The swelling American output, as well as deepening concerns over global demand fueled by a prolonged U.S.-China trade war, have prompted a drop of almost 20% in

benchmark Brent crude from an April high.

The expansion in America's exports in June was helped by a surge in crude-oil shipments to more than 3 million barrels a day, the IEA said. At the time, Saudi Arabia was cutting its exports as part of the OPEC+ agreement, while Russian flows were constrained by the Druzhba pipeline crisis.

The Saudis reclaimed the top exporter's spot in July and August as hurricanes disrupted U.S. production and the trade dispute "made it more difficult for shale shipments to find markets," the IEA said.

The tussle for the No. 1 slot could remain tight in the months ahead. As Saudi Arabia continues to curb production, the IEA said America's crude exports could rise by a further 33% from June levels to as much as 4 million barrels a day as new export infrastructure gets built in the fourth quarter of this year.

Shell enters Australian power industry with ERM Power bid

MELBOURNE (Reuters) – Royal Dutch Shell has made its first foray into Australia's highly competitive power sector with a A$617 million ($419 million) takeover offer for ERM Power Ltd, the country's no.2 energy retailer to businesses and industry.

The deal would instantly give Shell a power supplier with almost a quarter share of the commercial and industrial retail market in Australia, second only to Origin Energy in that space. It will also get two gas-fired power stations.

Shell, already one of Australia's biggest gas producers, wants to use its global scale in oil and gas to build a power business, as the world rapidly shifts toward cleaner energy. It plans to boost annual spending on the strategy to between $2 billion and $3 billion by 2025.

"This acquisition aligns with Shell's global ambition to expand our integrated power business and builds on Shell Energy Australia's existing gas marketing and trading capability," Shell Australia's Country Chair Zoe Yujnovich said in a statement.

ERM agreed to the offer, pitched at a big 43% premium to its

last closing price, and recommended shareholders should accept it in a vote expected in November.

ERM's founder and top shareholder, Trevor St Baker, who speaks for 27% of the company's shares, said in a statement he would accept the offer of A$2.465 a share if no higher bid emerges.

Shell, which was advised by UBS, said Australia is one of the core markets for its new 'Emerging Power' theme, focused on strong growth in renewables to complement traditional fuels.

The ERM acquisition fits well with Shell's recent takeover of German solar battery maker sonnen, which has a presence in Australia, giving Shell a small foothold in selling to households alongside ERM's big business customers.

The power business will also give Shell another product to sell to its long established big fuel customers, like miners.

ERM Chief Executive Jon Stretch said there was little overlap with Shell's existing business in Australia, so he expected most of ERM's staff would remain with the business.

"It's clear that there's little in the way of overlap and cost synergies and the focus will be on combining for growth opportunities," he told reporters on a conference call.

ERM's shares soared to a four and a half-year high of A$2.50 after the bid was announced and last traded at A$2.44, just below the offer price, indicating investors don't expect a higher offer to emerge.

The company on Thursday reported underlying earnings of $90.5 million for the 2019 financial year, down 7% from a year earlier, as sales fell 8% to 17.7 terrawatt hours (TWh) of power. It forecast sales would grow to 18.5 TWh this year.

Origin Energy, which also reported its results on Thursday, said it was undaunted by the pending entry of Shell in power retailing, saying Origin has managed to grow its share of

commercial and industrial customers even with ERM as a strong competitor to date.

“It continues to be a competitive market. It’s hard to anticipate what they may do differently,” Origin Chief Executive Frank Calabria told Reuters in an interview.

https://www.reuters.com/article/us-erm-power-m-a-shellenergyaustralia/shell-enters-australia-power-industry-with-419-million-bid-for-erm-power-idUSKCN1VB2L1

India set to increase energy imports from US: Minister

Bloomberg/New Delhi

India will step up oil and gas imports from the US as the third-biggest oil consumer looks to diversify its supply sources and secure energy for its 1.3bn people.

