Oil and Gas News Briefs
Compiled by Larry Persily
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Cold winter and hot natural gas prices worry policymakers

(Bloomberg opinion; Sept. 27) - This winter, the world will be fighting over something that’s invisible, yet rarely so vital — and in alarmingly short supply. Nations are more reliant than ever on natural gas to heat homes and power industries amid efforts to quit coal and increase the use of cleaner energy sources. But there isn’t enough gas to fuel the post-pandemic recovery and refill depleted stocks before the cold months.

Countries are trying to outbid one another for supplies as exporters such as Russia move to keep more natural gas home. The crunch will get a lot worse when temperatures drop. The crisis in Europe presages trouble for the rest of the planet as the continent’s energy shortage has governments warning of blackouts and factories being forced to shut. Even a normally cold winter in the Northern Hemisphere is expected to drive up natural gas prices further across much of the world.

In China, industrial users including makers of ceramics, glass, and cement may respond by raising prices; households in Brazil will face expensive power bills. Economies that can’t afford the fuel — such as Pakistan or Bangladesh — could simply grind to a halt. Utilities and policymakers are praying for mild temperatures because it’s already too late to boost gas supplies. The prospect of accelerating energy costs, in conjunction with squeezed supply chains and food prices at decade highs, could make more central bankers question whether the jump in inflation is as transitory as they’d hoped.

China’s tight power supplies force factories to cut back production

(Reuters; Sept. 27) - Widening power shortages in China have halted production at numerous factories including many supplying Apple and Tesla, while some shops in the northeast operated by candlelight and malls shut early as the economic toll of the energy squeeze mounted. Rationing was implemented during peak hours in many parts of northeastern China since last week, and residents of cities including Changchun said power cutbacks were occurring sooner and lasting for longer, state media reported.

China's power crunch, caused by tight coal supplies and toughening emissions standards, has hurt production in industries across several regions and is dragging on the country's economic growth outlook, analysts said. The impact on homes and non-industrial users comes as nighttime temperatures slip to near-freezing in China's northernmost cities. The National Energy Administration has told coal and natural gas firms to ensure sufficient energy supplies to keep homes warm during winter.

Liaoning province said power generation has declined significantly since July, and the supply gap widened to a "severe level" last week. It expanded power cuts from industrial firms to residential areas last week. The city of Huludao told residents not to use high energy-consuming electronics like water heaters and microwave ovens during peak periods, and a resident of Harbin city in Heilongjiang province told Reuters that many shopping malls were closing earlier than usual at 4 p.m.

Energy shortage creates problems in China's homes and factories

(Bloomberg; Sept. 27) - China's energy crisis is beginning to hit people where they live, adding the risk of social instability on top of potential global supply chain disruptions. Residents in several northern provinces have been hit by blackouts. Guangdong, a southern industrial hub with an economy bigger than Australia's, has asked people to keep air conditioners above 79 degrees Fahrenheit to help avoid widespread shortages.

The impact to people's homes shows how quickly the power crisis is escalating, as China typically first asks large industrial users to curtail consumption when supply gets tight. Cuts to factories are already raising concerns of yet another wrench thrown into the works of global supply chains. China is facing power issues on two fronts. Some provinces have ordered industrial cuts in order to meet emissions and energy intensity goals, while others are facing an actual lack of electricity as sky-high coal and natural gas costs cause generators to reduce output amid high demand.

Northern Chinese provinces of Liaoning, Jilin and Heilongjiang all suffered blackouts over the weekend, with cuts to traffic lights wreaking havoc on traffic during rush hour. Jilin's Vice Governor Wu Jingping on Sept. 27 called for ensuring residential electricity needs and avoiding power cuts by all means. Power restrictions are likely to continue to March, and residents should prepare for water cuts to become normal, a report said.

Pakistan cannot afford costly LNG, expects power outages

(Bloomberg; Sept. 28) - Pakistan only started importing liquefied natural gas six years ago, but its growing dependence on the fuel is starting to turn into a nightmare. The surge in global gas prices due to shortages in Europe has pushed Asian LNG to records for the time of year — close to $30 per million Btu for some spot-market purchases in Asia. That has forced Pakistan to pay the most ever for spot shipments to top up its supply under long-term contracts, or even forgo them altogether.

