Oil and Gas News Briefs
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Saudis sell oil at as low as $25 a barrel in Europe

(Reuters; March 13) - Saudi Arabia is flooding markets with oil at prices as low as $25 per barrel, specifically targeting big refiners of Russian oil in Europe and Asia, in an escalation of its fight with Moscow for market share, five trading sources said March 13. The sources from oil majors and refiners that process crude in Europe said Saudi state oil company Aramco told them it would supply all requested additional volumes in April.

Sources previously told Reuters that Saudi Arabia is also seeking to replace its oil for Russian crude in Asia with Chinese and Indian buyers. Oil prices have halved since the start of the year as demand has been hit by the coronavirus outbreak and after Russia and OPEC failed to reach a new deal on supply cuts. Moscow refused to support deeper cuts and Riyadh retaliated by opening its taps and pledging to pump record volumes on to the market. Tanker rates soared as Saudi Arabia chartered dozens of supertankers to take extra oil, including to the U.S., where Russian oil is less popular.

Russia has so far said it is not planning to come back to the negotiating table despite feeling the pressure from the extraordinary Saudi moves. Energy Minister Alexander Novak said March 13 that Russia saw no grounds so far for returning to talks with its OPEC+ partners. Saudi Arabia has made a deep cut to its official selling prices for oil. Arab Light and Arab Medium barrels were offered at $25 to 28 per barrel on CIF Rotterdam basis, traders said. Russia's main blend Urals has been offered slightly higher than $30 per barrel on CIF Rotterdam basis, according to Refinitiv Eikon data.

Russian hard-liners wanted price war to hurt U.S. shale oil

(Wall Street Journal; March 13) - Russia's oil-market war with Saudi Arabia is part of a strategic campaign to cripple U.S. shale oil production, a powerful economic tool that increasingly allows Washington to advance its foreign policy agenda, say people briefed on the Kremlin's policies. Less than two weeks ago President Vladimir Putin summoned Russian oil companies to a conference room at Moscow's Vnukovo airport to discuss strategy ahead of a meeting between OPEC and its allies on March 5-6.

For almost four years Saudi Arabia and Russia had been curbing production to prop up prices. But with the coronavirus sapping global oil demand, Riyadh wanted deep output cuts. Russia wanted more time to see if the effects of the virus would be temporary. Putin asked the room whether Russia could withstand a sharp fall in prices that was expected if there was no compromise. Igor Sechin, the head of the state-controlled

Rosneft and a staunch nationalist in Putin’s circle, said low crude prices “are great because they will damage U.S. shale,” according to people familiar with the meeting.

Days later Putin sent his energy minister, Alexander Novak, to the OPEC talks with no mandate to negotiate a production cut with the Saudi-led group, according to officials in the cartel. The move, combined with a Saudi insistence on deeper, longer-lasting curbs on oil production, led to the collapse of the talks on March 6. The collapse of the Saudi-Russian talks gave the upper hand to Sechin, who leads the hard-liners in Putin’s circle and has never hidden his disdain for Russia’s 2016 production-curbing deal with OPEC. Last July he warned it meant the U.S. “will immediately take [our] market share.”

Low costs will help Russian producers in price war with Saudis

(Fortune magazine; March 12) - A flood of discounted Saudi crude is heading for Europe, but Russia might just have the only producers in the world equipped to compete with it. With some of the world’s lowest production costs, a flexible tax system and a free-floating ruble, Russian companies can keep pumping, even in an extremely bearish price scenario, analysts from Bank of America to Raiffeisenbank said.

“Russian companies can ensure sustainable production until oil hits $15-$20 per barrel,” Karen Kostanian, BofA’s Moscow-based oil and gas analyst, said. The Saudis escalated a battle for industry dominance after the OPEC+ alliance failed last week. The kingdom sliced prices and declared a huge production boost. Russia’s Energy Minister Alexander Novak said his country’s oil industry will remain competitive “at any forecast price level.”

It is Russia’s well-developed field infrastructure, as well as efficient railway and pipelines that enables its oil majors to operate at low costs. State-run Rosneft, Gazprom Neft and top private producer Lukoil last year spent less than $4 to extract a barrel of oil, based on Bloomberg calculations of the companies’ financial reports. Add about $5 to ship the barrel and $6-$8 a barrel of capital spending, and you get a barrel of oil for under $20.

