Oil and Gas News Briefs
Compiled by Larry Persily
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Asian buyers 'concerned about the economics' of Alaska LNG

(Financial Post; Canada; April 9) - Alaska LNG will compete head-to-head with Canada's liquefied natural gas industry for buyers in Asian markets if it is ever built, but the proposed US$44 billion project faces major hurdles despite a recent revival in its fortunes, experts say. The long-languishing megaproject has been reinvigorated by President Donald Trump's global tariff policy, which has prompted a rush of interest from Asian governments offering to buy more U.S. LNG in exchange for relief from tariffs.

However, the sheer scope of the project, including more than 800 miles of pipeline, could push up costs. "That's an enormous amount for nearly any private company, so it would have to be built with a combination of federal money and a corporate consortium," Ian Archer, natural gas expert and associate director at S&P Global Commodity Insights, said. Despite Trump's bluster about exporting Alaska's resources, experts and investors, including Mitsubishi, which reportedly is considering investing in the project, believe Alaska LNG could take a decade or more to build.

Japan, South Korea and Taiwan have all said they are considering investing in the project, though some have characterized those announcements as politically motivated rather than based on the project's economic strengths or advantages. Asian countries, which are already among the largest global importers of LNG, may see signing agreements to purchase more U.S. gas as a potential way to gain relief from tariffs.

"I have yet to meet a single potential Asian buyer who is not genuinely concerned about the economics of that project," Anne-Sophie Corbeau, a gas markets expert and research scholar for the Center on Global Energy Policy at Columbia University, said in an email. "If (Trump) was not trying actively to make them sign a deal, I am not sure anybody would actually look at that project."

Asian nations see U.S. LNG as a way to reduce trade tensions

(Bloomberg; April 9) - Asian governments from South Korea to Indonesia are rushing to sign up for liquefied natural gas purchases from the U.S., hoping to reduce trade surpluses with the world's largest economy and secure some relief from President Donald Trump's sweeping "reciprocal" tariffs. Indonesian President Prabowo Subianto, promising to "buy more" goods from America, said April 8 that would include LNG, while Thailand has also said it is considering buying gas. Trump said he had discussed "large-scale" purchases of U.S. LNG with interim South Korean leader Han Duck-soo.

Japan, South Korea and Taiwan have all said they are considering investments in the proposed $44 billion Alaska LNG export project. A cascade of global tariffs introduced last week left Asian economies reeling from the worst levies. As governments seek to ease the pain, LNG is a natural option, as one of a handful of U.S. exports that Asian nations can easily commit to ramping up. The U.S. is the world's biggest supplier of the power plant and heating fuel, with exports already slated to double by 2030.

Asia, meanwhile, is home to the top buyers and demand from emerging nations is slated to grow as economies expand, domestic production stagnates and many begin to shift away from coal. LNG is also usually purchased via long-term contracts that last decades and can be worth billions of dollars — headline numbers large enough to capture the White House's attention. But price remains a concern. GAIL India, which has a long-term contract to take 5.8 million tonnes a year of U.S. LNG, currently resells most of the cargoes overseas under swap deals as it is too expensive to bring home.

Taiwan considers buying more U.S. LNG over next decade

(Reuters; April 10) - Taiwan state-backed entities could over the next decade buy an extra $200 billion of liquefied natural gas from the U.S. and bump up the percentage of gas it gets from the county by one-third to help narrow the trade deficit, the economy minister said on April 10. Taiwan President Lai Ching-te on April 6 pledged to seek a zero-tariff regime with the U.S. and buy more from and invest more in the country. He said Taipei would not retaliate in response to U.S. tariffs.

Taking lawmakers' questions in parliament about the government's response to President Donald Trump's tariff threats, Economy Minister Kuo Jyh-huei said the plan being discussed was some $200 billion in purchases over the coming decade by the government and state-run companies. That does not include purchases by private companies, he added. Asked about raising the proportion of Taiwan's imports of LNG from the United States from 10% to 30% of the total, Kuo said that was the "direction" being eyed. Most of Taiwan's LNG now comes from Australia and Qatar.

Speaking to reporters at parliament, Taiwan Foreign Minister Lin Chia-lung said there was now breathing room to have more detailed and in-depth talks with the U.S.

