

## HIGHLIGHTS

- Mideast Gulf rates flat on slow activity
- US Gulf activity limited as arbitrage narrows
- European coaster rates firm

## HEADLINES

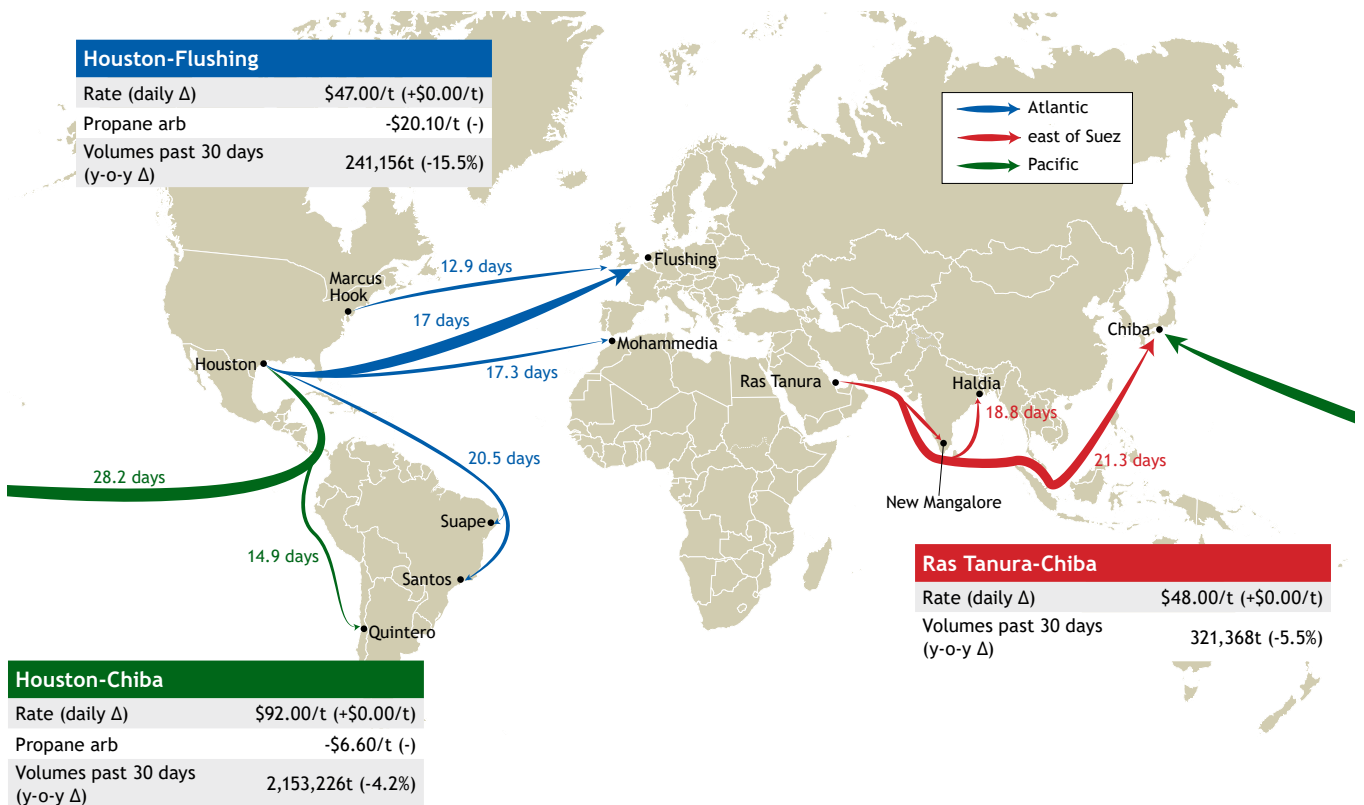
- VLGC freight rates rebound from near three-year low
- Mongstad refinery will undergo maintenance in 2Q
- Polish LPG sector without state aid ahead of Russia ban

### VLGC loadings - last 30 days

Origin	Tonnes	Change y-o-y
Mideast Gulf-east Asia	321,368	-5.5%
Mideast Gulf-India	1,396,389	+5.0%
Marcus Hook-northwest Europe	46,837	-50.8%
US Gulf Coast-northwest Europe	241,156	-15.5%
US Gulf Coast-Morocco	98,650	+9.0%
US Gulf Coast-Brazil	68,902	na
US Gulf Coast-east Asia	2,153,226	-4.2%
US Gulf Coast-west coast South America	130,807	+43.2%

Source: Vortexa

## KEY VLGC TRADE ROUTES



Arbitrages based on daily forward prices and freight rates. Terminal charge added to Mont Belvieu swap price to create representative USG export price. Saudi Arabia propane CP is published monthly. Trade-flow data from Vortexa, based on regional flows rather than port-to-port.

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## VLGC

## VLGC rates steady on low activity

Fixing activity was limited on both sides of Suez on Thursday after recent gains in freight rates kept charterers off the market as they pushed for lower levels.

## Ras Tanura to Chiba steady

The rate for a VLGC loading from Ras Tanura to Chiba was flat at \$48/t on Wednesday, as was Ras Tanura to India rate at \$48/t.

Sources indicated that a charterer sought a vessel for a Mideast Gulf cargo loading from mid-March.

Charterers were slow to make new cargoes available and levels remained stable on Thursday, breaking a string of sharp increases from three-year lows in the recent days.

Available ship numbers remain significant in the region and could still weigh on rates if the recent crop of cargoes are not replaced with fresh volumes. Activity is likely to remain limited before new Saudi acceptances are released at the end of next week.

## US Gulf activity slows

Chartering activity was again limited in the Atlantic basin on Wednesday despite high demand for propane in Asia as US product remained uncompetitive for Asian producers.

PetroChina had placed Vega Sea on subjects at \$85/t on a Houston to Chiba basis via Panama Canal with an option to instead sail from Houston to Flushing for \$43/t. A charterer also placed a Trafigura relet on subjects at \$92/t.

Fixing activity was limited for a second consecutive day on Wednesday on the back of narrower arbitrage to Asia that continued to keep charterers off the market.

Petrochemical demand in Asia-Pacific is expected to grow as producers switched to propane as a cracking feedstock after a surge in naphtha prices, while a lower-than-expected draw in US propane stocks and rising temperatures indicate the disruption to propane supply caused by the mid-January cold weather could be nearing an end.

This is likely to favour seaborne trade of LPG and support rates at current levels, but that will largely depend on whether there are enough cargoes to snap up a still significant available fleet in the next weeks.

An LPG carrier paid \$501,000 for a Neopanamax slot to transit the Panama Canal on Wednesday, up from \$250,000 on the day before.