“When we came to power in 2014, we were not taking any energy from the US and last financial year it was $6bn,” India’s Oil Minister Dharmendra Pradhan said at the Bloomberg NEF Summit in New Delhi. “I’m saying with full responsibility, this is just the beginning and a lot more would be spent in the near future.”

Indian refineries started buying American oil after the US reversed a decades-old law that restricted exports of unrefined crude in late 2015. The processors imported 6.4mn tonnes of crude worth $3.6bn from the US during the financial year 2018-19, according to data from India’s Directorate General of Commercial Intelligence and Statistics. Indian companies also have long-term contracts for purchasing liquefied natural gas from the US.

Some infrastructure constraints in the US Permian Basin are likely to be removed later this year, which will increase supply and may result in India being able to reduce its reliance on the Middle East, the head of Hindustan Petroleum Corp, one of India’s biggest state-run refiners, told Bloomberg last month. Middle Eastern producers supply every two barrels out of three that India imports to meet its crude requirement.

Higher energy purchases from the US will help correct the trade imbalance that President Donald Trump has spoken about. New Delhi’s trade surplus with Washington fell sharply to $17.12bn in the year ended March 31 from $21.26bn a year ago, according to data from India’s trade ministry.

India, which imports 85% of its oil requirements, is also seeking to harness other non-conventional energy sources such as bio-fuels to reduce exposure to oil price volatility, Pradhan said. The goal of becoming a $5tn economy will boost the nation’s energy demand, making it necessary to tap every source, he said. The government has introduced a new policy that encourages bio fuel production from non-food feedstock such as solid and industrial waste and biomass. “Utilising the surplus biomass capacity, India can replace 1% of oil-import dependency,” the minister said.

Sweden’s Biggest Cities Face Power Shortage After Fuel-Tax Hike

Sweden’s introduction on Thursday of a tax aimed at phasing out the nation’s last remaining coal and gas plants to curb global warming comes with an unintended consequence for some of its biggest cities.

Hiking threefold a levy on fossil fuels used at local power plants will make such facilities unprofitable and utilities from Stockholm Exergi AB to EON SE have said they will halt or cut power production.

The move means that grids in the capital and Malmo won’t be able to hook up new facilities including homes, transport

links and factories. While Sweden doesn’t have a shortage of power, there’s not enough cables to ship it to the biggest cities.

“We don’t have a problem with generating enough power in Sweden, we have a problem with getting it to where its needed,” Magnus Hall, chief executive officer of state-owned utility Vattenfall AB, said in an interview. “This law was added with short notice and I am not sure a proper analysis of it was made.”

The tax was introduced in January in a budget deal between the Center Party, Liberals, Social Democrats and the Greens after record long 18 weeks of negotiations. As only one of 73 points hashed out between the political fractions to reach a compromise, time for thorough analysis was probably slim.

Edison unexpectedly pulls out of Royee license

An exploratory drilling in January at the Israeli offshore field, which has a 36% geological probability of containing 100 BCM in natural gas, has been cancelled.

Edison E&P has unexpected quit the Royee license just a short while before a planned exploration drilling was due to begin. Ratio Oil Exploration (1992) LP (TASE:RATI.L) owns 70% of the license and Israel Opportunity has a 10% stake, while Edison has a 20% stake. But Edison is the operating partner with the experience in drilling. In a brief announcement Edison said, "The current circumstances compel us to our regret to resign from the license."
Greek company Energean plc (LSE: ENOG; TASE: ENOG), which recently acquired Edison declined to comment. However, sources close to Energean pointed out that the acquisition of Edison is yet to be completed.

In effect, Edison's announcement means that the exploration drilling scheduled for January is cancelled. The Royee license is due to expire in April after seven years in which the Ministry of National Infrastructures, Energy and Water Resources extended it for as long as is possible under the law. As the operator Edison was responsible for carrying out the drilling in January but suspicions were raised when no official announcement about the start of drilling was issued.