Alaska LNG could be part of Japan's tariffs deal with Trump

(Argus Media; April 8) - Tokyo will likely use the possibility of purchases from the proposed Alaska LNG project as part of wider efforts to reduce Japan's trade deficit with the U.S. as it wants to negotiate a tariff deal with the Trump administration. The government on April 8 held a ministerial task force with Prime Minister Shigeru Ishiba attending to discuss potential measures against new U.S. tariffs. Details are still under

consideration, but Ishiba is ready to use every possible method to mitigate the impact of looming U.S. tariffs on the Japanese economy, as he sees this as a "national disaster."

Ishiba is aiming to present Trump with a package of measures across a wide range of issues, such as in the energy, agriculture, shipbuilding and automobile sectors, rather than piecemeal requests. The package could include Japan's stance on the Alaska LNG project and ethanol developments, Ishiba stated on April 7 when responding to questions in the Diet. Tokyo may use the Alaska project as part of its tariff negotiations, as buying more U.S. LNG could ease Japan's trade surplus against the U.S.

Ishiba had already mentioned the idea of ramping up purchases of U.S. LNG, as well as ethanol, ammonia and other resources, when he visited Trump in Washington in February. But he emphasized the importance of stable and reasonable prices for LNG imports. The long-proposed Alaska LNG project has made little progress in recent years and has yet to secure any offtake agreements. But it has drawn interest, after Trump devoted one of his first executive orders to the development of Alaska energy.

Even with export approval, U.S. LNG projects face financial obstacles

(Energy Wire; April 7) - The U.S. Department of Energy has come out early and often in support of liquefied natural gas exports under the Trump administration — but there's a limit to what it can do. Observers say permit approvals for LNG exports are only one piece of the puzzle in a business that requires customer contracts to make a project happen. "I think the main obstacles we're seeing really in the U.S. are more about commercial terms, competitiveness of U.S. volumes," said Jason Feer, global head of business intelligence at ship brokerage and consulting firm Poten & Partners.

"We're seeing significantly higher project costs and liquefaction fees," Feer said during a recent webinar. It also remains to be seen how the upheaval in global trade may affect U.S. LNG projects. Some projects with federal approvals in hand haven't reached a final investment decision (FID) and have sought time extensions, either from the Energy Department on the deadline to commence exports or from the Federal Energy Regulatory Commission on their deadlines to complete construction.

Hillary O'Brien, senior program director for carbon management at the clean energy group ClearPath, said factors include rising construction costs, permit delays and supply chain disruptions. She said the Biden administration's pause on LNG export approvals also eroded the "economic, political and regulatory" certainty that developers need.

While some LNG projects are expected to reach FID this year, competition for offtake agreements that lock in deals to buy LNG is getting increasingly competitive, said Oren Pilant, energy analyst at Colorado-based East Daley Analytics. "I think at the moment the real issue or challenge with these projects we're seeing moving forward is securing international offtake agreements," he said. "They need to find buyers for their LNG."

China hasn’t taken any U.S. LNG in 60 days; longest gap in 5 years

(Bloomberg; April 6) - China hasn’t imported liquefied natural gas from the U.S. for 60 days, the longest gap in five years, as worsening relations between Beijing and Washington lead the nation’s buyers to divert shipments. No U.S. cargoes are currently heading to China, according Kpler, an analytics firm that tracks ship data. During President Donald Trump’s first term, China didn’t take a cargo from the U.S. for about 400 days through April 2020, according to ship-tracking data compiled by Bloomberg.

“Zero LNG trade between China and the U.S. is likely to continue for the rest of 2025, with a further increase in China’s tariff on U.S. LNG from the previous 15% to 49%, as a counterstrike against Trump’s steepest tariffs,” said Wei Xiong, head of China gas research at Rystad Energy. “In the meantime, we expect to see more reselling by Chinese companies,” she added.

The current geopolitical conflict is beginning to decouple the world’s biggest LNG seller and buyer. Beijing slapped a 15% tariff on U.S. LNG shipments from Feb. 10 in retaliation to American levies, which was further exacerbated last week by another set of Chinese levies on all imports from the United States. Chinese LNG buyers receive U.S. shipments under binding long-term contracts, but the past mild winter and robust inventories mean that China isn’t in any dire need of LNG, giving the country’s traders more flexibility to resell their contracted U.S. supply to buyers in Europe and Asia.

Chinese buyers resell U.S. LNG rather than take delivery

(Reuters; April 8) - Chinese buyers of LNG are reselling U.S.-sourced cargoes as tit-for-tat tariffs drive up import costs, and the trend is set to accelerate as new multi-year supply deals kick in this month and domestic demand weakens, traders and analysts say. Beijing, which imposed 15% tariffs on U.S. LNG imports in early February, on April 4 slapped reciprocal levies on all U.S. goods beginning April 10, matching U.S. President Donald Trump's move to put 34% additional tariffs on Chinese goods.