The country’s fiscal system offers more protection. Last year government levies formed the bulk of expenses for Russian producers: The companies paid $34-$42 per barrel in extraction tax and export duty, Bloomberg calculations show. However, Russia has a flexible fiscal system, which means as oil prices fall, taxes drop with them, said Dmitry Marinchenko, senior director at Fitch Ratings. “Under the current tax regime, it is the Russian state that shoulders most of the risks associated with low oil prices,” he said.

Global oil supply could test world’s storage limits

(Bloomberg; March 13) - The oil-price war between Saudi Arabia and Russia is set to unleash the biggest flood of crude ever seen, perhaps more than the world can even store. As producers ramp up shipments in a battle for dominance of global markets, and the coronavirus crushes demand, more than a billion extra barrels could flow into storage tanks. That could strain the available space and send oil prices crashing further, with brutal consequences for the petroleum industry and producing nations.

“I don’t see how you don’t exhaust global storage capacity, if this goes on until summer at the production numbers talked about,” said Jeffrey Currie, head of commodities research at Goldman Sachs Group. As low crude prices batter the two belligerents’ economies, a “truce” will probably be reached, said Ed Morse, head of commodities research at Citigroup. But without a truce the tide of oil is likely to become a tsunami.

If storage is maxed out, oil prices will likely fall until producers with the highest operating costs, probably U.S. shale drillers, are forced to halt output. Or the loss of revenues could strain one of the more politically fragile producing nations — such as Venezuela or Iran — to breaking point. Global supply is already exceeding demand at a rate of 3.5 million barrels a day due to the impact of the coronavirus, according to the International Energy Agency. Once the OPEC+ nations increase supply, the surplus will balloon in the second quarter to more than 6 million a day, Bloomberg calculations show.

Global crude inventories stand to expand by 1.7 billion barrels this year, according to Bloomberg’s calculations, about three times as much as during the biggest surplus ever recorded by the IEA 22 years ago when Brent hit an all-time low of under $10 a barrel.

Tanker charter rates double overnight as buyers go after cheap oil

(Reuters; March 12) - The cost to transport oil on supertankers soared on March 12 as producers scrambled to secure vessels to ship more crude in a bid to regain market share and buyers took advantage of plunging oil prices. Freight charges to ship oil in very large crude carriers (VLCCs) from the Middle East, which is home to the largest OPEC producers, to China, the world’s top crude oil importer, nearly doubled overnight.

VLCC tanker rates along the busy Middle East Gulf-to-China route jumped to about $160,000 to $180,000 per day on March 12, up from about $70,000 to $100,000 per day on March 11, according to several ship brokerage sources. Only a month ago the same rate was about $20,000 to $30,000 per day, the sources said. “The sheer scale of the activity has taken many by surprise,” said one ship broker.

The frenzy comes after a deal on supply cuts between OPEC and its allies, including Russia, collapsed. Saudi Arabia and the United Arab Emirates said they would ramp up supplies, hammering oil prices already weakened by the coronavirus outbreak. Prices have fallen more than 50% from January highs, raising expectations that some oil could go into storage on tankers. But soaring charter rates and tumbling demand for fuel due to the coronavirus mean that it makes less economic sense to store the growing supply of oil on supertankers than to market it for what sellers can get, shipping sources said.

Saudi Aramco succeeded in stock offering, then the bottom fell out

(Wall Street Journal; March 11) - While Saudi Arabia was gearing up to sell shares in Saudi Aramco, its national oil company, late last year, Crown Prince Mohammed bin Salman was working with Russia to limit oil production and keep prices high. But that partnership was faltering — and fell apart last week. Sources said the crown prince overrode the opinions of the oil minister, his brother, to start a price war with Russia.

One of the crown prince's goals was the Saudi Aramco initial public offering, which raised $25.6 billion. He wants to use the money to help diversify the country's oil-dependent economy. But low prices of recent years — created, in part, by booming U.S. shale oil — have forced Saudi Arabia to borrow to cover its budget and made it difficult for the crown prince to carry out an economic transformation. The IPO was supposed to bring in cash to help fund the plans, but low oil prices made its shares less attractive.