The Royee offshore license is in a block off of Israel's southern Mediterranean coast bordering Egyptian waters. A survey conducted by Netherland Sewell & Associates (NSAI) Oil & Gas Consulting in May 2017 estimated a 36% geological probability of finding 3.4 trillion cubic feet (TCF) (100 billion cubic meters) of natural gas in the Royee license.

Oil Industry Poised to Attack as Trump Boosts Ethanol in Fuels

Oil industry foes are preparing to go to court to fight the Environmental Protection Agency regulation issued Friday that allows year-round sales of higher-ethanol E15 gasoline nationwide.

The agency’s final rule offers ethanol producers and corn farmers the promise of greater market access and demand – but the coming legal battle will be the true test of that potential.

The regulation fulfills President Donald Trump’s promise to unleash ethanol sales and is a potent show of support to

Midwestern farmers who are suffering from Chinese tariffs on soybeans, flooding that destroyed stockpiled grain and a deluge of rain that has delayed plantings. With some 37% of America's corn production going to ethanol mills, any regulatory move lifting demand for the fuel could buttress farmers who helped propel Trump to the White House.

Iowa Republican leaders and biofuel industry boosters will celebrate the shift with EPA's Region 7 administrator during an event at Elite Octane LLC's dry mill ethanol plant in Atlantic, Iowa later Friday. Trump is expected to address the issue during a visit to the state next month.

The EPA rule waives E15 gasoline containing 15% ethanol from vapor pressure requirements that have blocked sales from June 1 to September 15 in areas where smog is a problem, said Bill Wehrum, the assistant administrator for the EPA Office of Air and Radiation. That should cause "a bump" in sales at the roughly 1,200 filling stations that already sell E15 today, while encouraging more of them to offer it, Wehrum told reporters on a conference call.
"Over time, we believe and the industry believes you will see more E15 sold as the infrastructure in the gasoline distribution system and especially at gas stations catches up to the availability of this fuel," Wehrum said. This is going to result in a "substantial increase" in E15 sales, he said.

At Trump's direction, the EPA bundled the E15 shift with modest changes meant to boost transparency and prevent price manipulation in the trading of credits used by refiners to prove compliance with annual biofuel blending quotas. Large integrated oil companies, including ExxonMobil Corp., BP America Inc. and Chevron Corp., had argued against the EPA's initial proposal of more aggressive trading limitations.

Wehrum said the agency would continue examining allegations of market manipulation and respond to them if needed. "We're applying the theory of first do no harm," he said, noting that proposed position limits and sale requirements "could reduce

the flexibility of the market and the efficiency of the market." While the agency takes the issue seriously, he said, the EPA has not yet found clear evidence of significant manipulation.

Senator Joni Ernst, a Republican from Iowa, praised the EPA's action, saying it would mean more consumer choice and savings at the pump.

"The president had made this promise a long time ago: He was really going to work hard for farmers' support and the Renewable Fuel Standard," she said by phone. "And he's coming through with that promise at a time when it's desperately needed. It's something we were going to work toward anyway, but it does bring much-needed relief at a very critical time for our farmers."

Ethanol is already a staple of America's fuel supply, accounting for about 10% of total consumption. Biofuel boosters who have lobbied for the regulatory shift are betting 15% will eventually emerge as the standard. Green Plains Inc. Chief Executive Officer Todd Becker said this month that the higher blend puts in play "year-round demand growth of at least 200 million gallons of annualized incremental demand as only the starting point."

That would come at the expense of oil.

"This action by EPA makes no sense and is contrary to the law, congressional intent and decades of agency precedence," said Frank Macchiarola, a group director at the American Petroleum Institute. "We will challenge it vigorously."
The American Petroleum Institute previewed its legal argument in public comments, arguing that the agency is flouting the plain text of the Clean Air Act by extending an existing waiver to E15. Marathon Petroleum Corp.warned the EPA's move to consider E15 "substantially similar" to conventional E10 gasoline is "arbitrary and capricious" — a fatal failing under a federal law governing rulemaking. And the American Fuel and

Petrochemical Manufacturers insisted the EPA is taking action previously rejected by Congress.