China, the world's largest buyer of liquefied natural gas, imported no U.S. gas during March, data from Kpler and LSEG show. The U.S. accounted for about 5% of China's LNG last year. "Chinese LNG importers will probably shift from thinking: 'We should attempt to resell U.S. LNG into Europe' to 'We must resell all U.S. LNG' due to the major difference in tariffs to be paid," said ICIS analyst Alex Siow. Already this year, Chinese offtakers of U.S. LNG have resold into Europe about 70% of what they resold in all of 2024, said Laura Page, head of Kpler LNG insight.

A big uptick in resales is expected after Venture Global's Calcasieu Pass LNG project in Louisiana begins full commercial operations, and as the arbitrage to move cargoes from one market to another favors Europe over Asia this summer, she added. China's state-run Sinopec has contracted to buy 1 million tonnes of LNG a year from Venture Global

starting this month, according to two industry sources. Another state firm, CNOOC, is also set to begin a five-year contract in April for annual supplies of 0.5 million tonnes.

Tariffs war could affect U.S.-China petrochemicals trade

(Reuters columnist; April 7) - The often overlooked yet rapidly expanding petrochemical feedstock trade between the United States and China could become one of the biggest casualties in the two giants' escalating economic clash. President Donald Trump on April 2 imposed sweeping tariffs on its major trading partners. This included a 34% tax on Chinese imports, marking a new low in trade ties between the world's largest economies following years of tit-for-tat tariffs and restrictions since Trump's first term.

Oil and gas made up just over 10% of total U.S. exports to China, constituting a small proportion of total U.S. energy exports and Chinese imports. But within that trade, Chinese purchases of U.S. liquefied petroleum gas and ethane, oil and gas byproducts used to manufacture plastics, have blossomed, rising more than tenfold over the past decade. This has made China's petrochemicals sector and U.S. producers highly dependent on one another — a potential vulnerability both sides could try to exploit.

U.S. production of ethane and LPG, which includes propane and butane, soared in recent years, tracking stellar growth from shale basins. China has become the most important region for petrochemical growth and thus the biggest buyer of U.S. LPG and ethane. Chinese and international companies have invested tens of billions of dollars in new Chinese petrochemical plants, betting on long-term demand for plastics. The U.S. supplied 62% of the 1.4 million barrels per day of LPG and ethane China imported in 2024. The U.S. delivered almost all of China's ethane imports in the past seven years.

Coal and renewables could gain from U.S.-China trade war over LNG

(Climate Wire; April 7) - The burgeoning trade war between the U.S. and China could reroute global flows of liquefied natural gas in ways that accelerate the clean energy transition — or lead to a dangerous spike in climate pollution. China is a leading importer of U.S. LNG. But prospects of future sales to China look grim after President Donald Trump announced a new 34% tariff on Chinese goods last week, and Beijing fired back with retaliatory tariffs that brought the total levy on U.S. LNG imports to 49%.

Analysts say the fight over LNG creates an opening for both coal and renewables while threatening to undercut Trump’s goal of boosting U.S. oil and gas exports. Chinese companies have lined up to sign long-term supply contracts for U.S. LNG in recent years, helping finance a wave of new export terminals along the Gulf Coast, but future supply contracts are now at risk.

Foreign buyers, Chinese and otherwise, are likely to be more reluctant to sign those contracts in the wake of Trump's tariffs, said Ira Joseph, an analyst who tracks the gas industry at Columbia University's Center on Global Energy Policy. Some countries may trade American LNG for Chinese renewables, while the U.S. clean energy industry could suffer supply chain woes in a tit-for-tat trade war.

U.S. investor puts $5.7 billion into Louisiana LNG project

(Reuters; April 7) - Woodside Energy, Australia's top gas producer, said on April 7 it agreed to sell a 40% stake in its Louisiana liquefied natural gas project to U.S. infrastructure investor Stonepeak for $5.7 billion. The deal reduces Woodside's capital spending needs and marks a "material step" toward a final investment decision on the Louisiana LNG plant, the company said, adding it was in talks with other potential partners to further sell down its ownership stake in the project.

Woodside bought Tellurian for $1.2 billion last year to develop the Louisiana LNG project, formerly called Driftwood, in four phases totaling 27.6 million tonnes annual production capacity to meet growing demand for gas. The first phase is expected to cost $16 billion. Stonepeak's investment is set to fund 75% of capital expenditure in 2025 and 2026, which Woodside said enhanced the project's economics and its cash flow.

