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German FSRU Operator Cancels Charter, Citing "Ruinous" Gov't Competition



Energos Power (file image courtesy Energos)

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German LNG terminal operator Deutsche ReGas has terminated a charter agreement for a full-size FSRU that it brought in last year, when Germany was working hard to bring on extra capacity to replace Russian gas volumes. In a statement, the company said that it was losing money on the arrangement and blamed Deutsche Energy Terminals (DET), a state-owned company set up to organize LNG imports and ensure the security of the nation's energy supply.

The cancellation affects the Energos Power, a 174,000 cubic meter FSRU that started operations at the port of Mukran in February 2024. The Energos Power is the larger of the two FSRUs in the Deutsche Ostsee LNG import complex at Mukran; together, the two FSRUs have a receiving capacity of more than 13 billion cubic meters a year. It is the only privately-financed FSRU terminal in the country.

According to ReGas, DET has been auctioning the services of its regulated import terminals at prices below a government-approved minimum cost-covering level, creating "distortions" in the gas marketplace and pricing out ReGas' private operation. ReGas has previously warned that its operations could be undercut by the state entity.

"DET's ruinous pricing policy since December 2024 is one of several reasons for terminating the sub-charter contract. Deutsche ReGas regrets having to take this step," said Ingo Wagner, managing partner of Deutsche Re-Gas. "We continue to be in close contact with the federal government on this

matter. In the event of a supply bottleneck, ReGas believes that an immediate solution can be found at any time."

Germany's LNG terminals are underutilized, and Wagner told reporters last month that ReGas has faced "unequal competition" from DET since December. ReGas says that because of state subsidies, DET can market its services below cost.

For its part, DET says that it complies with all regulatory requirements and has been successful in marketing its import services. DET's utilization rate was higher than ReGas' rate in 2024, and DET sold all 50 available slots to 17 different companies in its December and February auction rounds. The average price in the December auction was about 10 cents per mmbTU, and the average in the February auction was about 30 cents per MMBtu.

"Our offer was well received by the traders and all the slots we offered were marketed. At the same time, we are looking ahead as the currently declining storage levels must be replenished in good time during the year," said Dr. Peter Röttgen, Managing Director of DET, in a statement last week.

The FSRUs are part of a strategy to replace Russian gas, but according to the Financial Times, Germany's government favors an agreement to restart pipeline gas imports from Russia if a peace deal is reached in Ukraine. If actualized, the sole surviving pipeline of the Nord Stream 2 project would be reactivated - reducing gas prices and undercutting the competitiveness of German FSRUs. The far-right Alternative für Deutschland (AfD) party, which is leading in the polls in the run-up to Germany's March election, has vowed to restart Nord Stream.