VLGC rates			\$/t
Route	Size	Rate	±
Bonny-Chiba	VLGC	80.71	+0.01
Houston-Chiba (via Panama)	VLGC	92.00	nc
Houston-Chiba+Ulsan	46,200t	107.21	-0.07
Houston-Chiba (via Suez)	VLGC	122.00	nc
Houston-Flushing	VLGC	47.00	nc
Houston-Mohammedia	46,200t	45.13	-0.39
Houston-Ningbo	46,200t	108.49	+0.04
Houston-Quintero	46,200t	55.31	+0.09
Houston-San Pedro	46,200t	19.65	-0.07
Houston-Suape	46,200t	40.13	-0.36
Houston-Suape + Santos	46,200t	51.80	-0.50
Houston-Tanjung Uban (via Panama)	46,200t	113.18	-0.08
Houston-Tanjung Uban (via Suez)	46,200t	111.49	+0.19
Houston-Tanjung Uban (via Cape)	46,200t	107.95	+0.15
Marcus Hook-Flushing	46,200t	39.56	-0.41
Prince Rupert-Chiba	46,200t	31.09	+0.04
Ras Tanura-Chiba	VLGC	48.00	nc
Ras Tanura-Chiba+Ulsan	46,200t	53.50	-0.01
Ras Tanura-India (basis Ras Tanura-Chiba)	VLGC	48.00	nc
Ras Tanura-New Mangalore	46,200t	18.24	-0.02
Ras Tanura-New Mangalore + Haldia	46,200t	34.50	-0.04
Ras Tanura-Ningbo	46,200t	43.16	nc
Ras Tanura-Visakh	46,200t	26.06	-0.01
Ras Tanura-Visakh+Haldia	46,200t	33.27	-0.04
Ras Tanura-Yung Tau	46,200t	33.78	-0.01

VLGC TCE rates		
Route	\$/day	±
VLGC		
Ras Tanura-Chiba	25,319	-344
Houston-Chiba (via Panama)	33,358	-253
Houston-Flushing	33,111	-999

LPG demurrage		
Region	Segment	\$/day
Atlantic basin	VLGC	37,432

Panama Canal delays		days
	Northbound	Southbound
Panamax locks	6	2
Neopanamax locks	2	5

Panama Canal auction prices (weekly)		\$
Transit slot type	Price	
Neopanamax	282,500.00	
Panamax	545,250.00	

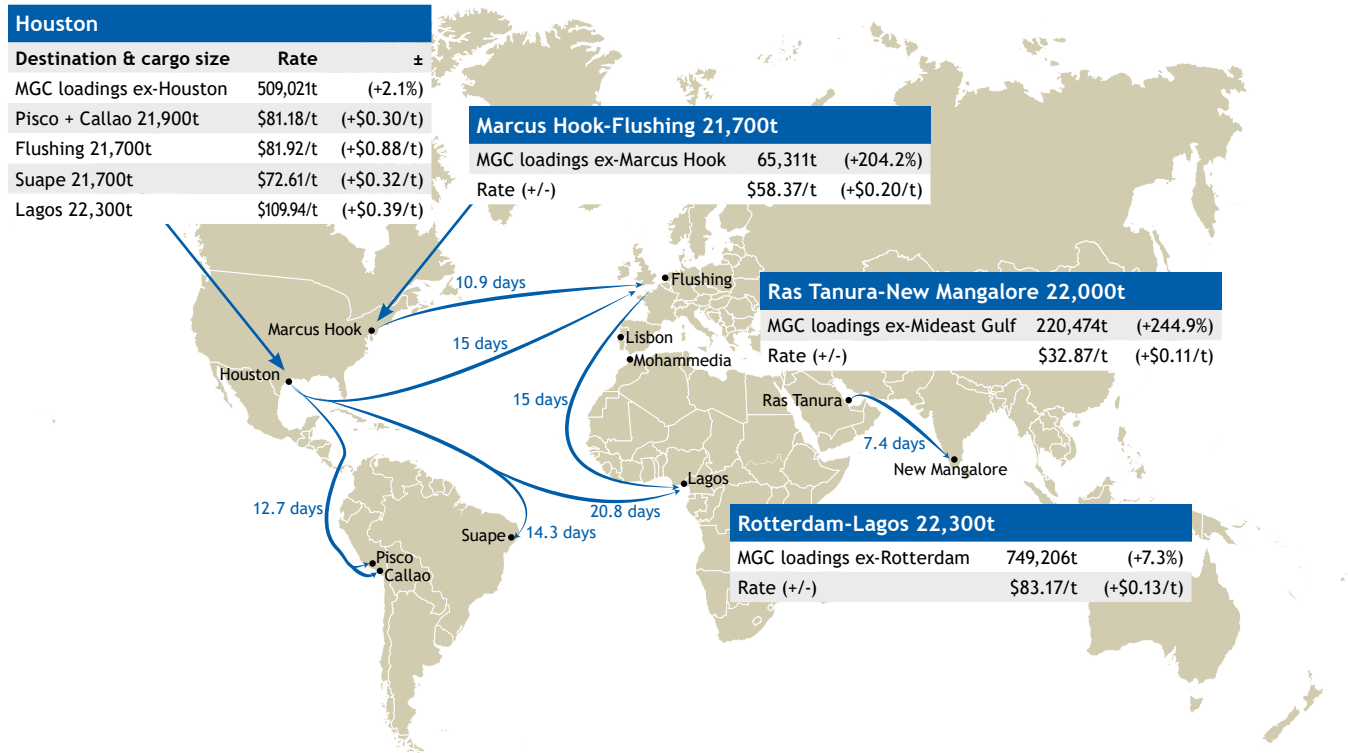
## ANNOUNCEMENT

The holiday calendar showing which Argus reports are not published on which days is now available online <https://www.argusmedia.com/en/methodology/publishing-schedule>

## ANNOUNCEMENT

All data change announcements can be viewed online at [www.argusmedia.com/announcements](http://www.argusmedia.com/announcements). Alternatively, to be added to the email distribution list for all announcements, please email: [datahelp@argusmedia.com](mailto:datahelp@argusmedia.com).

MGC



MGC loading volumes are for past 30 days with year-over-year changes

MGC rates			
Route	Size	Rate	±
Houston-Flushing	21,700t	81.92	+0.88
Houston-Lagos	22,300t	109.94	+0.39
Houston-Lagos propane diff	21,700t	112.98	+0.40
Houston-Pisco + Callao	21,900t	81.18	+0.30
Houston-Suape	21,700t	72.61	+0.32
Houston-Tuxpan	21,700t	19.85	+0.20
Marcus Hook-Flushing	21,700t	58.37	+0.20
Mongstad-Flushing	22,000t	18.52	+0.07
Ras Tanura-New Mangalore	22,000t	32.87	+0.11
Rotterdam-Lagos	22,300t	83.17	+0.13
Rotterdam-Lagos propane diff	21,700t	85.47	+0.14

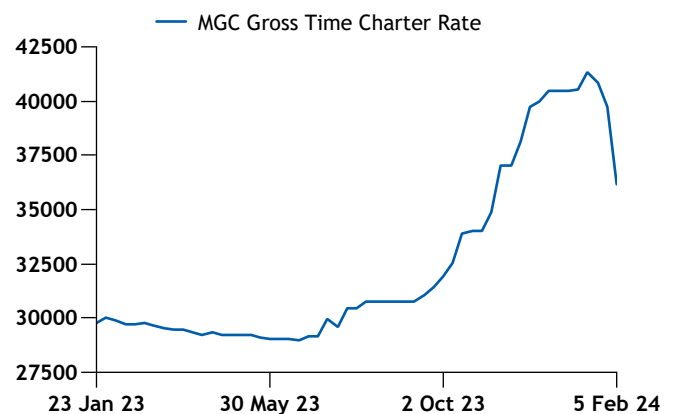
MGC loadings		
Route	Tonnes	±
Mideast Gulf-India	629,864t	-5.6%
Scandinavia-northwest Europe	215,517t	+20.2%
US-west Africa	42,424t	-67.4%
US-South America	42,810t	-41.9%
US-Europe	142,505t	+52.0%

Source : Vortexa

CCF (Carbon cost of freight) indexes					
Route	Size t	Lump sum \$		\$/t	
		One-way	Round-trip	One-way	Round-trip
Houston-Flushing	46,200	28,818	54,749	0.62	1.19
Rotterdam-Lagos	22,300	16,525	30,325	0.74	1.36
Mongstad-Flushing	22,000	5,381	9,530	0.24	0.43
Houston-Flushing	21,700	18,932	35,279	0.87	1.63

MGC price graph

\$/day



COASTERS

European coaster rates steady

There were at least two fresh cargoes and two fixtures in the northwest European market on Thursday, but coaster rates remained firm at a nine-month high level as vessel availability remained low.