The deal allows Woodside to make a final investment decision without locking in equity and offtake partners. "This project's now as good as FID," said MST Marquee senior energy analyst Saul Kavonic. Stonepeak senior managing director James Wyper said the deal offers a good opportunity to invest in an LNG plant nearing a final go-ahead. Kavonic estimates Woodside will need to sell a further share of its stake, which includes a gas supply and LNG offtake business, to achieve its 50% selldown target.

U.S. LNG developer signs 20-year deal with Saudi Aramco

(Reuters; April 8) - U.S. liquefied natural gas producer NextDecade said on April 8 it had signed an agreement with a subsidiary of Saudi Aramco to supply LNG from its Rio Grande facility for 20 years. As part of the deal, the Aramco subsidiary will purchase 1.2 million tonnes per year of LNG from a fourth liquefaction unit at the Rio Grande terminal in Texas, subject to a positive final investment decision on the expansion.

NextDecade's Rio Grande LNG export plant has been in development for several years, suffering repeated delays. Phase 1, at 17.6 million tonnes per year, is expected to reach completion by early 2029 at an estimated cost of about $18 billion. The company made an FID to construct the first three liquefaction trains in 2023. NextDecade said achieving a positive FID on Train 4 would be subject to "entering into appropriate commercial arrangements and obtaining adequate financing to construct Train 4."

Japanese explorer starts engineering work on Indonesia LNG project

(Reuters; April 9) - Japanese oil and gas explorer Inpex on April 9 started the front-end engineering design process for its Abadi liquefied natural gas project in Indonesia, as the government put pressure on the company to accelerate development. The Abadi project had faced years of delays including from requests by the previous administration to move the LNG plant onshore from an earlier offshore plan, Shell's exit from the project and a change in plans to incorporate a carbon capture and storage component.

The FEED launch marks major progress for the Abadi project while the company works to accelerate its development, Inpex CEO Takayuki Ueda told reporters in Jakarta. Inpex has previously said it plans to reach a final investment decision for the project in 2027 and aims for production to start in early 2030s. Indonesian authorities, however, are asking Inpex to move the timeline ahead.

"FID must be reached next year," Djoko Siswanto, chairman of upstream oil and gas regulator SKK Migas, said on April 9. He also demanded that Inpex begin production in 2029. That would be "very, very challenging" for Inpex, Ueda said. "But since we understand that demand in Indonesia is growing very fast. ... we'll make our best effort to accelerate the project so that we can reach the target for the production the government requested before 2030," he said. Indonesia's oil and gas production has declined in the past decade because of depleting reserves and delays at new projects.

Mozambique approves Eni’s second floating LNG platform

(Reuters; April 8) - Mozambique on April 8 approved the development plan for Eni's second floating liquefied natural gas platform, Coral Norte, paving the way for a final investment decision. According to a government statement, the plan will see the production of 3.55 million tonnes per year of LNG over 30 years from offshore Mozambique's Rovuma Basin. The project, valued at around $7.2 billion, is expected to start production in the second half of 2028, the statement said.

Eni's first FLNG plant, Coral South, started exporting gas to Europe in 2022 as Mozambique looks to develop massive gas reserves found offshore the southern African country. ExxonMobil and TotalEnergies are also developing much larger LNG projects onshore, although they have suffered delays due to concerns over security from insurgent attacks in the area.

Russia’s Arctic LNG may be headed toward resumption of production

(gCaptain; April 8) - Russia has apparently turned the lights back on at its sanctioned Arctic LNG 2 plant. Images taken by the European Sentinel 2 satellite reveal gas flaring

at both production lines, Train 1 and Train 2. Gas flaring at one of the production lines was first detected several weeks ago. Arctic LNG 2 began operations in August 2024. Over the next two and a half months the project managed to ship out eight cargoes, though none of them have found a buyer due to concerns over U.S. sanctions.

Around one million tonnes of LNG remain afloat aboard several carriers as well as two floating storage barges in Europe and the Far East. More than six months later, losses from boil-off have likely reached 15% to 20%. In October, Novatek, the largest shareholder of the project, decided to temporarily mothball the plant as it found itself unable to market its product due to U.S. sanctions that scared off buyers.

