

Interview with Per-Olof Jansson, Project Leader of the LNG Baltic in Baltic Sea Ports projects

Opening new LNG fronts

by Aleksandra Plis

The second edition of the LNG in Baltic Sea Ports project is approaching its successful end, to be celebrated during the Final Conference in Trelleborg, 2-3 December 2015. We talk with Per-Olof Jansson, leading the LNG BSP initiatives from their very beginning, about up-to-date developments, future undertakings, low oil price challenges and how the Baltic would look without the LNG projects.



■ **What are your thoughts on the LNG uptake in the Baltic over the years? What has gone well and what are as still need to be developed?**

Keeping in mind that LNG is a fairly new topic, as it was also five years ago, I can truly say that the uptake in the Baltic has gone very well. Today it catches the attention of all in the region. But now, when the topic is in the interest of the major players, it faces one major problem, namely low oil prices. It's difficult to invest in LNG if you have such low fuel costs. And this goes both for fleet and terminal development – no ships on LNG equals no customers for terminals. It's a very interdependent venture right now.

Nevertheless, we are moving forward, sometimes maybe quite slowly, but still the right course is there. Many ship-owners are seriously considering the switch-to-LNG, because in the long-run it is definitely the future fuel for the shipping business, environmentally-friendly at the same time. Looking five or ten

years ahead, I'm more than convinced that we will be in the middle of a big progress with more LNG newbuilds and the necessary port infrastructure in place.

■ **Talking about ports, to what degree are LNG terminals in the Baltic economic ventures? And to what degree political issues, for instance in light of the Energy Union?**

Indeed, such facilities have their political component as well, however, we cannot forget about the economic side as the companies involved in such projects are primarily focused on profits and financial returns. As such, LNG terminals are a mix of both politics and economy, hopefully well-balanced as in the successful case of Klaipėdos nafta's Independence terminal. On the other hand, when it comes to setting up LNG terminals, politics and the economy can lead to overcapacity, but this is also an issue of balance – if we have the ships and industries supporting terminal development, then utilizing the available capacity won't be a problem. Synergy is here the right watchword, and that's exactly the reason why e.g. the Port of Helsingborg and Klaipėdos nafta have proposed the HEKLA project, i.e.

to LNG-bind together various partners with the potential for each and every party to gain some LNG-infused benefits.

■ **The follow-up to the LNG in Baltic Sea Ports project is heading towards its end. How have these initiatives changed our region?**

The first project was definitely a success – all participants did their best. A lot of research and location studies were undertaken, while the preparatory part was more than well organized. The same goes for the project's second part.

Surely, without the LNG in Baltic Sea Ports projects, the LNG issue would be further behind than it is today – with efforts scattered around the region like isolated atoms. Thanks to our projects, we have managed to bring sometimes very different parties together to brainstorm and to exchange ideas, be it discussions on the complexity of LNG bunker pricing, setting up storage tanks, real-time LNG ferry operations, design works, safety and security issues, etc.

All in all, the projects, its partners and team as well as everybody who has contributed have acted as a keystone for the LNG business, not only for the Baltic Sea region but also for anyone from abroad, just to mention the Spanish project SEATERMINALS and LNG America. ■



Interview with Keith Meyer, CEO of LNG America

■ **Why don't we have American gas in Europe yet?**

You'll definitely soon have it as North America is ready to become a major exporter. It's now only months away and you'll see more and more supply going across the Atlantic. Among others, one big difference will be the pricing dynamic,

much more customized and not necessarily linked to the oil indices. By opening up the US gas market to foreign clients, we will tap the ongoing shale revolution even more which has made us the number one gas producer in the world. In turn, by having the US gas option at hand,

pricing negotiations will surely be easier. US suppliers can offer a cost-based supply chain distinguished by flexibility, meaning e.g. that you will be able to take your gas and ship it somewhere else, something new regarding LNG trade. In the long-run, such a situation will add to the competitiveness of US gas buyers. A win-win situation in other words. That's also why I visit Europe every so often, be it Valencia or the Baltic Sea region, i.e. to both gather data on the continent's latest LNG developments as well as to keep our partners updated on what's happening on the American LNG scene. The marine industry in North America is also looking more and more closely to LNG as ships' fuel. And while shipping is synonymous with global trade, the more terminals where vessels can bunker LNG, the better – not only for us as business people, but for the environment as well. ■