Tees to ARA rate steady

The rate for a 1,800t coaster sailing from Tees to ARA was flat at \$70/t on Wednesday, as was the Tees to Lisbon rate at \$159/t. The rate for a 4,000t coaster sailing from Tees to Mohammedia remained at \$86/t.

Italy's Eni sought a vessel for a 2,400t propane cargo from Tees to various discharge options loading from 16-18 February. Shell also had a butane cargo from Pernis loading from 10 February. LyondellBasell put the Syn Zube on subjects for a 2,000t PGP cargo from Terragona to Fos loading 13-15 February. Dow Chemical placed the Happy Penguin on subjects to load a propane cargo in mid-February dates as a replacement for the Helena Kosan, which was reportedly delayed.

A consistent influx of fresh cargoes in recent weeks combined with delays at discharge terminals in Europe has resulted in a tight vessel availability, which has pressured rates higher in the region. Charterers such as LyondellBasell and Saras were still seeking employment for cargoes released earlier in the week. Rates tend to continue steady before softening when coaster vessels currently employed complete their voyages and return to the market in the next weeks.

Coaster rates				\$/t
Route	Size	Rate		±
Tees-ARA	1,800t	70.00		nc
Tees-Lisbon	1,800t	159.00		nc
Tees-Mohammedia	4,000t	86.00		nc

Ammonia rates				\$/t
Route	Size	Rate		±
<b>MGC</b>				
Ras Al-Khair to Kandla	25300t	23.44		+0.07
Ras Al-Khair to Kakinada	25300t	44.83		+0.16
Ras Al-Khair to Ulsan	25300t	83.18		+0.34
Ras Al-Khair to Taichung	25300t	73.28		+0.30
Ras Al-Khair to Antwerp	25300t	108.45		+0.35
Ras Al-Khair to Jorf Lasfar	25300t	92.18		+0.32
Point Lisas to Ulsan	25300t	137.83		+0.29
Point Lisas to Houston	25300t	36.53		+0.25
Point Lisas to Antwerp	25300t	60.06		+0.29
Point Lisas to Jorf Lasfar	25300t	47.70		+0.04
Point Lisas to Richards Bay	25300t	84.26		+0.08
Bontang to Ulsan	25300t	36.93		+0.08
<b>Handysize</b>				
Ras Al-Khair to Kandla	15000t	32.43		+0.13
Ras Al-Khair to Kakinada	15000t	66.12		+0.30
Point Lisas to Tampa	15000t	44.63		+0.48
Arzew to Rotterdam	15000t	40.99		+0.13
Bontang to Ulsan	15000t	52.66		+0.17

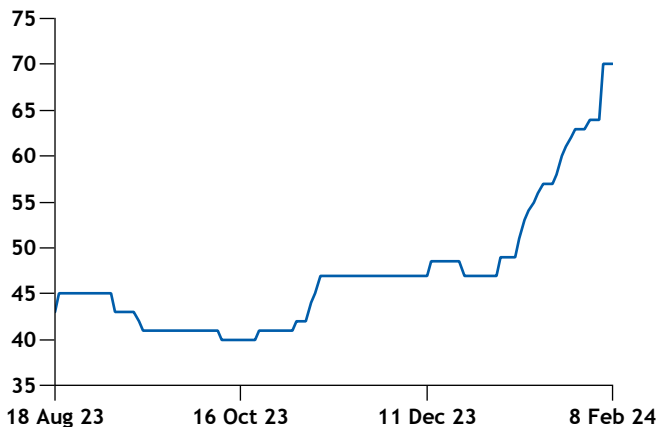
Workspaces:

LPG Imports + Freight - Global

- These Workspaces are templates, curated by the Freight editorial team
- To find out more about Workspaces, visit [this link](#)