While the company recently indicated that it did not expect a material change in the sanctions for the upcoming summer shipping season, it nonetheless appears working toward full output at Train 1 and initial start-up of Train 2. Days before winter closed the Northern Sea Route for shipping in November 2024, three heavy-lift vessels delivered a powerful generator set and substation from China to drive the second production line. That power plant has now been installed and appears to be supporting Train 2 start-up.

Goldman Sachs says ‘extreme’ conditions could push oil below $40

(Bloomberg; April 8) - Goldman Sachs — fresh from cutting its oil-price forecasts twice in a week — said Brent has the outside potential to fall below $40 a barrel under “extreme” outcomes as the trade war flares and supplies rise. “In a more extreme and less likely scenario with both a global GDP slowdown and a full unwind of OPEC+ cuts, which would discipline non-OPEC supply, we estimate that Brent would fall just under $40 a barrel in late 2026,” analysts including Yulia Grigsby said in an April 7 note.

That cautionary view does not represent the bank’s current base-case outlook, which has Brent at $55 next December. The global oil market has been rocked in recent sessions as the Trump administration’s escalation of the trade war, plus pushback from some other economies including China, raised recessionary risks and headwinds for energy consumption. At the same time, OPEC+ has pivoted and is adding more barrels back into production than had been expected after a long period of supply restraint.

Against that backdrop, banks including Goldman Sachs, Morgan Stanley and Societe Generale have cut base-case oil-price forecasts, as well as exploring less-likely bearish and bullish outcomes. That’s common practice for commodity watchers as they scope out scenarios under different conditions. Assuming a “typical” U.S. recession, plus baseline expectations for supply, Brent was seen at $58 a barrel this December, and $50 in the same month next year, the Goldman analysts said in the note.

Burden to rebalance oil markets could fall on U.S. shale producers

(Bloomberg columnist; April 8) - History doesn't repeat itself, but it often rhymes — take Saudi Arabia pushing OPEC to boost output, seemingly to humble the cartel's cheaters. If it sounds familiar, it's just coincidence. I'm not talking about last week, but rather 1997, when OPEC, meeting in the Indonesian capital of Jakarta, hiked output just as the Asian financial crisis was growing. Few anticipated how ugly the mix of more production and slowing economies would be. A year later, oil prices had plunged below $10 a barrel, and the policy mistake lives forever in OPEC's memory as the "Ghost of Jakarta."

Today, if history is any guide, we are far from the oil market's bottom. The situation is fluid and much depends on the next steps taken by the White House and the OPEC+ alliance. Still, we can draw a few tentative conclusions. So far, both the White House and, crucially, Saudi Arabia appear to be happy with a more than 10% plunge in crude prices since President Donald Trump announced more tariffs. So don't bet either will step in. Trump needs lower oil prices to offset the inflationary impact of his trade war. And the will and intent of the Saudis last week was to push oil prices lower. Period.

With Saudi Arabia pumping more and global consumption growth weakening, supply-and-demand will need to rebalance the hard way via a slowdown in non-OPEC+ output growth. Most of the rebalancing will fall on U.S. shale companies. When the U.S. Federal Reserve Bank of Dallas asked last month U.S. shale companies what West Texas Intermediate oil price they needed to "profitably drill a new well," the average response was $65 a barrel. On April 7, WTI for immediate delivery fell to just under $60, and the 2026 average price, key for shale companies' hedging, plunged to $58 a barrel.

Russian crude falls toward $50 a barrel

(Bloomberg; April 7) - The Kremlin said it's doing everything possible to minimize the impact of a global oil price rout on Russia's economy as the nation's key export grade plunges toward $50 a barrel for first time in 21 months. "We are very closely monitoring the situation, which is characterized as extremely turbulent, tense and emotionally overloaded," the Interfax cited Kremlin spokesman Dimitri Peskov as saying April 7.

Crude prices are critical for Russia's federal budget, which relied on oil and gas for almost 30% of its revenues in January-February, according to government data. As the nation's spending in the first two months of the year accelerated with the war in Ukraine, any drop in revenues could pressure the nation's finances. The country's Urals grade, by far Russia's top export stream, slumped to $52.76 a barrel at the Baltic Sea port of Primorsk on April 4, data from Argus Media show. It was last below $50 in June 2023.

Last month, Russia's Finance Ministry said it expected the average oil price in 2025 to be closer to $60 a barrel instead of the $70 that the country had budgeted for this year,

according to Prime newswire. Headline oil prices have collapsed in the wake of wide-ranging tariffs that the U.S. announced last week on the nation's trading partners, clouding the global demand outlook. On top of that, OPEC+ group is pledging to boost output next month, while Saudi Arabia has lowered its oil prices.