Southern Baltic LNG transport and energy potential

HEKLA enters the stage



Photo: Klaipėdos nafta



Photo: Port of Helsingborg

by Aleksandra Plis and Maciej Kniter

“Finding a solution for today and for the future at the same time is the biggest challenge,” Roland Brodin, Project Manager of the Helsingborg part in the jointly-led Port of Helsingborg-Klaipėdos nafta HEKLA project, stressed during the LNG Transport Forum in Valencia. Liquefied Natural Gas is believed by many to be the answer to this task, and while some are already ahead of implementing LNG solutions in the Baltic, by teaming up with others, one can make double leaps.

The first edition of the Baltic Ports Organization-initiated LNG in Baltic Sea Ports project, lasting from January 2012 till December 2014, focused chiefly on harbour LNG pre-investment studies with the potential also to offer bunkering services to marine clients in the future. As such the activities in the Port of Helsingborg involved market and profitability analyses together with meetings with stakeholders, finding the proper location, basic quay and terminal designs, investment calculations, risk assessment as well as preparations for permits and arranging tender documentation.

The project’s follow-up is still in progress, this time also with the involvement of HEKLA’s

second initiator, the Lithuanian company Klaipėdos nafta, operator of the country’s floating, storage and regasification unit Independence moored in the Port of Klaipėda. Helsingborg, apart from continuing technical studies on LNG port infrastructure, has turned its attention to the sea part of LNG, too, working on the design of a multifunctional LNG-powered ship able to provide LNG and MGO bunkering as well as other ship supply services.

“Our goal is to establish an LNG/LBG infrastructure in the south of Sweden,” Per-Olof Jansson, concisely pinpoints HEKLA’s aim. This is to be done in three steps. Firstly, by setting-up a liquefaction plant in Helsingborg, which should be ready by the end of 2017. Secondly,

by constructing an on-shore reloading station in Klaipėda, intended to be in place by 2017’s beginning. And finally, by building the abovementioned multifunctional bunker vessel, worth EUR 30 mln and operational in 2019/2020.

“There’s no ‘silver bullet’ to make an LNG investment an instant success story,” Per-Olof Jansson explains and lists key factors to be ticked off such as the right location with both a significant number of vessels passing by and calling at the port; as precise as possible value chain assessment and data-mining before making a final decision on the business model; and last but not least – fruitful cooperation with partners and stakeholders to have things done step by step in the right direction, at best with the help of the EU. ■



Interview with Mantas Bartuška, General Manager of Klaipėdos nafta, on the HEKLA initiative

■ **Why did you pick the Port of Helsingborg as your partner?**

First of all because of its proximity – Helsingborg is a Baltic seaport and we have always supported all currently ongoing Baltic LNG-related initiatives. When we set-up the large scale terminal in Klaipėda,

we came to know that the southern Baltic is in fact a great location for expanding our activities. We are therefore more than content that together with Helsingborg we have managed to obtain EU funds for the HEKLA project and that everything is going according to the plan.

■ **What do you want to achieve thanks to this project?**

Once we have completed the large scale LNG terminal, we believe that we will have gained new competences in LNG terminal development as well

as on the operational side. In the very short time of six months we have managed to prepare all documentation regarding small-scale activities and succeeded in getting EU funds (40% of co-financing, the maximum available, which not only gives us the necessary EU funding backbone, but also reaffirms our standing as a solid business partner). In August we made the final investment decision on constructing the reloading station. We plan to finalize the whole scheme by the beginning of 2017, a short period of time indeed, but we believe that we can pull it off.