The shortfall means the nation will "definitely" suffer power outages over the winter, Iqbal Z. Ahmed, the chairman of Pakistan GasPort, which owns and operates one of the nation's import terminals, said in an interview. "It will hit exports, industry and general morale more than anything else. Electricity is not a luxury."

Over the past decade, emerging nations including Pakistan built LNG import strategies on the premise that the fuel would be abundant and cheap for the foreseeable future, as it was during the past several years. That came to a halt this year as Asian LNG rates soared. Pakistan gets more than half its LNG under long-term contracts, which provides some protection against the volatile spot market. But the nation still requires spot shipments through the winter months, and it is unclear if it will be able to afford those.

China considers boost in electricity costs to reduce demand

(Bloomberg; Sept. 28) - The Chinese government is considering raising power prices for industrial consumers to help ease a growing supply crunch. The rate hikes for factories to textile mills could come in the form of higher flat fees, or in rates that are linked to the price of coal, according to people familiar with the details of the plan. The government has also discussed raising rates for residential users if the industrial increases aren't enough to solve the crisis, said the people, who asked not to be identified.

The discussions are coming as the world's second-biggest economy faces power shortages that are threatening to slow growth and further strain global supply chains. Record-high coal prices mean many power generators are losing money at current electricity rates, keeping some from boosting generation to meet demand. Most power in China is sold at regulated rates, which provinces are allowed to raise or lower by as much as 10%. Several provinces have already added the maximum 10%, so an additional hike would have to be more than that to have an effect.

Higher power prices could give generators reason to produce more electricity, while also incentivizing users to try to reduce consumption to lower their bills. Higher power bills for factories could also add to inflationary fears in the country. Hunan's Provincial Development and Reform Commission plans to unveil a trial program in October that would link industrial power prices to the coal market, China Business News reported.

U.S. unable to meet all of Europe's and Asia's natural gas needs

(Bloomberg; Sept. 28) - If there's any country that might have been in a position to rescue Europe from its energy crisis, it's the U.S. — home to vast shale fields holding a seemingly endless supply of natural gas and giant terminals capable of liquefying it and shuttling it abroad. Instead, for a multitude of reasons, U.S. shale is in no position to bail out Europe. Indeed, supplies are so tight that Americans are staring down their own supply squeeze — and the accompanying sky-high utility bills.

U.S. stockpiles haven't been replenished as much as usual after summer heatwaves sent energy demand soaring and the post-pandemic industrial recovery diverted fuel to power plants and factories. Meanwhile, many major shale drillers have been funneling cash to shareholders and focusing on climate goals rather than boosting output. The result: There's very little supply cushion in the U.S., and whatever is available for export as LNG is going to be fought over by desperate European importers and buyers in Asia that face an energy crunch of their own and are willing to pay a premium.

Americans are likely to face some of their highest energy bills in years. New York-traded gas futures have more than doubled so far in 2021, and the peak-demand season hasn't even begun. The U.S. benchmark price jumped to a seven-year high this week. "In theory, the U.S. is the Saudi Arabia of natural gas, but the reality is we have no new gas coming online," said Campbell Faulkner, chief data officer at OTC Global Holdings who formerly worked in risk-management and analysis at Shell and JPMorgan Chase.

China willing to 'any price' for coal to feed power plants

(Bloomberg; Sept. 28) - China, the world's top coal consumer, is in dire need of more supply and is willing to pay any price — a move that threatens to leave less fuel for energy-starved rivals. With winter on the way for much of the world and natural gas prices at record levels, economies across the globe are competing for a finite supply of coal. At the center of the scramble is China, where stockpiles are low and demand is at an all-time high. The dirtiest fossil fuel is now seeing its biggest comeback ever, complicating international climate talks set to begin in just a few weeks.

China will expand coal purchases at "any price to ensure heating and power generation in winter," the China Electricity Council said in a statement on Sept. 27. While more than 90% of the fuel the country uses is mined locally, it's difficult to raise local output at short notice. European coal has risen to a 13-year high, and Australian Newcastle coal has surged by 250% from last September to within range of the record set in 2008.