Ethanol advocates argue the EPA is on solid legal footing. The agency's move to grant a waiver to E15 "reflects the best, most natural reading" of the Clean Air Act, and that higher-ethanol blend is substantially similar to E10, said Growth Energy Chief Executive Officer Emily Skor.

First Annual Eastern Mediterranean Energy Leadership Summit

Interest in the Eastern Mediterranean has increased during the last years with the discovery of major gas fields such as Tamar, Leviathan and the giant Zohr field in Egypt. These have opened up major opportunities for new discoveries, but also for oil and gas investments in the region.

The **First Eastern Mediterranean Energy Leadership Summit** will be held at the **Divani Apollon Palace & Thalasso** in Athens,

Greece, from **October 1 – 2, 2019**. The event is organized by the Transatlantic Leadership Network, the University of Piraeus – MSc in Energy: Strategy, Law & Economics of the Department of International & European Studies, and SGT S.A.

Held at the Ministerial level, the Summit will gather together senior government officials and business executives from the energy market to identify crucial opportunities and challenges for continued commercial and geopolitical cooperation. Invited countries include the United States, members of the Three Seas Initiative, and countries surrounding the Eastern Mediterranean Region. During the conference diverse thoughts, ideas and best practices will be presented on how Eastern Mediterranean countries can best take advantage of their geographical positions and exploit available energy resources to secure a more reliable, self-sufficient and environmental sustainable energy supply.

Download Summit Details

Topics of discussion:

- The Future of Oil & Gas in the Eastern Mediterranean: Alternative Scenarios and Policy Perspectives
- Security Dimensions of Transatlantic Energy Cooperation: The Effects on the Eastern Mediterranean
- Opportunities for Energy Cooperation in the Eastern Mediterranean: Project View
- Building a Framework for Regional Energy Cooperation and Integration
- Energy Developments in South East Europe. The Challenge

for the Region
- Market Trends: Predicting Winners and Losers
- Regional Electricity Market Dynamics
- Investment Outlook: Required Financial Resources and Remaining Challenges
- Removing Barriers and Exploiting Opportunities

SPEAKERS

Kocho Angjushev

Deputy Prime Minister
Republic of North Macedonia

Enver Hoxhaj

Deputy Prime Minister
Republic of Kosovo

Francis R.Fannon

Assistant Secretary, Bureau of Energy Resources
U.S Department of State

Mirko Šarović

Minister of Foreign Trade and Economic Relations
Bosnia and Herzegovina

Roudi Baroudi

CEO
Energy & Environment Holding, Qatar

Yannis Bassias

President & CEO
Hellenic Hydrocarbon Resources Management

Dr. Stephen Blank

Senior Fellow for Russia
American Foreign Policy Council

Ambassador John B. Craig

Senior Partner
Manaar Energy Group, Abu Dhabi

Ioannis Desypris

Director, Regulatory Affairs
Mytilineos S.A., Greece

Prof. Nikolaos Farantouris

Chair, Legal Affairs, EUROGAS, Brussels & General Counsel, DEPA, Greece

Michael Haltzel

Chairman of the Board
Transatlantic Leadership Network

Dr. Symeon Kassianides

Chairman
Natural Gas Public Company (DEFA)

Athanasios G. Platias

Professor of Strategy
University of Piraeus

H.E. Geoffrey Pyatt

U.S. Ambassador to the Hellenic Republic

Megan Richards

fmr. Director, Energy Policy in Directorate General for Energy
European Commission