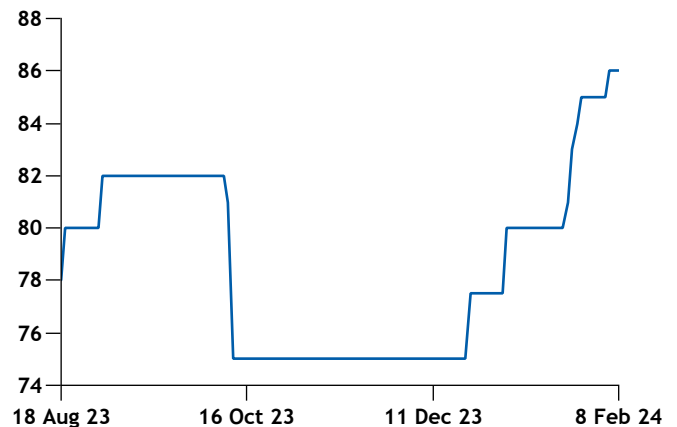
Tees-ARA Coaster LPG

\$/t



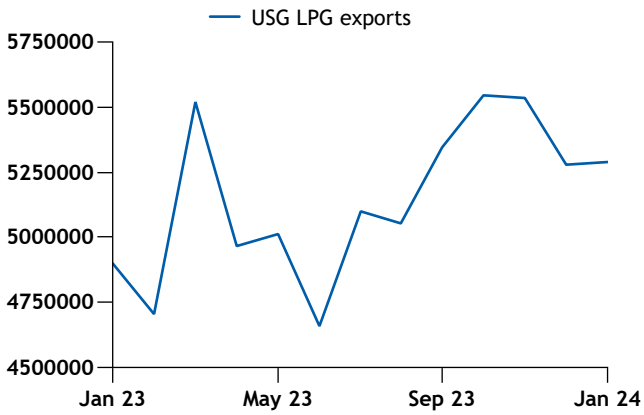
Tees-Mohammedia Coaster LPG

\$/t

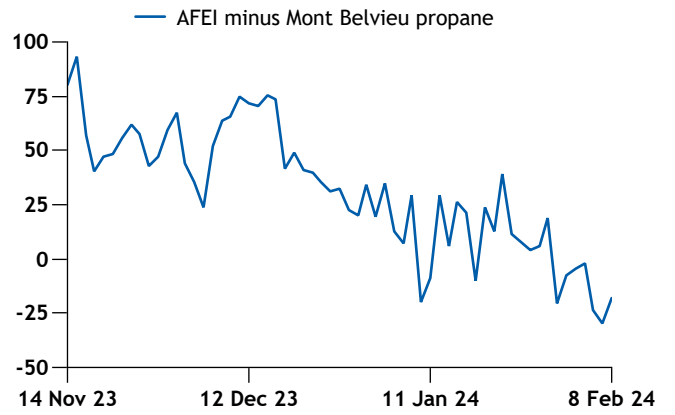


KEY CHARTS - LPG

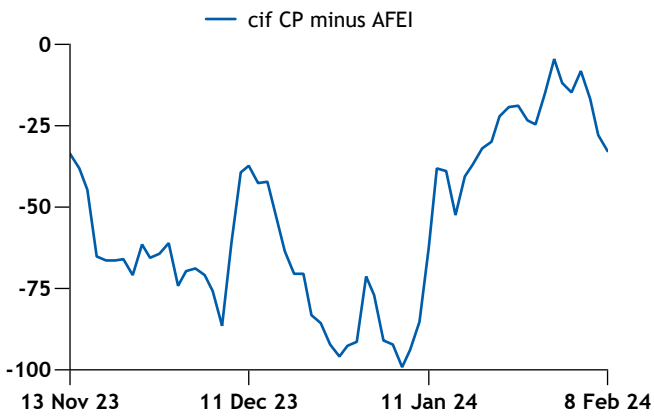
USG LPG exports *t/month*



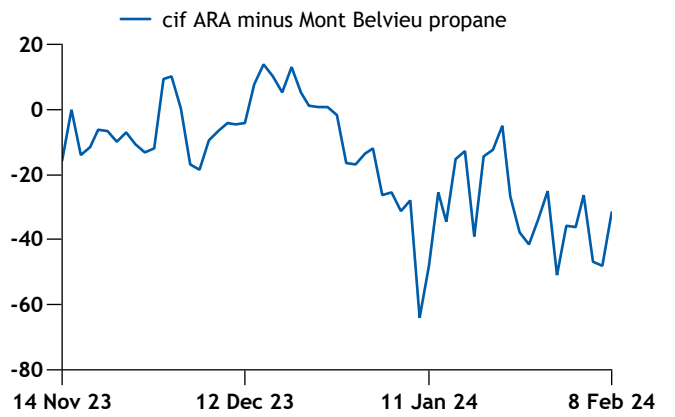
US Gulf coast-Asia propane arb *\$/t*



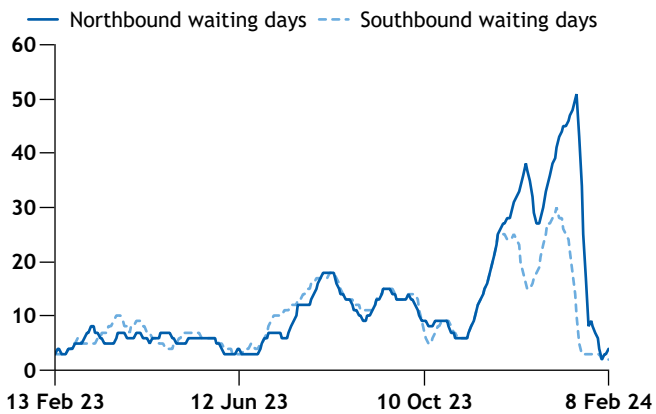
Mideast Gulf-Asia propane spread *\$/t*



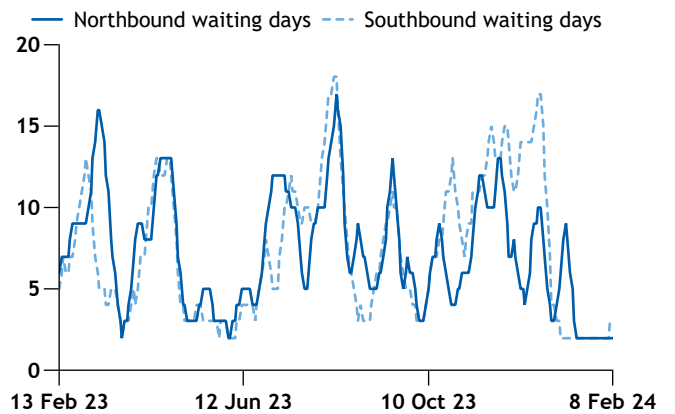
US Gulf coast-ARA propane arb *\$/t*



Panama Canal delays for Panamax locks *days*

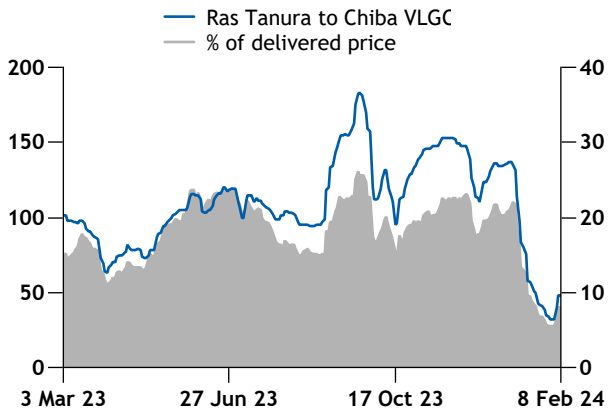


Panama Canal delays for Neopanamax locks *days*

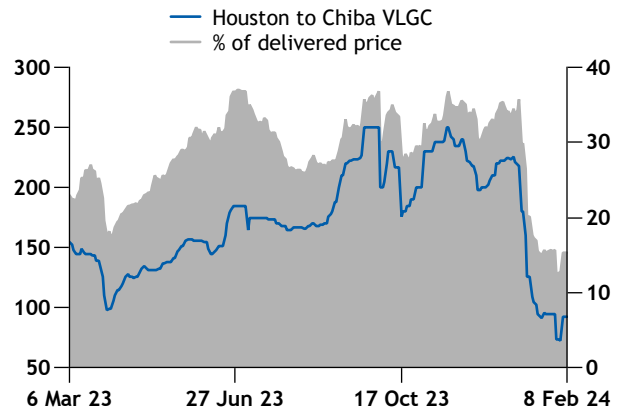


**WEIGHT OF FREIGHT**

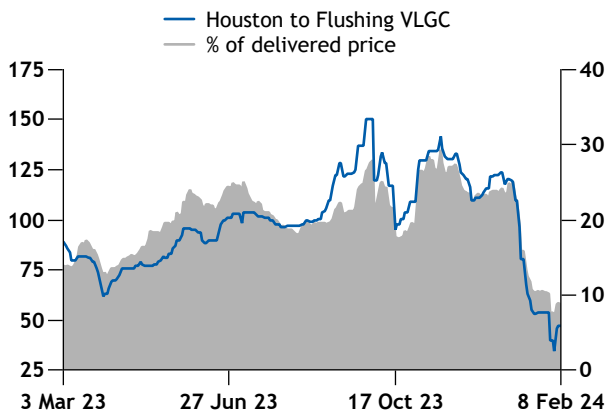