A few months ago, Chinese coal buyers were on the sidelines of the spot market, complaining about prices being too high and saying they could manage with domestic inventories, according to traders with knowledge of the matter. Now those buyers are singing a different tune, as power plant operators have turned frantic, asking traders and importers to source overseas cargoes, they said. "Asia doesn't have enough coal," said Saad Rahim, chief economist at major commodity trading house Trafigura Group.

Energy shortage drives coal prices in Europe to highest since 2008

(Bloomberg; Sept. 24) - European electricity producers are snapping up coal cargoes as a shortage of natural gas forces utilities to burn the dirtiest of fossil fuels. A shipment for delivery next month at a major European hub traded at $200 a metric ton, the highest since 2008, said traders who saw the transaction on the globalCOAL online platform. Several utilities stepped into the market this week to secure supplies before the start of winter, said the traders, who asked not to be identified because the deals are private.

Europe is facing an energy crunch after last year's long and cold winter left gas stockpiles depleted. Replenishing them hasn't been easy, with limited supplies from Russia and Norway forcing Europe to fight for liquefied natural gas cargoes in the market. Low wind speeds unable to generate enough wind power have compounded Europe's energy woes, pushing utilities to burn dirtier fossil fuels to bridge the shortfall.

Energy prices are soaring just as Europe is trying to push for a more ambitious climate deal when world leaders meet in Scotland later this year. Coal's comeback is likely to make those talks difficult for politicians from the U.K. to Spain and Italy, which are already dealing with the fear of voter backlash from rising energy bills. Coal supplies have fallen as major producers Colombia and Indonesia have struggled with heavy rain, while some mines elsewhere have closed because of the pandemic. Investment in new mining projects has almost come to a halt in recent years.

New England natural gas futures climb to above $21

(S&P Global Platts; Sept. 22) - The winter 2022 forwards contracts at Algonquin city-gates are trading at record highs recently as New England's gas market prepares to compete in the global LNG arena for peak-season cargoes of the power-generation and heating fuel. On Sept. 27, forwards prices at the Boston-area hub for January and February 2022 climbed to around $21 to $22 per million Btu — the contracts' highest settlement prices dating back at least eight years, S&P Global Platts' data showed.

Since the start of June, winter gas prices at Algonquin have more than doubled from the low-$9 area as an enduring supply crunch in the LNG market has pushed global price indexes to record highs. On Sept. 28, Northeast Asia's benchmark LNG import price, the Platts Japan-Korea Marker, surged to a record at over $32. At the Dutch TTF hub in Europe, the prompt-month price also hit a record high Sept. 28, settling north of $27, price data from S&P Global Platts showed.

Strong global prices could make for a costly winter in New England's gas market this year, where limited storage and constrained pipelines keep end-users dependent on LNG imports on peak winter heating days. Last season, prices at Algonquin briefly surged to around $11 to $12 in January and again in February but averaged just $4.92 and $8.37 during the two months, respectively. In previous winters, Algonquin has seen similar spikes, sometimes into the $20 to $30 range, although only for brief periods.

Lack of oil and gas investment could drive price volatility

(Reuters; Sept. 27) - A lack of investment in new oil and gas supplies — amid a shift in focus to cleaner fuels — is likely to drive price volatility in the next decade as demand for traditional energy sources grows, senior industry executives said. Global energy investment saw its biggest fall on record in 2020 when the COVID-19 pandemic hammered demand, while a push for energy transition to meet greener targets pulled more funds into renewable resources.

Underinvestment in the global oil and gas sector could lead to tighter supplies at a time when demand is set to recover, senior executives at Vitol, Trafigura, Hess Corp. and Equinor cautioned. “It seems likely that rather than falling, global oil demand is set to continue to rise as new markets and consumers emerge,” Ben Luckock, co-head of oil trading at Trafigura, said at the annual Platts Asia Pacific Petroleum 2021 conference.