Jean-Luc Saquet

General Manager
GreenPower 2020, France

Dr. Ali Abu Sedra

Law expert in Petrochemicals, Former Legal Advisor to the Ministry of Oil, Libya

Piotr Sprzączak

Head of Infrastructure Unit
Naczelnik Wydziału Infrastruktury

Sasha Toperich

Senior Executive Vice President
Transatlantic Leadership Network

Dr. Aristotle Tziampiris

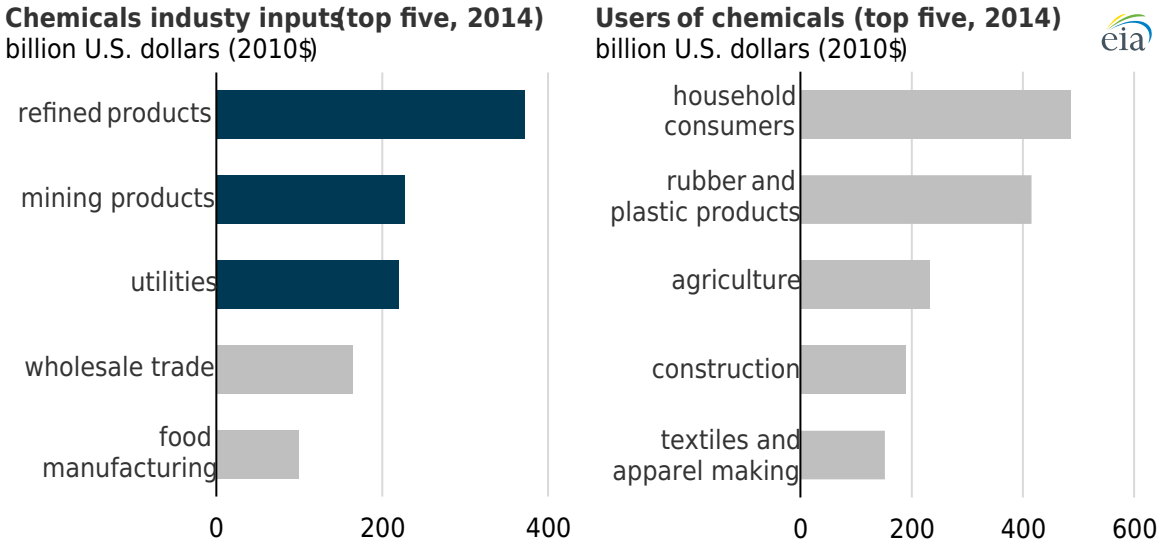
Professor of International Relations, Chair of the Department of International and European Studies
University of Piraeus

Joseph F. Uddo III

Deputy Assistant Secretary for Energy Innovation and Market Development
United States Department of Energy

Sponsors

Energy products are key inputs to global chemicals industry



Source: U.S. Energy Information Administration, based on World Input-Output Database
Note: Dollar values are expressed in 2010 U.S. dollars, converted based on purchasing power parity.

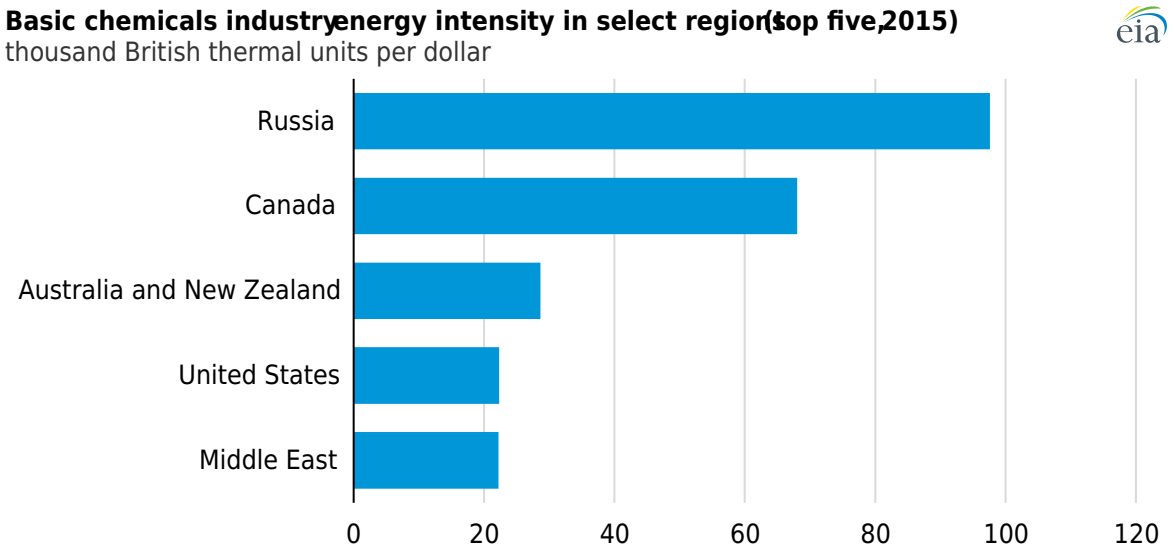
The industrial sector of the worldwide economy consumed more than half (55%) of all delivered energy in 2018, according to the International Energy Agency. Within the industrial sector, the chemicals industry is one of the largest energy users, accounting for 12% of global industrial energy use. Energy—whether purchased or produced onsite at plants—is very important to the chemicals industry, and it links the chemical industry to many parts of the energy supply chain including

