

ERRA Webinar

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REGULATION OF  
LNG SUPPLY AND TERMINALS

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# Terminals' regulation for the transition

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ERRA Webinar on Regulation of LNG Supply and Terminals

May 11th, 2021

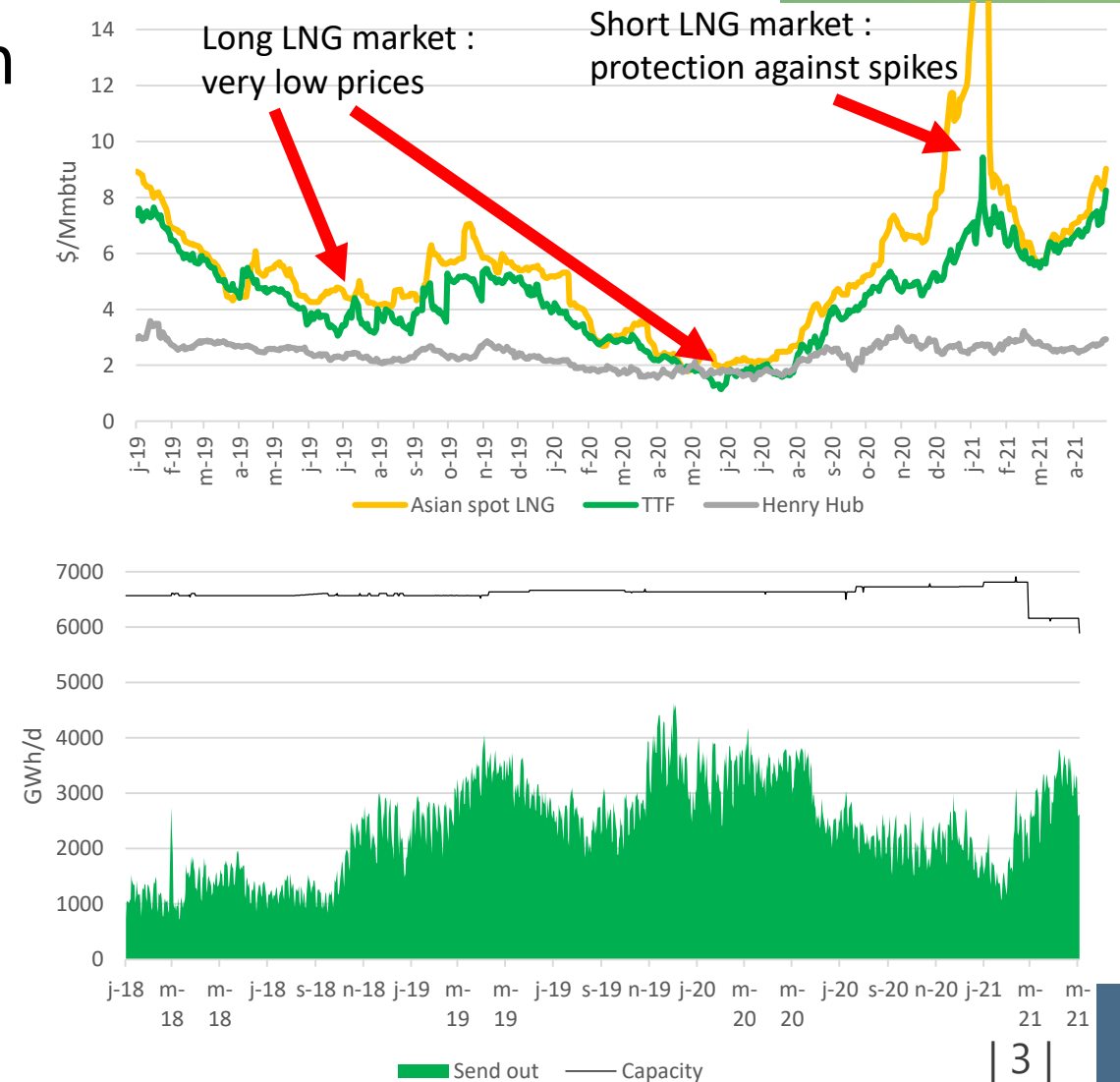
# Key messages

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- Regulation fit for current LNG market
- Terminals needed for energy transition (imports and mobility)
- **Renewable and low carbon gases regulation must be adapted for LNG logistics**
- Adaptations proposed in the gas package
  - We work on transparency,
  - Offer standardization will degrade services and Europe's attractiveness
  - Entry tariff impacts competition, not decarbonization