The Saudis had joined with Russia to limit supply and prop up prices the past few years, and the alliance held up through the IPO. But then Russia looked to up its production to boost its economy. The crown prince asked his father, King Salman, to call Russian President Vladimir Putin and request cooperation on further output cuts, sources said. Putin initially said he was too busy to talk, an embarrassing slight to an absolute monarch. When the men talked Feb. 3, Putin didn't commit to a deal, sources said.

The Saudis and Russians tried to forge a long-term alliance. Under one scenario, Saudi Arabia would have sped up investments inside Russia and backed the Kremlin's efforts in Syria, sources said, but the crown prince said no because he didn't want to alienate the U.S. When Russia didn't budge, the crown prince told several Saudiministries to prepare for a price war. "I have no idea how the Saudis think that this kind of pressure would have worked on Putin," said an OPEC delegate. "This was utterly suicidal."

Oil markets have gone from bad to 'extraordinarily bad'

(Wall Street Journal; March 12) - Energy markets are flashing a warning: The world is swimming in crude oil, and the glut won't drain away any time soon. Twin shocks — the coronavirus pandemic and the breakdown of Russia's partnership with the Organization of the Petroleum Exporting Countries — threaten to flood the market with cheap oil at a time when demand is falling. Markets indicate that a severe surplus of oil is imminent.

“This is a once-in-history demand shock being met by a once-in-a-generation supply shock going the other way,” said Saad Rahim, chief economist at commodities trader Trafigura. “This virus is directly affecting travel and movement in a way we’ve not really seen before.” Global oil inventories will expand by nearly 1.4 billion barrels between March 2020 and August 2021, analysts at bank Standard Chartered estimate. This number of barrels contains enough oil to fill 88,000 Olympic swimming pools, which would stretch from New York to San Francisco if they were lined up in a row.

“Markets are screaming for OPEC not to flood the markets,” said Hakan Kaya, who manages commodity investments for Neuberger Bermann. “The signal is loud and clear to OPEC and U.S. producers: Just don’t bring the additional barrels of crude oil — it’s not needed,” Kaya said. “Even in December, we knew that this year’s supply was going to overrun demand,” said Marwan Younes, chief investment officer at Massar Capital Management, a New York-based hedge fund. “It’s gone from bad, to very bad, to extraordinarily bad,” he said.

Chinese oil buyer reportedly wants to reduce contract volume

(Bloomberg; March 13) - China’s top oil trader is trying to get out of loading some cargoes from the Middle East next month in the latest twist to the drama engulfing global crude markets. Unipec, the trading arm of state-owned Sinopec, is looking to avoid taking delivery of at least four supertankers of crude for April loading, according to people with knowledge of Unipec’s plans. Each carrier can hold 2 million barrels of oil.

The company was allocated the cargoes as part of its long-term supply contracts, but now wants to reduce the volume it originally requested after a spike in freight rates made the shipments considerably more expensive, the sources said. Additionally, the trader’s parent company, Sinopec, is planning to reduce crude processing at its refineries in May because of lower fuel demand in China, reducing the amount of oil it needs from Unipec, they said, asking not to be identified because the matter is private.

Producers in the Middle East such as Saudi Arabia, Iraq, and Kuwait typically sell their oil via long-term contracts whereby their buyers agree on a fixed volume of supplies in a given year or time period, with some degree of flexibility. Every month the buyer nominates the amount of crude it wants within the limits of the contract, and then the seller allocates the volumes it will deliver. In this case, Unipec is trying to get out of taking delivery of the full amount of oil it was allocated for April, the people said.

China’s private refineries welcome falling oil prices

(South China Morning Post; March 12) - The collapse in the price of crude oil has thrown a lifeline to China’s army of small private refineries that have been battling multiple headwinds and struggling to stay afloat, industry insiders said. The price war between Russia and Saudi Arabia has provided timely respite, driving down oil prices and helping the refineries ramp up production, potentially allowing them to sell into the international market for refined products, should Beijing grant export licenses.

Most of the refineries are in Shandong province, including Shandong Dongming Petrochemical Group, the province's biggest privately owned refinery, which can process about 110 million barrels a year. Shandong Group Executive Zhou Menghan said the refinery is back at full capacity and its trading unit is busying arranging new deliveries of low-price crude to China. "The low crude price is certainly good news."