utilities, mines, and other energy product manufacturers.

The chemicals industry is often divided into two major categories: basic chemicals and other chemicals. Basic chemicals are chemicals that are the essential building blocks for other products. These include raw material gases, pigments, fertilizers, plastics, and rubber. Basic chemicals are sometimes called bulk chemicals or commodity chemicals because they are produced in large amounts and have relatively low prices. Other chemicals—sometimes called fine or specialty chemicals—require less energy to produce and sell for much higher prices. The category of other chemicals includes medicines, soaps, and paints.

The chemicals industry uses energy products such as natural gas for both heat and feedstock. Basic chemicals are often made in large factories that use a variety of energy sources to produce heat, much of which is for steam, and for equipment, such as pumps. The largest feedstock use is for producing petrochemicals, which can use oil-based or natural-gas-based feedstocks.

In terms of value, households are the largest users of chemicals because they use higher value chemicals, which are often chemicals that help to improve standards of living, such as medicines or sanitation products. Chemicals are also often intermediate goods—materials used in the production of other products, such as rubber and plastic products manufacturing, agricultural production, construction, and textiles and apparel making.



Source: U.S. Energy Information Administration, *WEPS+*, August 2018
Note: Dollar values are expressed in 2010 U.S. dollars, converted based on purchasing power parity.

The energy intensity of the basic chemicals industry, or energy consumed per unit of output, is relatively high compared with other industries. However, the energy intensity of the basic chemicals industry varies widely by region, largely based on the chemicals a region produces. According to EIA's *International Energy Outlook 2018*, Russia had the most energy-intensive basic chemicals industry in 2015, with an average energy intensity of approximately 98,000 British thermal units (Btu) per dollar, followed by Canada with an average intensity of 68,000 Btu/dollar.

The Russian and Canadian basic chemicals industries are led by fertilizers and petrochemicals. Petrochemicals and fertilizers are the most energy intensive basic chemicals, all of which rely on energy for breaking chemical bonds and affecting the recombination of molecules to create the intended chemical output. These countries produce these specific basic chemicals in part because they also produce the natural resources needed as inputs, such as potash, oil, and natural gas.

By comparison, the energy intensity of the U.S. basic chemical

industry in 2015 was much lower, at 22,000 Btu/dollar, because the industry in the United States has a more diverse production mix of other basic chemicals, such as gases and synthetic fibers. However, EIA expects that increasing petrochemical development in the United States will increase the energy intensity of the U.S. basic chemicals industry.

The United States exports chemicals worldwide, with the largest flows to Mexico, Canada, and China. According to the World Input-Output Database, U.S. exports of all chemicals in 2014 were valued at $118 billion—about 6% of total U.S. exports—the highest level in decades.

Principal contributor: Elizabeth Sendich