RasTanura-Chiba VLGC AFEI propane \$/t



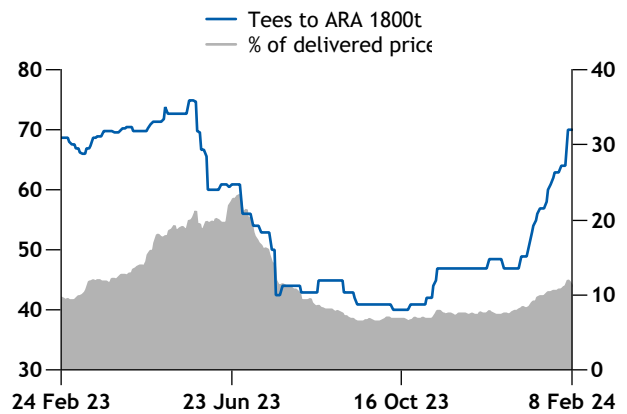
Houston-Chiba VLGC AFEI propane \$/t



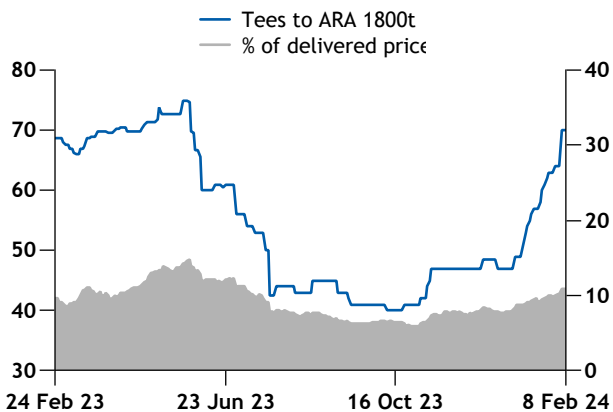
Houston-Flushing VLGC cif ARA propane \$/t



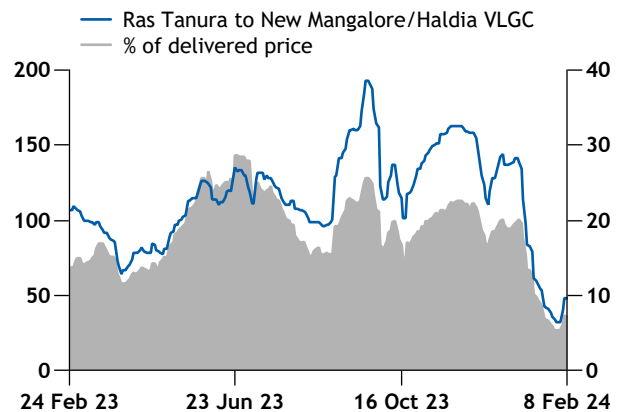
Tees-ARA 1,800t butane coaster \$/t



Tees-ARA 1,800t propane coaster \$/t



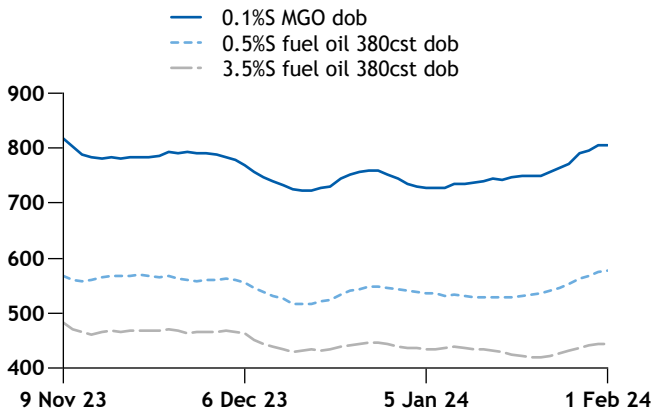
Ras Tanura-India VLGC 50:50 \$/t



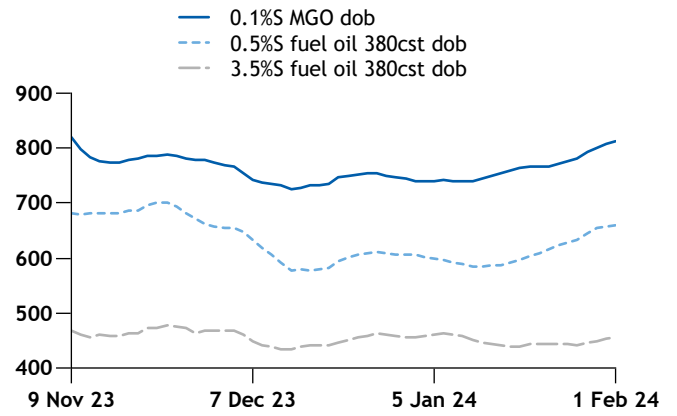
**BUNKERS**

**Conventional**

Rotterdam bunker prices (0.5%S, 3.5%S, MGO) \$/t

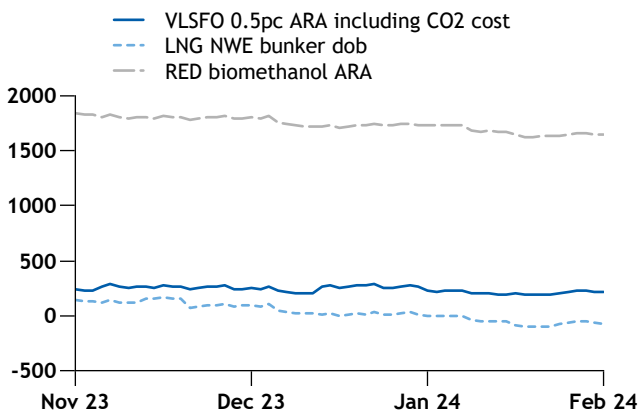


Singapore bunker prices (0.5%S, 3.5%S, MGO) \$/t

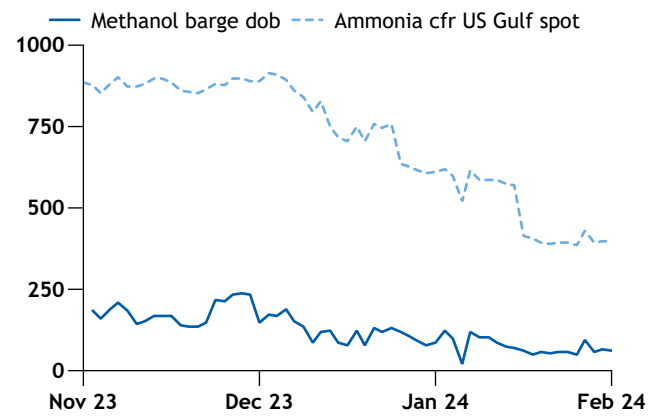


**Alternative**

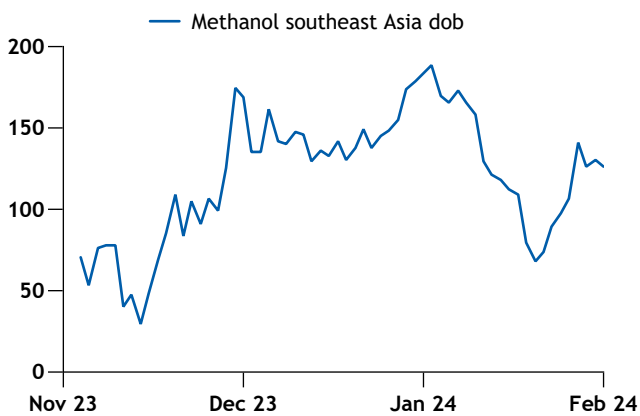
Rotterdam - LNG, others as premiums to VLSFO \$/t