These "teapot" firms were toughing it out before the coronavirus epidemic hit China's economy, due to cutthroat competition with bigger state-owned rivals, rising costs and weaker sales. The virus then forced Chinese factories to close and vehicles to be parked up for weeks in another blow to the teapots. An industry newspaper reported the average capacity rate for refineries in Shandong province dropped to 36.9% in the last 10 days of February, the lowest in five years. The refineries are now accelerating production, with overall capacity moving toward the normal range of 65 to 70%.

Federal agency now expects U.S. oil output to fall next year

(Bloomberg; March 11) - The world's biggest oil-producing country will see a drop in output next year as a result of the dramatic collapse in prices that's forcing drillers to cut back on capital spending. U.S. oil output will average 12.7 million barrels a day in 2021, down from an expected 13 million barrels this year, the U.S. Energy Information Administration said March 11. It would mark the first year-on-year decline since 2016.

The Energy Department's statistical arm expects monthly output figures to start falling around May this year in light of the recent price rout. The agency forecasts Brent, the global benchmark crude, will average $43.30 a barrel this year, down from earlier expectations of $61.25. The U.S. benchmark West Texas Intermediate crude closed below $35 on March 11, well below the breakeven price for most U.S. shale fields.

The downturn comes as Saudi Arabia and Russia vie for control of the global oil market, each vowing to unleash huge volumes of cheap crude at a time when the coronavirus pandemic has obliterated global energy demand.

Alberta might restrict oil production if storage nears capacity

(Bloomberg; March 11) – Alberta could mandate further cuts to oil production if rising crude supplies and falling prices threaten the survival of drillers in the province. Crude-by-rail shipments are poised to collapse to about 100,000 barrels a day in April from

500,000 barrels a day forecast for March, Alberta Premier Jason Kenney said. While there's no immediate plan to adjust the province's year-old program limiting oil output, the government will monitor inventories and step in if storage nears capacity.

"We will use the curtailment tool responsibly to ensure at least a survival price for our producers to get through this," Kenney said. Alberta's government has pledged to do what's necessary to shore up its oil-dependent economy after world crude prices fell the most since 1991 this week amid a price war between Saudi Arabia and Russia. The two countries' battle over control of the global oil market comes as the coronavirus pandemic has cut deeply into energy demand.

The sudden collapse in oil prices hit Canadian oil companies hard, prompting oil sands producer Cenovus Energy to slash capital spending by 32% and cancel its crude-by-rail program. The oil patch was already struggling with pipeline shortages that prompted the province to impose production limits on its largest producers at the start of last year. The government had started easing those restrictions before the market downturn and increasing volumes of crude have been flowing to the U.S. Gulf Coast on rail lines.

Shale producers hedged their bets but could still lose to low prices

(Reuters; March 13) - Oil prices have plunged so much that even U.S. shale producers that have paid for the industry's version of income insurance must deal with big holes in their budgets. Crude oil prices have crashed about 50% this year, hit by the coronavirus outbreak and the surprise price war that erupted last weekend between Saudi Arabia and Russia. The U.S. crude benchmark on March 12 closed at $31.50 a barrel, far below the $50 price where many companies hedged future production to lock in prices.

But many shale producers are exposed because they used options in such a way that their insurance erodes the more oil declines. Shale companies protect their revenues with hedges because oil prices can swing wildly. About 43% of 2020's oil production was hedged as of the end of the fourth quarter, said Goldman Sachs. But that 43% is not fully covered. Producers use a variety of methods to hedge production. The simplest is to purchase a put option that allows the holder to sell at a fixed price at a particular time, regardless of actual prices. That locks in a selling price of, say, $50 a barrel.

Many shale producers used a more complex strategy, known as three-way collars. They bought put options as insurance, but they also sold other put options, often with a lower price point — to lower or eliminate the cost of their insurance. It's a calculated bet that oil will fall to a certain level and no further. But that was not what happened. "Producers are price-protected unless prices fall below a certain threshold, and $45 a barrel was a popular strike level, at which point producers become fully exposed," said

Michael Tran, managing director of energy strategy at RBC Capital Markets in New York City.

Oil company employees lose big in retirement accounts

(Reuters; March 11) - Employees at the largest U.S. oil companies have lost about $5 billion in retirement savings since the end of 2018 because of outsized bets on their own companies' slumping stock, according to a Reuters analysis of company disclosures, a trend exacerbated by the recent crash in oil prices. The losses spread across the 401(k) plans of some 66,000 workers underscore the dangers facing employees who do not diversify their retirement investments.