“Whilst that might be beneficial to oil producers in the short term, it also means significant costs to the global economy which is in nobody’s long-term interest,” Luckock added. “We’re in a period where we have been investing too little coming back from COVID,” said Eirik Waerness, Equinor’s senior vice president and chief economist. “That is probably exacerbated by a lot of uncertainty regarding what the energy transition will be, so there will be a wait-and-see attitude here.”

Natural gas shortage could help drive up oil prices

(The Wall Street Journal; Sept. 28) - A shortfall in global energy supplies is spilling into crude markets and could add momentum to this year’s rally in oil prices, investors say. “Oil’s move is really to do with the global energy crunch coming out of the gas power market,” said Norbert Rücker, head of economics at Swiss private bank Julius Baer. “This is now spilling over into the oil market because of the expectation that this energy scarcity means we’re going to use oil for spillover demand” that gas cannot fulfill.

In some power plants, oil can be used to generate electricity when natural gas prices surge. A global gas production deficit, depleted inventories and a push from the Chinese government to slash emissions — switching out coal for gas — have all played a role in pushing gas prices higher. That comes as the Northern Hemisphere heads into the winter heating months. Record-high gas prices in parts of the world have exacerbated the oil market’s already tight supply-and-demand balance.

Cumulative losses in U.S. Gulf of Mexico oil production following the impact of Hurricane Ida last month have reached more than 30 million barrels and could hit more than 55 million barrels before all production is restored, according to Helge André Martinsen, senior oil market analyst at DNB Markets. Those dynamics have prompted analysts to raise their oil-price forecasts. And power plants are already starting to switch from using natural gas to using oil in Asia, said Claudio Galimberti, senior vice president of oil markets at energy consulting firm Rystad Energy.

U.S. LNG developers regain hope

(Financial Times; London; Sept. 24) – U.S. natural gas exporters are planning a wave of new projects to take advantage of supply shortages and rising global prices in Europe. This represents a reversal for the U.S. liquefied natural gas export industry, which was idling only last year amid a pandemic oversupply and answering questions about the future of gas in a low-carbon world.

"It only depends on whether the infrastructure can be built in the U.S.," said Tellurian chairman Charif Souki, who wants to build a $15 billion export plant on the Gulf Coast. Analysts say new construction will make the U.S. the world's second-largest exporter of the fuel as developers regain confidence. "Even before the pandemic … it seemed like we might have seen the last LNG final investment decision in North America" to build more export plants, said Amber McCullagh, director of energy consultancy Enverus.

McCullagh expects to see as many as five new projects in the next few years, including expansion of existing facilities. Total U.S. LNG export capacity could double to 20 billion cubic feet per day of gas. "LNG in the United States has never looked so good … but it's not that simple," said Alex Manton, an analyst at energy consultancy Wood Mackenzie. "Society and policy are trying to keep them away from putting their 20-year gas contracts in their books. They basically ask investors who are saying, 'What are you doing? You should be on the wind.'"

Global oil trader sees higher prices this winter

(Bloomberg; Sept. 27) - The world faces higher oil and gas prices this winter and beyond as supply struggles to catch up with fast-rising demand, according to Trafigura Group, one of the world's largest commodity trading houses. "We're going to see higher oil prices," Ben Luckock, Trafigura's co-head of oil trading said in an interview.

Luckock said the market was mispricing forward oil contracts for the next couple of years because traders hadn't yet woken up to the fact the supply-demand balance will remain tight for some time. "Deferred crude, particularly for December 2022 and 2023, is cheap," he said. Brent crude for delivery in December 2022 is currently changing hands at around $70 a barrel, but Luckock said it wouldn't be surprised if Brent has risen to about $100 a barrel by then. "I struggle to see anything but higher prices going forward in the next two years."

On Sept. 27, Brent crude for immediate delivery surged toward $80 a barrel, setting its highest price in nearly three years. Trafigura is the world's second-largest independent oil trader, behind industry leader Vitol Group, giving the company a privileged view of global energy flows. The bullish outlook comes as oil demand fast recovers toward its pre-pandemic level, with most traders expecting that consumption will reach the 2019 peak by early-to-mid 2022. As demand rebounds, supply has struggled to keep up.