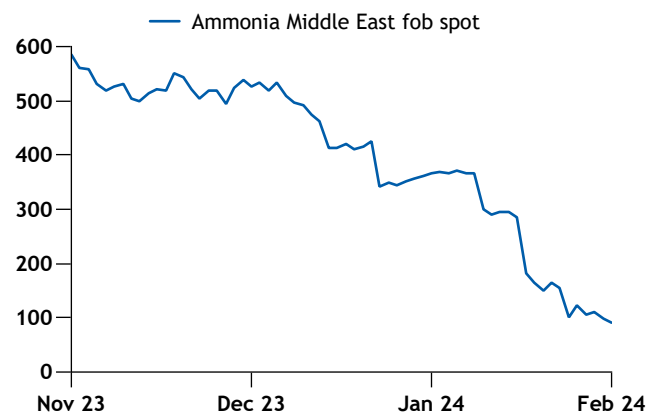
USGC - Methanol, ammonia as premiums to VLSFO \$/t



Singapore - Methanol premium to VLSFO \$/t



Middle East - Ammonia premium to VLSFO \$/t



## NEWS

### VLGC rates rebound from near 3-year low

Freight rates for very large gas carriers (VLGC) have risen sharply from three-year lows in the past few days, thanks to higher Asian demand for propane and the release of February's Saudi Arabian cargoes.

The Ras Tanura to Chiba rate was \$48/t on Wednesday, 7 February, up by 50pc from \$32/t on 1 February, which was the lowest since March 2021. The Houston to Chiba rate was \$92/t on Tuesday, 6 February, and was stable on Wednesday, higher by 28pc from \$72/t on 5 February, which was the lowest since July 2021.

Charterers have made at least 13 cargoes available in the Pacific basin since last week, and at least six in the US Gulf since the start of this week, resulting in fewer available vessels. But carrier numbers remain significant on both sides of the Suez Canal, so it is unclear if there will be enough cargoes to support current rates.

On the demand side, petrochemical producers in Asia-Pacific were [prompted to switch to propane](#) as a cracking feedstock by a surge in naphtha prices caused by tightening regional supplies. South Korea producers including Lotte Chemical, LG Chem and Hanwha Total have started to feed propane into their crackers and other producers are planning to crack propane this month.

In the US Gulf consumption is falling, as rising temperatures indicate the disruption to propane supply caused by the mid-January cold weather could be nearing an end. The US EIA [reported a 2mn bl draw](#) in US propane stocks, which was smaller than the previous two weeks and slightly below market expectations.

This is likely to favour seaborne trade of LPG and support rates at current levels, but that will largely depend on if there are enough cargoes to snap up a still significant available fleet in the next weeks.

By Yohanna Pinheiro

### Maintenance at Mongstad refinery in 2Q

State-controlled Norwegian oil firm Equinor will implement a shutdown at its 203,000 b/d Mongstad refinery from the start of April until mid-May to carry out scheduled maintenance, a company spokesperson told *Argus* today.

The maintenance programme at Norway's sole refinery will see work carried out on crude, petcoke and gasoil plants and at one of the refinery's reformers. There will be reduced production from these plants during this period, the spokesperson said.

The Mongstad refinery previously had maintenance carried out on its fluid catalytic cracker between September-November 2023, and was briefly shut following a lightning strike in July of that year.

The site supplies heavy naphtha for gasoline blending,

which is in high demand following the implementation of EU sanctions against Russian naphtha imports. Mongstad heavy naphtha loadings are often priced at a premium to other heavy naphtha cargoes in the region, because of its preferable specifications.

By George Maher-Bonnett

### Polish LPG sector left without state aid

Poland's new government appears unwilling to offer any support to the country's LPG sector to mitigate the impact of the EU's upcoming embargo on Russian imports at the end of this year. But mounting logistical challenges around sourcing alternative supplies could force authorities to reconsider.

With the largest autogas market in the EU at almost 2mn t/yr, Poland will bear the brunt when the ban comes into effect on [20 December](#). The country still sources around half of its LPG imports from Russia, whereas Russian product accounts for just 6pc of total EU imports, according to the European Commission.

Poland has been a staunch champion of sanctions on Russia since the invasion of Ukraine two years ago. The country's new coalition government, formed in mid-December last year following elections in October, has maintained that stance and appears unconcerned about the embargo's potential impact on the domestic LPG market. This is despite industry warnings during consultations in 2022 that a ban could lead to [a 500,000-700,000 t/yr LPG shortfall and price hikes](#).

The climate ministry told *Argus* that Poland has seen a significant shift away from Russian LPG since the invasion and this has not resulted in shortages, even though fuel consumption has been growing. The government maintains that the 12-month transition period, preceded by months-long embargo discussions, provides enough time to work out how to bridge the remaining supply gap.

Poland first made a case for banning Russian LPG in June 2022 during negotiations of the EU's sixth sanctions package, which banned imports of most other Russian oil products, but [struggled to gain widespread support in Brussels](#). The breakthrough came 18 months later through successful negotiations with holdout states including Hungary and Slovakia.

The Polish government is not currently considering any additional measures and will only take co-ordination steps to prepare the domestic LPG market for a complete cut-off from Russian supply, the climate ministry said.

The LPG industry remains hopeful that authorities in Poland will change their minds as the post-election dust settles and the new government becomes more appraised of the unavoidable challenges presented by the embargo. Consultations with the climate ministry were paused following the October elections but resumed recently, and fruitful



## NEWS

co-operation in mitigating the impact of sanctions is still possible, according to Bartosz Kwiatkowski, director of Polish LPG association POGP.

Among other things, the industry is hoping the government will simplify procedures for approving environmental permits for infrastructure projects that will help facilitate a full switch from Russian LPG.

The door to mitigation measures does not appear to be fully shut. An inter-departmental sanctions task force is in place to monitor Poland's progress in diversifying supply in the run-up to the December deadline. And if barriers are identified, the government will work with the industry to mitigate them, the climate ministry told *Argus*.

A lack of government intervention could leave Poland struggling to replace rail imports of Russian LPG. Russia's share of Polish LPG imports was 58pc in 2021 before the invasion of Ukraine. It has since dropped but was still 48.5pc in the January-November period last year, official data show.

The fall in Russian supply has been compensated by seaborne deliveries, which have surged by 73pc since 2021 to reach a record 1.05mn t in 2023, according to Vortexa data. Most of the diversification happened in 2022 though, with the pace slowing down significantly last year, hampered by logistical limitations and competition from cheap Russian product.

### Capacity crunch

Several projects aimed at increasing Poland's capacity to import LPG are in progress. State-controlled Orlen recently began a modernisation project at its Szczecin sea terminal which will more than double LPG import capacity to 400,000 t/yr. But not much fresh investment in LPG infrastructure has been made since the war in Ukraine started. And so, although securing contracts for alternative supply is possible, there remains a lack of terminals and storage capacity geared towards receiving product from the West and this is an issue that cannot be fixed in a year, according to POGP's Kwiatkowski.