"A lot of people think their company's stock is safer than an index fund," said David Blanchett, head of retirement research at Morningstar. The biggest U.S. oil producers by market capitalization — ExxonMobil, Chevron, ConocoPhillips, EOG Resources, and Occidental Petroleum — held $44 billion of 401(k) assets for some 66,000 workers at the end of 2018, 36% of which was comprised of company stock, according to the filings that contain the latest available data.

The median total return for the five oil companies' shares have amounted to negative 44% since the end of 2018, ranging from negative 22% to negative 77%. That includes losses after major oil benchmarks collapsed on March 9. The S&P 500 index, by contrast, returned 12% since the end of 2018 before this year's stock meltdown. By contrast, only about 6% of 401(k) assets held at U.S. corporations across all industries were invested in company stock at the end of 2016, according to the Employee Benefit Research Institute, a nonpartisan group based in Washington.

South Texas isn't panicking over low oil prices — yet

(New York Times; March 13) - Leaner days are back in the oil patch of South Texas. Once-busy roads are empty except for workers repairing the potholes caused by truck traffic in the last boom. Oil producers have begun to lay off employees and call their service companies to say they have drilled their last well for a while. One temporary-housing camp is offering free food to attract lodgers, and trailer parks are emptying.

The collapse of oil prices to nearly $30 a barrel — roughly a 50 percent decline from the beginning of the year — is just beginning to sink in. But even as some itinerant workers are moving on, full-time residents of Karnes City, Texas, and the surrounding county are not panicking, at least not yet. They know the ups and downs of oil cycles, and they see just another trough, whatever the role of geopolitics or a pandemic. "Everybody knows oil is boom and bust, and everyone thinks it may not be today, tomorrow or next week, but eventually the price will go back up," said City Manager Ken Roberts.

"In the oil business it would be naïve not to expect peaks and valleys," said Ches Swann, the manager of Supreme Rental Services, which rents big tanks that hold liquids used in the oil field such as drilling mud, fracking fluids, and brine waters that come up out of the ground with oil and need to be disposed. "If you can weather the lows, you'll be stronger, and the new competition will be hard to break in."

Permian producers flare gas in Texas at twice the rate as New Mexico

(Reuters; March 12) - Across the Permian Basin's high-desert landscape, natural gas is going up in smoke even as oil majors including ExxonMobil and BP pledge cuts in greenhouse gas emissions. Flaring, the deliberate burning of unwanted polluting gas, is rife during oil production in the biggest U.S. shale field, and an acute problem in Texas, home to most of the Permian reservoir that sprawls 86,000 square miles in two states. "It is the number one ESG (environmental, social and governance) thing they need to be focused on," said Rob Thummel, portfolio manager at energy investors Tortoise Capital.

Loose regulation in Texas means that companies last year burned off gas at more than twice the rate as in neighboring New Mexico, a Reuters analysis of data compiled by Rystad Energy from more than 50 of the region's largest producers shows. Some drillers burned gas at up to six times the rate in Texas as they did over the state line, the data shows. Although companies have to apply for permits to burn gas, Texas allows producers to burn unwanted gas for six months and routinely issues waivers after that.

New Mexico allows new wells to flare for 60 days and is moving to 30-day extensions thereafter. Producers must present a plan to pipe or store gas with their permit request. Even though flaring is legal, it is a growing problem for companies as investors are badgering them to improve their green credentials. Gas flaring has been on the rise since 2011 and so much has been produced alongside oil that it became worthless for much of February in West Texas with producers having to pay a buyer to take it.

Oil-price collapse could delay or scrap proposed LNG projects

(Bloomberg; March 13) - Oil's rout may have provided an unexpected boost of low prices for the biggest buyers of liquefied natural gas, but its knock-on effects may come back to bite. That's because more than a dozen proposed LNG export projects from Mozambique to the U.S. are at risk of being delayed or scrapped as crude sinks to levels that make most of them unprofitable. If fewer of them come to fruition, that would ease a widening LNG supply glut later this decade and potentially lift prices.