OPEC+ expected to stick with gradual increases in production

(Reuters; Sept. 29) - OPEC+ is likely to stick to an existing deal to add 400,000 barrels per day to its output for November when it meets next week, sources said, despite oil hitting a three-year high above $80 a barrel and pressure from consumers for more supply. The Organization of the Petroleum Exporting Countries and allies led by Russia, known as OPEC+, agreed in July to increase output by 400,000 barrels per day each month to phase out last year's cuts.

"So far we will keep the plan to increase by 400,000," one of the sources said. The OPEC+ Joint Technical Committee (JTC), which met on Sept. 29, sees the oil market at a surplus of 1.4 million barrels per day next year under its base scenario, slightly below the previous forecast of 1.6 million, a presentation seen by Reuters showed. The forecast of a surplus in 2022 adds pressure on OPEC+ not to boost production further.

In remarks to the JTC, OPEC Secretary General Mohammad Barkindo said the current OPEC+ deal is helping to keep the oil market balanced. Energy ministers from OPEC members Iraq, Nigeria and the United Arab Emirates said in recent weeks that the group saw no need to take steps to change the existing plan. Besides, several members face domestic constraints on increasing output. This points to a tighter oil market.

S&P Platts forecasts oil prices will ease in 2022

(S&P Global Platts; Sept. 29) - Gas-to-oil switching and improving demand in Asia amid tighter inventories could boost crude prices, currently at a three-year high, through October, before increased supply from OPEC+ nations and elsewhere limits upside, S&P Global Platts Analytics said in a recent report. Dated Brent prices should average somewhere in the upper $70s per barrel in October and it is quite possible they may rally during this time, Platts Analytics said in its World Oil Market Forecast on Sept. 28.

Prices would then drop back toward $70 as market tightness eases into 2022, with Platts Analytics noting that should supply remain severely disrupted, OPEC+ could raise quotas by 800,000 barrels per day, double current plans for November. Meanwhile, other top analysts have revised their views, with Goldman Sachs raising its forecast for year-end Brent oil prices by $10 to $90 per barrel given the slow recovery from the supply impact of Hurricane Ida in the U.S. and a stronger demand recovery.

UBS analysts said it is only a matter of time before pressure builds on OPEC+ to take action to limit higher prices. "A near-term retest of the October 2018 highs in Brent cannot be excluded ... that said, sustained Brent prices above $80 might also result in more consumer nations requesting OPEC and its allies to open their production taps faster," it said on Sept. 28. OPEC+ meets next on Oct. 4.

Higher costs, labor shortage make it hard to boost U.S. oil output

(Bloomberg; Sept. 29) – U.S. oil producers are boosting output at a slower place as record costs hammer the shale patch, according to a survey of industry executives. Out of 47 responding companies that supply producers with everything from software to workers, just one reported lower goods and services costs in the third quarter, according to a report released Sept. 29 by the Federal Reserve Bank of Dallas.

Hiring has become a big headache for oil field service companies trying to meet increased demand from explorers. Of those reporting difficulties in attracting workers, 70% blamed it on a lack of qualified applicants. Wages are up 20%, and companies are poaching employees from competitors, according to an unidentified survey respondent. “Labor is causing major problems,” the person said. “We are finding it difficult to increase prices to match our increase in costs.”

Of all the labor shortages wreaking havoc on the U.S. economy, few are as thorny or potentially as permanent as the one that has a grip on the oil sector. Thousands of roughnecks and engineers are wary of returning to jobs like the ones they lost when the pandemic sent the price of oil crashing last year.

BP starts oil flow at U.S. Gulf expansion project

(S&P Global Platts; Sept. 28) - BP has flowed the first oil and gas from start-up of the deepwater Thunder Horse South Expansion Phase 2 project in the U.S. Gulf of Mexico, which should increase output from one of that region's largest fields by 25,000 barrels of oil equivalent a day at peak, the company said Sept. 28. The initial two wells eventually will expand to eight. The development is part of BP's goal to increase its Gulf of Mexico production to around 400,000 barrels per day by the mid-2020s, the company said.

