Europe may shift back to coal as Russia turns down gas flows

FRANKFURT/MILAN — Europe's biggest Russian gas buyers raced to find alternative fuel supplies on Monday and could burn more coal to cope with reduced gas flows from Russia that threaten an energy crisis in winter if stores are not refilled.

Germany, Italy, Austria and the Netherlands have all signaled that coal-fired power plants could help see the continent through a crisis that has sent gas prices surging and added to the challenge facing policymakers battling inflation.

The Dutch government said on Monday it would remove a cap on production at coal-fired energy plants and will activate the first phase of an energy crisis plan. Denmark has also initiated the first step of an emergency gas plan due to the Russian supply uncertainty.

Italy moved closer to declaring a state of alert on energy after oil company Eni ENI.MI said it was told by Russia's Gazprom GAZP.MM that it would receive only part of its request for gas supplies on Monday.

Germany, which has also experienced lower Russian flows, has announced its latest plan to boost gas storage levels and said it could restart coal-fired power plants that it had aimed to phase out.

Russia on Monday repeated its earlier criticism that Europe had only itself to blame after the West imposed sanctions in response to Moscow's invasion of Ukraine, a gas transit route to Europe as well as a major wheat exporter.

The Dutch front-month gas contract, the European benchmark, was trading around €124 ($130) per megawatt hour (MWh) on Monday, down from this year's peak of 335 euros but still up more than 300% on its level a year ago.

FILLING INVENTORIES SLOWLY

Markus Krebber, CEO of Germany's largest power producer RWE, said power prices could take three to five years to fall back to lower levels.

Russian gas flows to Germany through the Nord Stream 1 pipeline, the main route supplying Europe's biggest economy, were still running at about 40% of capacity on Monday, even though they had edged up from the start of last week.

Ukraine said its pipelines could help to fill any gap in supply via Nord Stream 1. Moscow has previously said it could not pump more through the pipelines that Ukraine has not already shut off.

Eni and German utility Uniper were among European companies that said they were receiving less than contracted Russian gas volumes, although Europe's gas inventories are still filling — albeit more slowly.

They were about 54% full on Monday against a European Union target of 80% by October and 90% by November.

Germany's economy ministry said bringing back coal-fired power plants could add up to 10 gigawatts of capacity in case gas supply hit critical levels. A law related to the move goes to the upper house of parliament on July 8.

Alongside a shift back to coal, the latest German measures include an auction system to encourage industry to consume less gas, and financial help for Germany's gas market operator, via state lender KfW, to fill gas storage faster.

RWE said on Monday it could prolong the operation of three 300 megawatt (MW) brown coal power plants if needed.

RUSSIA BLAMES WEST

Austria's government agreed with utility Verbund on Sunday to convert a gas-fired power plant to coal should the country face an energy emergency. OMV said on Monday Austria was set to receive half the usual amount of gas for a second day.

The Netherlands will remove a production cap at coal-fired energy plants to preserve gas in the light of Gazprom's moves to cut supplies to Europe. Dutch energy minister Rob Jetten, who made the announcement on Monday, said the government had also activated the "early warning" phase of a three-part energy crisis plan.

Russia's state-controlled Gazprom cut capacity last week along Nord Stream 1, citing the delayed return of equipment being serviced by Germany's Siemens Energy in Canada.

German and Italian officials have said Russia was using this as an excuse to reduce supplies.

Italy, whose technical committee for gas is expected to meet on Tuesday, has said it could declare a heightened state of alert on gas this week if Russia continues to curb supplies.

The move would trigger measures to reduce consumption, including rationing gas for selected industrial users, ramping up production at coal power plants and asking for more gas imports from other suppliers under existing contracts. — ***Reuters***

REUTERS

A MAN stands opposite the modern port at the harbor in Port Sudan at Red Sea State, February 24, 2014.

UAE set to build a new Red Sea port in Sudan in $6-B investment package

CAIRO — The United Arab Emirates (UAE) will build a new Red Sea port in Sudan as part of a $6-billion investment package, DAL group chairman Osama Daoud Abdellatif, a partner in the deal, told Reuters.

Abdellatif said the package includes a free trade zone, a large agricultural project and an imminent $300-million deposit to Sudan's central bank, which would be the first such deposit since an October military takeover.

Western donors suspended billions in aid and investment to Sudan after the coup, plunging an economy that was already struggling into further turmoil and depriving the government of much needed foreign currency.

Ibrahim told Reuters on Wednesday that a memorandum of understanding had been signed with the UAE for a port and agricultural project, but the details have not previously been reported.

The finance ministry did not immediately respond to a request for comment on details of the deal.

The $4-billion port, a joint project between DAL group and Abu Dhabi Ports, owned by Abu Dhabi's holding company ADQ, would be able to handle all kinds of commodities and compete with the country's main national port, Port Sudan, Abdellatif said.

Located about 200 km (124 miles) north of Port Sudan, it would also include a free trade and industrial zone modelled after Dubai's Jebel Ali, as well as a small international airport, he said.

The project is in "advanced stages," with studies and designs complete, he said.

Rumors of Gulf investments in Port Sudan, and in agricultural projects elsewhere in the country, have in the past stirred opposition and sometimes protests.

Port Sudan has long been plagued with infrastructure challenges and was shut by a political blockade for six weeks late last year, losing business from major international shippers.

The UAE deal also includes the $1.6-billion expansion and development of an agricultural project by Abu Dhabi conglomerate IHC and DAL Agriculture in the town of Abu Hamad in northern Sudan, Abdellatif said.