Almost 20 proposed export plants are vying for a shrinking pool of capital after a record number of terminals reached investment decisions last year. Even before crude's drop, developers were under pressure from a fall in global LNG prices, milder winter weather and demand restraints from the coronavirus. “With significant downward pressure on spot LNG prices and oil prices, it could be the double-whammy that really starts to make some projects seem uneconomic,” said Jeff Moore, an analyst with S&P Global Platts.

Before oil’s recent crash, Bloomberg New Energy Finance had tagged four U.S. LNG projects as highly likely to reach FID in 2020, according to a report last month. Bloomberg is reassessing that timeline in light of the market crash and coronavirus outbreak. The export terminals typically sell their output at a price linked to oil and much will depend on how long the rout lasts. LNG projects are financed on long-term contracts, and if oil and LNG prices stay this low for the year — at half of what many LNG projects need to make money — investors and lenders could change their plans.

Spot-market LNG pricing ‘decoupling from oil’

(Bloomberg; March 11) - Financial derivatives linked to liquefied natural gas are mushrooming as a market crash and a boom in physical trading creates an appetite to manage risk and provides opportunities to speculate on prices. The growth is helping speed up the development of a truly global trade in the fuel, linking together what has historically been geographically isolated markets into something with the depth and complexity of oil, the world’s most heavily traded energy commodity.

“This is the globalization of natural gas,” said Gordon Bennett, Intercontinental Exchange’s managing director of utility markets. The clearest example is the expanding use of the Japan-Korea Marker, a spot-price benchmark for LNG sold to northern Asia, the top consuming region for the fuel. While tankers have been delivering LNG since the 1960s, it’s only in the past few years that spot trading went beyond a niche trade. That’s because the fuel was mostly bought and sold through rigid long-term contracts.

But a flood of new supply in the past decade has spurred a variety of contract structures and pricing options that require derivatives. Spot trades comprised about 30% of LNG deliveries last year, Shell, the biggest trader of the fuel, said in its LNG outlook last month. Spot prices traditionally mimicked moves in the oil market, as most of the world’s long-term LNG contracts are indexed to crude. But their prices have diverged over the past few years. “This shows the rapid progress that spot LNG has made in decoupling from oil,” said Edmund Siau, a Singapore-based analyst with energy consultant FGE.

Pipeline developer will fund impact analysis by Quebec First Nations

(CBC Canada; March 11) - Eight communities from three First Nations in Quebec and Ontario have signed a working agreement with Gazoduq, the company behind a proposed 485-mile natural gas pipeline to a gas liquefaction plant near the St. Lawrence

River, to analyze impacts of the project on their territories. The collaboration does not, however, "in any way" mean the communities have given their consent to the pipeline, said Adam Jourdain, president of the collaborative entity named Mamo Aki.

The communities are located in Quebec's Abitibi, Mauricie and Saguenay regions, as well as Northern Ontario, all regions that the pipeline would run through if it is approved. Jourdain, who is also the director of economic development for Wemotaci, said being able to speak as one united front will ensure communities have the same information and a stronger voice as the project moves forward. Normally, he said, companies would have to go door-to-door and sign separate agreements with each community.

"Now we are all at the same table and we have the same information — we'll be able to put more pressure," he said. Each community will still decide on their own whether or not they support the pipeline in the long run. The funding provided by Gazoduq to Mamo Aki will allow hiring of independent environmental and legal experts. Louis Bergeron, the president of Gazoduq, said the company has been working toward such an agreement for the past two years. The pipeline and LNG plant are estimated at C$14 billion.

LNG-fueled power plant in Jamaica also will serve refinery

(Jamaica Observer; March 11) - New Fortress Energy's new gas-fired combined heat and power plant in Jamaica is the only one of its kind in the Caribbean and will supply up to 100 megawatts of power to Jamaica Public Service Co.'s national electricity grid, as well as provide the Jamalco refinery with steam to improve the plant's energy efficiency. The gas-fired plant started commercial operations March 3. New Fortress Energy last fall issued $185 million in debt toward the project.

New Fortress Energy, a 6-year-old global energy infrastructure investor based in New York City, started Jamaica's transition to liquefied natural gas in 2015 with an LNG import terminal in Montego Bay and converting Jamaica Public Service's 145-megawatt Bogue power plant from diesel to gas. In 2019, New Fortress and the government announced a floating LNG storage and regasification terminal in Old Harbour, which provides gas to South Jamaica Power's new 190-megawatt gas-fired power plant.