The repercussions of the Russian ban could weigh heavily on Polish LPG demand growth prospects. Poland's State Agency of Strategic Reserves' latest forecast was for LPG consumption to increase by around 1pc this year and by a further 2pc in 2025. But that projection did not factor in the embargo's impact, which could include an increase in demand for gasoline as an LPG replacement, according to market participants.

By Waldemar Jaszczyk

### Germany weighs Rosneft refinery expropriation

The Germany government said today is investigating the option of expropriating Rosneft Deutschland and RN Refining & Marketing, which hold shares in three German refineries.

The companies, subsidiaries of Russian state-controlled

Rosneft, have been under the trusteeship of Germany's Federal Network Agency since September 2022. The trusteeship is due to expire on 8 March.

Germany's Federal Ministry for Economic Affairs and Climate Action (BMWK) said while a final decision has not been made, an expropriation could serve to secure German supply. Several vendors had refused to co-operate with Rosneft since Russia invaded Ukraine, impeding the company's ability to appropriately supply its refineries, it said.

Rosneft has a 54pc stake in the PCK joint venture, which operates the 226,000 b/d Schwedt refinery, 24pc in the Miro venture that operates the 310,000 b/d Karlsruhe refinery and 28.6pc in Bayernoil, operator of the 207,000 b/d Neustadt-Vohburg refining complex.

Rosneft's legal representation in Germany, Malmendier Legal, said today that the Russian company will pursue legal action to stop the expropriation. Russian President Vladimir Putin's spokesman Dmitry Peskov said Moscow will protect Rosneft's interest in its German refining assets.

"This is nothing more than the expropriation of someone else's property," Peskov said, according to news agency Tass, adding that for now Rosneft "itself protects its interests." Asked if an asset swap between Rosneft and German companies is possible, Peskov said it is "a corporate issue." Rosneft did not comment.

By Svea Winter and Natalie Mueller

### US suburban propane sales volumes fall

New Jersey-based retailer Suburban Propane's fiscal first quarter 2024 propane sales volumes declined by 2.1pc from a year earlier owing to mild winter weather.

The company sold 106.5mn USG (28,186 b/d) of propane in the quarter ended 30 December, down slightly from 108.8mn USG in the same quarter in 2022. Heating demand was lackluster during the first half of the October-March winter heating season, as temperatures in the quarter were 6pc warmer than year-earlier levels, Suburban reported in an earnings call. Increased crop drying demand partially offset the decline, however.

According to Suburban, average wholesale propane prices in the quarter fell by 16.7pc from year-earlier levels, negatively impacting the company's margins by \$2mn versus the prior year alongside lower sales. Mont Belvieu, Texas, LST propane averaged 66.71¢/USG in the October-December quarter, down from 79.92¢/USG a year earlier.

The company expects heating demand to increase in the second fiscal quarter following the freezing weather conditions in mid-January.

Suburban's profit in its first fiscal quarter of 2024 fell by 46pc to \$24.5mn from \$45.4mn in the same period a year earlier.

By Abby Downing-Beaver

## NEWS

**Spirit Airlines capacity to slow in 2024**

Spirit Airlines expects its capacity to slow in 2024 because of unexpected technical issues that have grounded as many as 40 of its aircraft.

The airline estimates its capacity will grow 1.5pc in the first quarter of 2024 and remain flat to up mid-single digits for full year 2024 compared to the full year 2023. The company projects fuel consumption will reach 140mn USG at an average cost of \$2.90/USG and revenue will reach \$1.25bn-1.28bn.

Spirit Airlines has said that it had grounded 13 Neo aircraft and will ground an additional 27 aircraft by the end of 2024 because of issues with geared turbofan engines. The company said it will have 215 aircraft by the end of the year.

Spirit Airlines said that it would begin its arguments for an appeal against the US Justice Department's prevention of [Spirit Airlines' \\$3.8bn acquisition by JetBlue Airlines](#) in 2024 after its notice of appeal was granted on 2 February.

Spirit Airlines' ASMs – a measure of total airline capacity – rose to 14.78bn miles in the fourth quarter of 2023, up 14.8pc from the same quarter last year. Total operating costs per ASM averaged 8.94¢, reflecting a 17.3pc loss on the year.

The airlines' load factor – the number of available seats filled by paying customers – shrunk 0.9 percentage points on the year to 80.1pc.

Total revenue passenger miles (RPM), reflecting the number of seats occupied by paying passengers, rose 13.4pc year-over-year to 11.8bn miles.

The company consumed 153mn USG of jet fuel in the fourth quarter at an average cost of \$3.18/USG increasing consumption by 10pc and lowering costs by 10.4pc.

Yearly fuel consumption for 2023 totaled 592mn at an average cost of \$3.08/USG, a 12.2pc increase in consumption and 15.8pc decline in costs compared to 2022.

The company's revenues fell 5pc over the year to \$1.32bn for the fourth quarter as profits plunged 29.7pc over the same period to \$215mn.

*By Hannah Borai*

**Canadian refinery runs rise by 3pc: CER**

Canadian refinery throughputs increased in the latest week, with gains in Ontario, eastern Canada and Quebec, according to the Canada Energy Regulator (CER)

National throughputs in the week ended 30 January rose by 3pc to 1.62mn b/d from 1.57mn b/d in the prior week. They are little changed from a year earlier.

The weekly gain was led by Ontario, where throughput increased by 9.2pc from the prior week to 393,100 b/d and was up 3pc from a year prior. Refinery utilization was up by 6.7 percentage points at 94.1pc.

In Quebec and eastern Canada, throughputs climbed by 3.2pc on the week to 642,300 b/d and were down 2pc from a year earlier. Refinery utilization rose to 91.6pc, up 2.8 percentage points from the week prior.

Throughputs in western Canada fell by 1pc from the prior week to 584,100 b/d. They are down 1pc from a year earlier. Refinery utilization rates in the region were down 1.1 percentage points to 84.6pc.

Nationwide, refinery utilization increased by 2.2 percentage points to 89.5pc. Compared with a year earlier, utilization was little changed.

Throughputs in western Canada are expected to remain depressed as Parkland's 55,000 b/d Burnaby refinery plans to [return to normal operations near the end of February](#).

*By Kyle Tsang*

**Marine Atlantic gets battery-powered vessel**

Canadian ferry operator Marine Atlantic will take delivery of its first battery-powered vessel, which will also be able to burn LNG once it becomes readily available.

The ship, *The Ala'suinu*, will also burn diesel in its dual-fuel engine and connect passengers from Nova Scotia to Newfoundland in northeast Canada. "Multi-fuel engines and battery hybrid technology further contribute to minimizing Marine Atlantic's environmental impact," said Murray Hupman, chief executive of Marine Atlantic. "In this vessel, another dimension of sustainability has been added to minimize underwater noise for the benefit of marine life off Canada's coasts."

*The Ala'suinu* is the first ship in Marine Atlantic's fleet that will use battery power and be equipped with LNG technology. It will not use LNG in its initial operations because there is no local LNG source in northeast Canada and importing it would not result in net offset emissions, Marine Atlantic said.

But having the LNG capability onboard will allow it to quickly transition to this fuel once a local source becomes available, the company said.

Marine Atlantic will take delivery of the vessel in April and it will likely begin full operations in June.