Spill shuts down Keystone line that carries oil from Alberta to U.S.

(Newsweek; April 8) - The Keystone oil pipeline was shut down on April 8 following a rupture in North Dakota, with the resulting spill contained to an agricultural field near Fort Ransom. The cause of the rupture is unknown. The shutdown of the Keystone pipeline could soon drive-up gasoline prices across the Midwest, according to Ramanan Krishnamoorti, vice president for energy and innovation at the University of Houston. Cleanup is underway. Meanwhile, Keystone's entire system remains shut down.

According to Bill Suess, spill investigation program manager with the North Dakota Department of Environmental Quality, a worker at the site heard a "mechanical bang" and quickly shut down the line in about two minutes. Oil was later observed surfacing about 300 yards south of a nearby pump station. South Bow, a Calgary, Alberta-based business that manages the pipeline, said in a statement, "The affected segment has been isolated, and operations and containment resources have been mobilized to site."

A nearby seasonal stream was not impacted, but crews isolated and blocked it off as a precaution. Suess noted that even a brief two-minute flow from the 30-inch pipeline could release a "fairly good volume" of oil. South Bow estimated that 3,500 barrels spilled in the leak. The pipeline, completed in 2011 at a cost of $5.2 billion, carries crude oil from Canada through the Dakotas, Nebraska, Kansas and Missouri to refineries in Illinois and Oklahoma. Originally built by TC Energy, the line has been operated since 2024 by South Bow, a company formed to manage TC Energy's liquid pipeline assets.

EPA approves Texas project for direct air capture and storage of CO2

(The Texas Tribune; April 8) - The Environmental Protection Agency has approved a Texas company's application to capture carbon dioxide from the atmosphere and inject it underground, becoming the first project in the state to be awarded such a permit. Occidental Petroleum, a Houston-based oil firm, will start storing 500,000 metric tons of carbon dioxide in deep, non-permeable rock formations 4,400 feet underground as soon as this year. The facility will be located 20 miles southwest of Odessa, Texas.

Carbon dioxide is a byproduct of oil and gas production and the largest contributor to climate change. Oil and gas facilities leak or vent the greenhouse gas, which traps heat in the atmosphere and prevents it from cooling. Environmentalists and the oil and gas industry are divided over the environmental benefits of carbon capture. While the

industry has hedged its climate goals on the technology, environmental policy experts remain skeptical about whether it significantly reduces air pollution, saying the world should transition to other fuel sources to slow climate change.

Oxy will attempt to reduce the presence of CO_2 through a technology called direct air capture. It grabs the gas from the atmosphere and separates it from other particles in the air by incinerating them. The equipment then compresses the gas to a brine before transporting and storing it permanently underground. Virginia Palacios, executive director of Commission Shift, an oil and gas watchdog group, said the permit application redacted certain details regarding the layers where the CO_2 will be stored, which only the EPA could review. She said this gives residents no assurance the gas will stay put.

Applicants drop out of Texas state fund for gas-fueled power plants

(Bloomberg; April 5) - A Texas experiment to fund new gas-burning power plants with $5 billion in public loans is faltering as several of the proposed plants drop out, threatening the state's efforts to meet growing electricity demand. Together, the projects that have left the program could have generated 4.6 gigawatts of electricity — enough for about a million homes. Developers say that even with low-interest state loans, their projects no longer pencil out due to cost uncertainties and problems procuring equipment.

Some have also faulted the program's strict deadlines and terms. The fund was touted by lawmakers to jump-start gas-plant development as cheap solar and wind power were cutting into the state's wholesale electricity prices, reducing the potential profits for new plants. "When you have zero or negative prices for power, it's really hard to build," said Jim Burke, CEO of Vistra Corp., at an Electric Power Supply Association conference April 2 in Washington, D.C. Two Vistra projects are under consideration for Texas loans.

It's an unexpected setback for the Texas Energy Fund (TEF), an effort to meet fast-rising power demand with gas. State lawmakers established the fund with voter backing in 2023 as a growing population and economy pushed electricity demands to new records and strained supplies. From a pool of 72 applicants, regulators with the Public Utility Commission of Texas picked 17 projects to move forward into due diligence.

Of those invited into due diligence, nearly a third have fallen out. Citigroup analysts, in a note this week, said the fund was "falling apart" and questioned whether the state would add much gas generation after all. "We expect several more gas power developers to remove themselves from the TEF," analysts Ryan Levine and Amber Zhao wrote.