Located about 150 miles southeast of New Orleans in the Mississippi Canyon area of the U.S. Gulf in water depths of more than 6,000 feet, the Thunder Horse platform is designed to process up to 250,000 barrels of oil equivalent per day and 200 million cubic feet per day of natural gas. The initial Thunder Horse discovery well was drilled in 1999 to a depth of 25,770 feet, and encountered around 520 feet net of pay in three intervals. It is one of BP's largest U.S. Gulf discoveries. The original field, developed with 25% partner ExxonMobil, began production in June 2008.

Latest OPEC report forecasts oil demand to plateau in 2035

(Bloomberg; Sept. 28) - OPEC sees oil demand continuing to grow to the middle of next decade, even as world leaders prepare for another attempt to avert catastrophic climate change. Global fuel consumption will fully recover from its pandemic slump by 2023 and will keep growing until it hits a plateau shortly after 2035, the Organization of Petroleum Exporting Countries said in its latest long-term report. The forecast could dampen expectations that the climate conference to be held in Glasgow, Scotland, in just over four weeks will culminate in a quick pivot from fossil fuels.

“There are still considerable doubts as to whether all these ambitious climate-mitigation commitments will be met in the proposed timeframe,” OPEC’s Vienna-based secretariat said. OPEC forecasts that global crude consumption will rebound above 100 million barrels a day in 2023, and continue to advance to 107.9 million barrels per day in 2035. The projections are little changed from last year’s report.

OPEC’s World Oil Outlook, published on Sept. 28, echoes comments from group leader Saudi Arabia earlier this year that hopes to reach net-zero carbon emissions by 2050 by slashing fossil fuel investments are a “La La Land” fantasy. While the report acknowledges that renewables are the fastest growing energy source, it projects they will account for just 10% of the world’s needs in 2045.

Developer gives up on Marcellus gas pipeline project

(Reuters; Sept. 27) - PennEast Pipeline said Sept. 27 that it would stop developing a proposed 120-mile pipeline from Pennsylvania to New Jersey, the latest in a series of gas lines to run aground due to legal and regulatory challenges. The project was one of several proposed in recent years to draw gas from the fast-growing Appalachian region, only to run into local or environmental opposition to more fossil-fuel infrastructure. Gas prices have surged worldwide due to rising demand and lack of supply.

In the United States, there is plenty of gas available for heating and power generation. But with the cancellation of PennEast and other pipelines, the industry is becoming more concerned that additional production from the Marcellus/Utica shale in Pennsylvania, Ohio and West Virginia will become trapped in the basin. Much of the growth in U.S. gas production over the past decade that turned the country from a gas importer into one of the world's biggest exporters has come from the Appalachian region. The U.S. exports about 10% of the gas it produces as liquefied natural gas.

PennEast was canceled, the company said, because it had not yet received all of its required permits, including a water-quality certification in New Jersey. It was one of the last major pipelines in the works set to pull gas from the Marcellus/Utica formation, the biggest U.S. gas shale basin. As recently as August, PennEast said it still hoped to finish the first phase of the $1.2 billion pipe in Pennsylvania in 2022. The line was designed to deliver 1.1 billion cubic feet per day of gas to customers in Pennsylvania and New Jersey. PennEast had initially hoped to complete the project in 2019.

Priests lead protest in Winnipeg against oil pipeline

(Winnipeg Free Press; Manitoba; Sept. 25) - Instead of cars at TD Bank's parking lot in Winnipeg, Manitoba, on Sept. 25, priests and congregants were protesting the institution's funding of an oil pipeline. Anglican priests Gwen McAllister and Jane Barter led a short service outside the bank's St. Anne's Road location. Over 30 people listened to the service, holding signs like "You can't drink oil! Stop Line 3."

"What I would like is for TD to become embarrassed enough about their participation in this awful project to choose to withdraw their funding from it," McAllister said after the service. "(Then) other banks would see that as well." Line 3 is a 1,097-mile crude oil pipeline that extends from Edmonton, Alberta, to Superior, Wisconsin, cutting through part of southwestern Manitoba. Calgary-based Enbridge has been replacing and expanding the 1960s' pipeline. Protesters have gathered in Minnesota, citing the climate crisis and intrusion on Indigenous lands as reasons to stop the project.