*By Luis Gronda*

**ExxonMobil's UK H2 start dates distant**

ExxonMobil has provided details on its intentions for low-carbon hydrogen production in the UK, including a changed location for CO2 storage, but its plans are likely to materialise only around 2030 at the earliest.

ExxonMobil's proposed [Fawley plant](#) – which will make hydrogen from natural gas with carbon capture and utilisation or storage (CCUS) – could have an estimated capacity of 1.4GW and potentially 2.8GW in a second stage, the com-

## NEWS

pany's low carbon solutions venture executive Michael Foley said at the UK CCUS and Hydrogen Decarbonisation Summit in Leeds.

The company sees low-carbon hydrogen as the only option to decarbonise high temperature processes at its 270,000 b/d Fawley refinery – the UK's largest – and could also supply hydrogen to local offtakers, he said.

The hydrogen plant depends on progress of the so-called "Solent Cluster" of CO2 reduction projects around Southampton on England's south coast. Solent was not among the first four CCS sites chosen by the UK government meaning it will not come online until after 2030 based on current government plans, but Foley called for the UK to "put its foot down on the accelerator," when it comes to CCS.

The company hopes to get a licence to explore a CO2 pipeline and storage under the English Channel by working with the regulator, the North Sea Transition Authority, as ExxonMobil has identified "quite favourable geology" in a survey, Foley said. The company has parked its original idea of transporting CO2 via ship to North Sea storage sites because shipping is "very expensive," especially given expected volumes of 3mn-4mn t/yr CO2 which the Solent region produces, he added.

"There is some complexity on how to get [the CO2] into the channel but we've done some early engineering work that says there are multiple feasible solutions. So we're keen to move from concept to a more tangible opportunity and we're hopeful to make some progress on that in the near term," he said.

ExxonMobil has been slower than peers like BP and Essar to develop plans for low-carbon hydrogen facilities in the UK, perhaps because of less clear-cut geological storage options near its Fawley refinery and because the company is already nearing completion of a new steam methane reforming (SMR) hydrogen plant – with unabated emissions – as part of an £800mn project to expand diesel production at Fawley, having taken a final investment decision in 2019.

Such SMR plants are less well suited to CO2 capture, compared with autothermal reformers (ATR), other delegates said. This may explain the company's pursuit of a newbuild plant rather than a retrofit at Fawley.

Foley also confirmed the company is developing a Scottish hydrogen production project with Shell to curb emissions at the ExxonMobil Fife ethylene plant and Shell's neighbouring natural gas liquids plant, but did not specify capacity or a timeline. Even though the company has given fewer details, the Scottish project could feasibly start hydrogen production before Fawley, as the government has selected a Scottish CCS complex for a 2030 start.



## Upcoming conferences in the Argus clean ammonia portfolio

**7-9 May 2024 | Tokyo, Japan** 

**Argus Clean Ammonia Asia Conference**  
[www.argusmedia.com/clean-ammonia-asia](http://www.argusmedia.com/clean-ammonia-asia)

**June 12-14, 2024 | Houston, Texas, US** 

**Argus Clean Ammonia North America Conference**  
[www.argusmedia.com/clean-ammonia-north-america](http://www.argusmedia.com/clean-ammonia-north-america)

**November 2024 | Location: TBC** 

**Argus Clean Ammonia Europe Conference**  
[www.argusmedia.com/clean-ammonia-europe](http://www.argusmedia.com/clean-ammonia-europe)

**February 2025 | Location: TBC** 

**Argus Clean Ammonia Middle East Conference**  
[www.argusmedia.com/clean-ammonia-middle-east](http://www.argusmedia.com/clean-ammonia-middle-east)

### US plans

The US company's plans are more advanced in its home country, as it plans to take FID on an 860,000 t/yr **low-carbon hydrogen and ammonia project in Texas** this year, which it says will be the world's largest.

In late 2023 it completed its **\$4.9bn acquisition** of the US' largest CO2 pipeline operator, Denbury, a deal that should help it move faster in CCS and hydrogen in the US and the UK, Foley said.

ExxonMobil currently makes 1.3mn t/yr hydrogen at its global refineries and chemical plants, according to Foley, which puts into perspective the size of its huge Texan proposal.

*By Aidan Lea*

### CP Chem cracker reduces rates

Chevron Phillips Chemical (CP Chem) reduced operating rates yesterday at its 1.725mn metric tonne/yr ethane cracker (EU-1594) in Cedar Bayou, Texas, after a compressor shutdown.

The cracker's propylene refrigeration compressor unexpectedly shut down, according to a company filing with the Texas Commission on Environmental Quality. As a result of the compressor shutdown, cracked gas was rerouted to the unit's flaring system. Operators reduced feedstock into the furnaces to minimize flaring.

The flaring event began at 4:34am ET Wednesday and is believed to have ended early Thursday morning.

*By Michael Camarda*




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## ANNOUNCEMENTS

### Change to Houston-Chiba VLGC assessment name

Following consultation, Argus will rename its Houston-Chiba VLGC assessment as specifically for voyages transiting the Panama Canal, with effect from 8 February.

The relevant rates will be renamed:

- Gas carrier LPG Houston to Chiba (via Panama) VLGC
- Gas carrier LPG Houston to Chiba (via Panama) VLGC TCE

The methodology governing the assessment will not change.

To discuss this change, please contact [freightteam@argusmedia.com](mailto:freightteam@argusmedia.com)



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## EDITORIAL CONTACTS

### Americas

Editor: Nicholas Watt  
Tel: +1 646 376 6132  
[nicholas.watt@argusmedia.com](mailto:nicholas.watt@argusmedia.com)

Reporter: Michael Connolly  
[michael.connolly@argusmedia.com](mailto:michael.connolly@argusmedia.com)  
ICE: micconnolly

### Europe

Editor: Sheel Bhattacharjee  
Tel: +44 20 7780 4290  
[sheel.bhattacharjee@argusmedia.com](mailto:sheel.bhattacharjee@argusmedia.com)

Reporter: Yohanna Pinheiro  
[yohanna.pinheiro@argusmedia.com](mailto:yohanna.pinheiro@argusmedia.com)  
ICE: ypinheiro

### Asia-Pacific

Editor: Andrew Khaw  
Tel: +65 6496 9978  
[andrew.khaw@argusmedia.com](mailto:andrew.khaw@argusmedia.com)

Reporter: Sean Zhuang  
[sean.zhuang@argusmedia.com](mailto:sean.zhuang@argusmedia.com)  
ICE: fargussg1

Publisher: Adrian Binks

Chief operating officer: Matthew Burkley

Global compliance officer: Vladas Stankevicius

Chief commercial officer: Jo Loudiadis

President, Oil: Euan Craik

Global head of editorial: Neil Fleming

Editor in chief: Jim Washer

Editorial manager: Nicholas Watt

Operations lead: John Ollett

Global Head of Freight:

Alex Younevitch  
[alex.younevitch@argusmedia.com](mailto:alex.younevitch@argusmedia.com)

Customer support and sales:

[support@argusmedia.com](mailto:support@argusmedia.com)  
[sales@argusmedia.com](mailto:sales@argusmedia.com)

London: Tel: +44 20 7780 4200

Houston: Tel: +1 713 968 0000

Singapore: Tel: +65 6496 9966

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