Freedom Gas – breaking new territory

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31/05/2019

It's an ill wind that blows a fresh nugget of jargon across our computer screens, and once again we have our cousins across The Pond to thank for it as they re-brand natural gas to "Freedom Gas".

The mind flashes back to 2003 when French Fries received a political make-over, returning as the infinitely more appetising "Freedom Fries" in a White House backlash against France's opposition to the war in Iraq.

This latest identity realignment has been coined by the US Department of Energy as the trade war escalates with China as American imposes taxes on its imports, and China retaliates by pricing US LNG out of the market.

In one fell swoop, the US is losing a key customer for what the DOE has also delightfully termed its "molecules of US freedom" as China imposes a 25% tax on American LNG imports.

This comes as a blow to the burgeoning US LNG sector which has evolved in leaps and bounds since 2016 as it taps into new, deep reserves of natural… sorry, Freedom Gas.

LNG – a hot sector

There is already a lively pipeline for LNG train construction as the wall of cash – equity and debt – chases big ticket LNG projects in this reinvigorated sector.

Established players have big plans for brownfield expansions and approvals are being pushed through at an unseemly lick.

For those with an LNG terminal up and running – or at least under construction – it's an obvious to at least start the permission process to bolt on extra liquefaction units.

On the regulatory front – China aside – the Trump administration is completely bought in to these investments, with FERC approvals following fairly swiftly.

In effect, the race is on to push through a pipeline of LNG facilities and have them online before rival nations, and secure sale and purchase agreements, locking in commitments over the long-term.

For example, Saudi Aramco recently agreed to a buy a 25% stake in Sempra Energy's Port Arthur facility in Texas. This deal includes a 20-year agreement to buy five million tons of gas annually from the plant. The buyer has the option to ship the LNG to fire Saudi power plants, or trade it on the open market.

The US is the fastest growing LNG market and – proposed over-build aside – it will soak up a lot of liquidity in the market.

US LNG – gaseous activity

Among the operating facilities, Sabine Pass LNG Terminal is located on the Texas border with Louisiana in Cameron Parish, Louisiana. The terminal has two docks and is capable of simultaneously loading (or unloading) LNG vessels from each berth.

Houston-headquartered Cheniere Energy owns Sabine Pass which shipped its first cargo in February 2016, making it the first US facility to export super-chilled Freedom Gas from its shores. It has five operational trains (the fifth completed in March), and a sixth unit in planning. Once fully operational, Sabine Pass will be capable of shipping 27 million tonnes per annum (mtpa).

Corpus Christi LNG – owned by Cheniere subsidiary Corpus Christi Liquefaction – is located on La Quinta Channel on the north east of Corpus Christi Bay in San Patricio County, Texas.

It started production this year and boasts three LNG trains, with proposals in place for seven smaller trains. The first train is operational with the second expected to reach completion in H2 2019, while the third should come online in H2 2021. Once complete – all trains in operation – the terminal will have a maximum capacity of 23 mtpa.

Dominion Cove Point LNG – owned by Dominion Questar Gas – has a storage capacity of 14.6 billion cubic feet (BCF) and a daily send-out capacity of 1.8 BCF. The terminal connects, via its own pipeline, to the Transcontinental Gas Pipeline, Columbia Gas Transmission and Dominion Energy Transmission.

Kenai LNG – owned by Marathon Petroleum – is located in Nikiski, on the Kenai Peninsula, some 60 air miles from Anchorage and 10 miles from the city of Kenai. It launched operations in the 1960s, but was mothballed in more recent times.

It is being rebooted with BP and ExxonMobil committing $10 million each towards FERC approval for expansion. State-owned Alaska Gasline Development Corp estimates the environmental impact statement cost at around $30 million.

Cameron LNG – owned by Sempra Energy, Total, Mitsui & Co, Engie and Japan LNG Investment (Mitsubishi Corporation and Nippon Yusen Kabushiki Kaisha) – went live this month with its first phase in Hackberry, Louisiana.

This first phase involves the development of three trains that allow it to export 12 mtpa, around 1.7 billion cubic feet per day.

LNG new build

And then there is a raft of LNG facilities that are under construction:

- Freeport LNG Terminal, Texas – Freeport LNG Development and IFM Global Infrastructure Fund
- Corpus Christi Train 2, Texas – Cheniere subsidiary Corpus Christi Liquefaction
- Elba Island, Georgia – Kinder Morgan and EIG Global Energy Partners
- Calcasieu Pass LNG, Louisiana – Venture Global LNG

Approved, but yet to start work:

- Lake Charles LNG, Louisiana – Energy Transfer Partners
- Cameron LNG Phase 2 in Louisiana
- Port Arthur, Texas
- Freeport LNG Terminal Train 4, Texas

And proposals submitted to FERC:

- Pascagoula, Mississippi
- Brownsville, Texas
- Brownsville Annova, Texas
- Jacksonville, Florida

- Plaquemines Parish, Louisiana
- Nikiski, Alaska
- Coos Bay, Oregon
- Corpus Christi Train 3, Texas
- Sabine Pass Train 6, Louisiana
- Rio Grande LNG, Texas