"I believe there are a lot of people in the churches who care deeply about the Earth, care deeply about Indigenous issues and aren't really sure what we can do," McAllister said. "If we can do something, even symbolic ... it gives people hope and courage." The Sept. 25 event was the group's third peaceful protest. Many religious groups have banded together over the issue: Mennonites held a protest outside TD Bank on in August, and Quakers conducted a silent service outside the bank on Corydon Avenue.

Protestors block access to B.C. gas pipeline construction

(Bloomberg; Sept. 27) - Work on TC Energy's Coastal GasLink pipeline has been hampered by protesters who blocked access to a construction site in western British Columbia, threatening further delays to the 416-mile natural gas line. Construction crews are being prevented from accessing a work area near the Morice River, an area that includes several pieces of heavy equipment staged for clearing and site preparation activities, Calgary-based TC Energy said in a release.

The access road to a drill site on the river was destroyed and blockades have been erected “to stop the drilling under the sacred headwaters that nourish the Wet’suwet’en Yintah and all those within its catchment area,” the Indigenous Environmental Network said in a news release. The latest flare-up of protests is another snag in a project that’s already behind schedule because of COVID-19 work restrictions. The pipeline will supply gas to the LNG Canada terminal in Kitimat, British Columbia, which is scheduled to start shipping gas to overseas customers by 2025.

The pipeline has faced opposition in the past from Indigenous groups, including members of the Wet’suwet’en Hereditary Chiefs. A standoff between pipeline workers and Indigenous groups in early 2020 escalated into Canada-wide protest movement that blocked trains from moving goods and passengers across the country.

China’s pledge to stop financing overseas coal misses soot at home

(The Wall Street Journal; Sept. 24) - China’s pledge to stop financing coal-fired power plants abroad is a welcome move, though the elephant in the room — a very large, sooty one — is at home. President Xi Jinping made the commitment in a speech at the U.N. General Assembly, though he provided no details or timeline. The announcement is significant given that China has been the largest cross-border financier for coal-fired power. According to climate group Global Energy Monitor, China is funding 44 projects with a total capacity of 42 gigawatts in countries such as Bangladesh and Vietnam.

Some of those projects may not have moved forward anyway, with more countries making the commitment to stop building coal plants, but a public pledge from President Xi is still a positive move, especially when many banks are also pulling out of financing coal projects. Backing coal abroad may not make much sense for China anyway as the future of the commodity becomes more uncertain.

It is much more important for China — the world’s biggest consumer and producer of coal — to make a similar commitment at home. Coal is still the largest source of energy for the country — a fact highlighted recently when many Chinese companies said they would have to stop production because of a power crunch and skyrocketing coal prices. Many local governments are trying to meet Beijing’s target of “double control” on both energy consumption and intensity. Cutting dependence on coal could help China save money over the long run, as well as green the planet.

Carbon permits hit record high prices in Europe

(Bloomberg; Sept. 27) - The cost of polluting in Europe surged to a record as a shortage of natural gas prompts electricity producers to burn coal. Carbon permits exceeded 65 euros ($76) a metric ton on Sept. 27. Prices are rising as European utilities are being forced to burn more coal, with several power producers stepping into the market to secure cargoes of the dirtiest of fossil fuels ahead of the winter. Europe has the world’s most ambitious climate plan, but political will is being tested by soaring energy prices.

As countries take steps to ease the blow of higher gas and electricity prices on consumers, Spain warned the European Union that measures to reduce emissions “may not stand a sustained period of abusive electricity prices,” according to a Sept. 20 letter. “A tight gas market should continue to pull prices higher,” Citigroup analysts led by Edward Morse said in a report, referring to European carbon allowances.

Carbon futures almost doubled this year as speculators piled in and fossil fuel prices surged. European utilities are snapping up coal cargoes just before the start of the heating season. A shipment for delivery next month at a major European hub traded at $200 a metric ton on Sept. 24, the highest since 2008, according to traders.