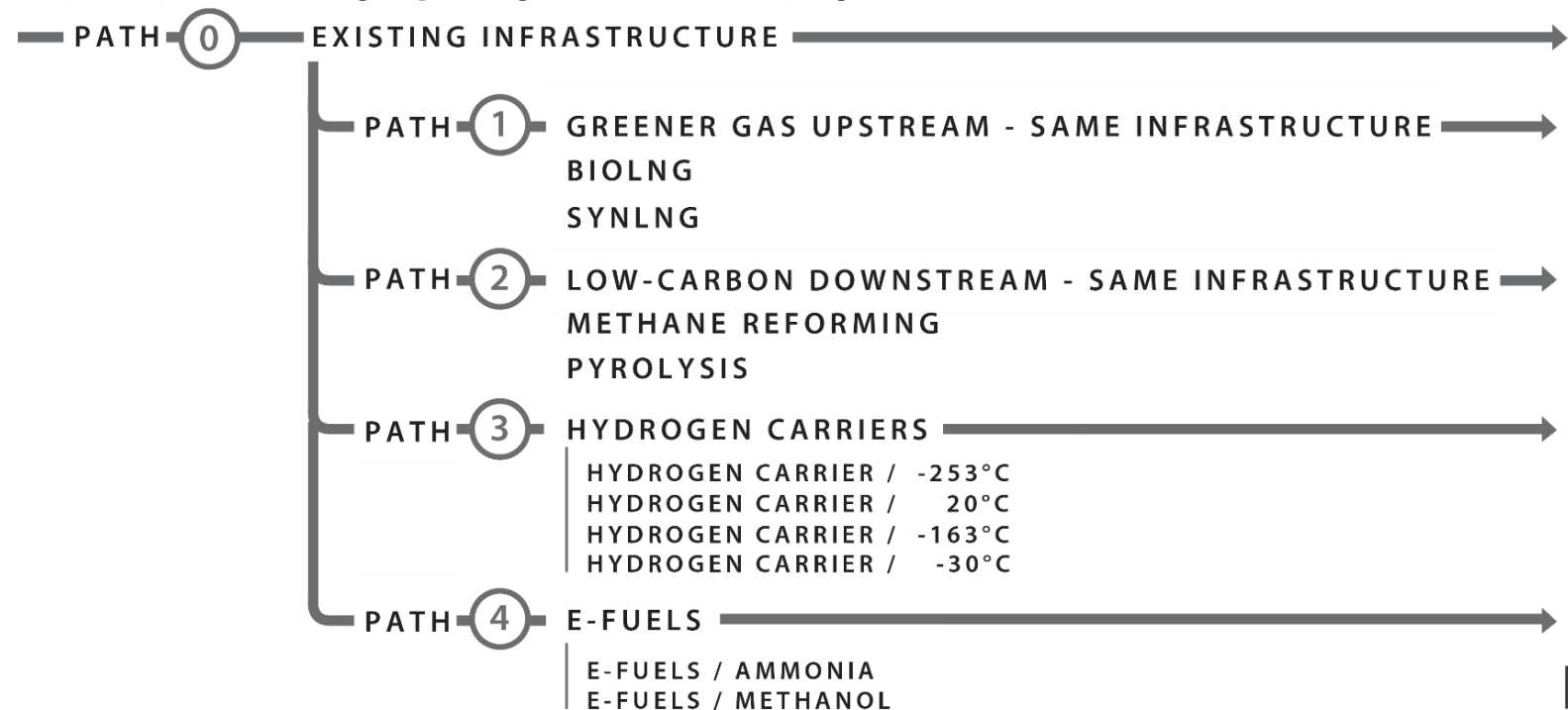
# Terminals fit for the current market

- European customers benefit from low LNG prices
- European customers protected from Asian LNG spike
- LNG European price setter
- High and responsive utilisation rate of terminals



# Terminals need to transition... and are needed for the transition ! 1/2

- Europe will need to attract affordable renewable and low carbon gases imports
- Terminals offers a wide range of solutions for renewable and decarbonized gases – many projects ready to be launched, leveraging on existing infrastructure



# Terminals need to transition... and are needed for the transition ! 2/2

## Rapid development of LNG trucks and ships

400 LNG stations, 6800 new gas trucks in 2020,  
26% of new built ships worldwide in 2020 on LNG/LPG

## For maritime, two possible paths

- Path excluding any non zero emission solutions
  - keep investing in non retrofittable marine fuels powered ships
- Open path, allowing to start now a LNG → BioLNG / e-methane path
  - immediately benefit from
    - local pollution reduction (PM, NO<sub>x</sub>, SO<sub>x</sub>)
    - up to 23% GHG reduction (full lifecycle measurement)
  - build a fleet able to cope with a much wider range of future products (e.g. NH<sub>3</sub>)
  - negative emissions possible with biomethane + e-methane + onboard CCU

These solutions rely on existing LNG infrastructures  
LNG terminals needed for heavy mobility transition

# Major hurdles in the renewable and low carbon regulation

- Renewable and low carbon gases sustainability certification and guarantees of origin should be compatible with LNG logistics
  - for biomethane produced in Europe, mass balance till injection or liquefaction point, book & claim after  
Optimize logistic, no issue as in electricity → should be a no brainer  
That what is done for biofuels...
  - Need of GO + sustainability certificates now, cannot wait for Union database
  - E-methane status should be defined (what CO<sub>2</sub>, what H<sub>2</sub> to be considered sustainable)
- Lack of renewable and low carbon import schemes

# Transparency, comparability, standardisation

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- GLE improving its transparency tools (interactive map under development)
- Terminals have different bottlenecks (jetties, tanks, regas)  
→ standardised offers means less capacities, less flexibility
- UIOLI : difficult balance to strike between flexibility offered to existing users and to the market  
Would a standard measure improve current balance ?

# TSO entry tariff for terminals

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- Renewed “Quo Vadis” discussions in the last Madrid Forum
- Lowering TSO entry tariffs for terminals
  - ➔ lowering whole EU gas price  
by reducing inframarginal rent of pipe gas producers (LNG setting the marginal price)
  - ➔ improve security of supply  
flexibility of terminal well used with increasingly peaky gas for power needs
- LNG terminals will need to move away from unabated LNG, but entry tariff is not an efficient tool for that (carbon pricing is)
  - Not an incentive to import low carbon gases
  - Just shift the balance between LNG and pipe gas imports



# Infra. planning coordinated with terminals

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- Obviously, as terminals are tools for the deployment of renewable and low carbon, interfaced upstream and downstream

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