Alfalfa, wheat, cotton, sesame, and other crops would be grown and processed on the 400,000 acres of leased land, he said. A $450-million, 500 km (310 mile) toll road connecting the project to the port would be built as well, financed by the Abu Dhabi Fund for Development.

Under the agreement, the Fund would also make a deposit of $300 million to the Central Bank of Sudan, Abdellatif said.

Abdellatif said the agreement was reached initially in July 2021, under a civilian-led transitional government.

Two sources from the former cabinet, who asked not to be named, said a different version of the deal had been reviewed last year but ultimately did not move to a vote due to reservations. — ***Reuters***

Babel Finance wins debt repayment reprieve after withdrawal freeze

BABEL Finance, the Hong Kong-based crypto lender which suspended withdrawals and redemption of crypto assets on Friday, said it has reached an agreement with counterparties on the repayment of some debts to ease short-term liquidity.

Cryptocurrency valuations have plunged in recent weeks as investors dump risky assets in a rising interest rate environment. Bitcoin, which reached a record high of $69,000 in November, lost more than half its value this year.

In an update on its website on Monday, Babel said it carried out an emergency assessment of its business operations to determine the company's liquidity status.

Crypto lenders gather crypto deposits from retail customers and re-invest them, proclaiming double-digit returns and attracting tens of billions of dollars in assets. However, lenders have been unable to redeem their clients' assets during the recent meltdown.

Babel, which has 500 clients and only deals in bitcoin, ethereum and stablecoins, raised $80 million in a funding round last month, valuing it at $2 billion. It had ended last year with $3 billion of loan balances on its balance sheet. — ***Reuters***

PetroEnergy to develop offshore wind farms with foreign partner

PETROENERGY Resources Corp. is planning to develop the three offshore wind power projects in its pipeline with a foreign partner, the Yuchengcos' energy arm said in a regulatory filing on Tuesday.

"These projects will be developed by PGEC (PetroGreen Energy Corp.) alongside a foreign partner," the listed company said in its information statement submitted to the Philippine Stock Exchange.

PetroEnergy did not disclose the identity of the foreign partner nor the status of its partnership, but it said one of the proposed projects had secured the endorsement of the Department of Energy (DoE) on securing government permits.

The company, through its unit PetroGreen, is developing the offshore wind power projects off the coast of Occidental Mindoro, Iloilo, and Ilocos Norte.

In 2021, PetroGreen secured three wind energy service contracts from the DoE covering three offshore wind blocks.

On Dec. 28, 2021, the Energy department issued to PetroGreen the agency's formal endorsement for the National Grid Corp. of the Philippines (NGCP) to go hold system impact studies for the three blocks.

"The early issuance will help both DoE and NGCP to plan their grid improvements to accommodate large-scale capacities from these offshore wind projects," PetroEnergy said.

It said PetroGreen had also secured the DoE's endorsement to local government units and national government agencies for the northern Luzon project in January 2022.

Onshore, PetroGreen is currently gathering wind data for two years to assess the long-term wind resource to support a potential wind-hybrid power project in San Vicente, Palawan.

The data gathering is the latest development in its Palawan project, which was awarded a wind energy service contract by the DoE in November 2019.

The proposed project is around 130 kilometers north of Puerto Princesa. Activities for the meteorological mast installation program for the San Vicente wind-hybrid power project had been put on hold due to pandemic-related travel restrictions.

In December 2020, PetroGreen's contractor was mobilized to San Vicente to carry out the installation works for the 60-meter meteorological mast to be used for the wind measurement campaign. The mast was commissioned and turned over to the company in July 2021.

Incorporated in 2010, PetroGreen is 90% owned by PetroEnergy and acts as its renewable energy arm and holding company. It ventured into renewable energy development and power generation through its subsidiaries and affiliate, namely: Maibarara Geothermal, Inc. (65%-owned), PetroSolar Corp. (56%-owned), and PetroWind Energy, Inc. (40%-owned).

PetroEnergy is also into upstream oil exploration and development, including operations in Gabon, West Africa.

On Tuesday, shares in the company slipped by 1.02% or five centavos to close at P4.85 apiece on the stock exchange. — **Victor V. Saulon**

Dutch beer brand to boost Philippine presence

HEINEKEN, the international premium beer brand, is taking on a new corporate identity and aims to boost its presence in the Philippines, which the Dutch brewer considers one of its major growth drivers in the region.

At the helm of the corporate refresh is Michael Vainio, the country manager. He will oversee the beer brand's expansion through Heineken Philippines, Inc.

In a statement on Tuesday, Heineken Philippines said Mr. Vainio has years of experience with CPG (consumer packaged goods) categories under his belt.

Before joining the local company, he served for 12 years at Kimberly-Clark as general manager for Singapore and the Philippines. He was head of customer development before joining Heineken Philippines.

Heineken entered the Philippine market in 2016 through AB Heineken Philippines, a 50-50 joint venture partnership between Heineken and Filipino-owned diversified beverage company Asia Brewery, Inc.

Now under a "reformed partnership structure," Heineken Philippines has put up its own sales and marketing office based in Manila. Asia Brewery is still the local manufacturing partner and distributor of the international brand's premium beer products in the Philippines.

Heineken describes itself as "one of the most iconic beer brands in the world for over 150 years."

FULL STORY
Read the full story by scanning the QR code or by typing the link
<https://bit.ly/3OyYamB>