We also believe that we have opened the “gas gate” for the Baltic and that LNG will become more and more available to inland customers, be it various industries in the first instance, followed by other applications in the future like LNG as truck fuel. We see not only a great potential for development in the two other Baltic states, in northern Poland as well, but also in the whole of the BSR. In general, turning our eyes towards the sea, both when it comes to large- and small-scale LNG, has opened up new synergy opportunities and become a very promising item in Klaipėdos nafta’s strategy. ■

Project partners' developments



PORT OF TRELLEBORG, SWEDEN

In activity 3.1. (basic design of berth no. 13) the geotechnical investigation at sea has been performed in order to determine the location conditions for a new sheet pile wall. The technical design of the berth has been performed as well, with all technical descriptions and overall detailed drawings of berth no. 13 (incl. dredging calculations and drawings over the main deck ramp for future ro-ro ships in the Baltic Sea). The geotechnical parameters have been presented in a geotechnical report. Activity 3.2. (complete technical design of an LNG storage and bunkering facility at berth no. 13) focused on a technical and operational feasibility study and risk assessment. Additional meetings with relevant authorities have been held, too, and information necessary for approvals have been identified. All stakeholders have put together a time plan, which has been sent for authorities' approval. After getting the approval we can finalize the bunker facilities in the technical drawings for berth no. 13.

Ulf Sonesson, the Port of Trelleborg's Technical Development Manager

In the project we have finalized a geotechnical investigation and a technical design of a berth with LNG storage and bunkering risk and feasibility analyses, something which from a legal point of view is definitely needed to proceed with setting up the facility.



PORT OF HELSINGBORG, SWEDEN

Alike during the first phase of the LNG in Baltic Sea Ports, the Swedish Port of Helsingborg has been appointed by the Project Partners to act as the initiative's Coordinator. As a participant in the project's follow-up, Helsingborg aims first and foremost at designing an LNG/MGO bunker ship suitable for operations in the south of Sweden. Furthermore, Helsingborg together with Klaipėdos nafta have launched the EU co-financed HELGA project on LNG bunkering in the south of the Baltic Sea region.

Roland Brodin, Project Manager of the HELGA and HEKLA initiatives

We have analysed different financial concepts for the project. Unfortunately, we have not been successful in finding a bunker partner so far, meaning that the project initially must rely on LNG/LBG/MGO maritime volumes which could be bunkered close to Helsingborg. Although the market cannot bear too high costs for a bunkering service, Öresund is to be considered as sheltered water and this might reduce the cost of a bunker solution. A barge carrying both LNG and MGO could be the answer in this regard.



KLAIPĖDOS NAFTA, LITHUANIA

Our company is successfully developing an LNG bunkering facility in the Port of Klaipėda. The front end engineering design has been completed and a public tender for engineering, procurement and construction (EPC) services has been launched with the aim to start LNG bunkering and truck loading operations in the first half of 2017.

Mantas Bartuška, General Manager of Klaipėdos nafta

Our strategic goal to become the LNG hub for the Baltic Sea will be achieved once we have completed the new LNG bunkering facility. The new facility, together with our FSRU Independence LNG terminal, will offer regasification, ship reloading, cargo break-bulking, truck loading and bunkering services in the Port of Klaipėda.





SUNDSVALL
LOGISTIKPARK SUNDSVALL LOGISTIKPARK, SWEDEN

We will focus on technical issues concerning the adaption of one of the port's berths to LNG, including the necessary infrastructure, possible bunkering facilities/solutions and storage tank type. Sundsvall Logistikpark will also undergo a risk assessment, analyse related safety concerns as well as start relevant permission processes.

Carina Sandgren, Project Manager at the Sundsvall Logistikpark AB

We have conducted studies on the location of the LNG facilities, the design of the gas system as well as the risk assessment and safety aspects related to the location. We have started the permission procedure concerning the location of an LNG storage as well. Now we are doing the procurement for a study on an LNG bunkering system for short- and long-term, to be ready this year.



ROSTOCK PORT PORT OF ROSTOCK, GERMANY

The LNG project in Rostock is currently under development; firstly, feasibility and risk studies will be contracted shortly. The tender for a suitable port area was published in September and since that time, several companies have presented their offers. The estimated time to finish the tender procedure is the last quarter of this year. We are going to contract further specialized consultancy companies in order to support the further development of this very important project for the Port of Rostock.



PROJECT INFO

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Head of International Development, Actia Forum Ltd. (PL)
Partners I: Port of Aarhus (DK),
Copenhagen Malmö Port (DK/SE), Port of Helsingborg (SE),

Port of Helsinki (FI), Ports of Stockholm (SE),
Port of Tallinn (EE), Port of Turku (FI)
Timetable: January 2012–December 2014
Partners II: Port of Helsingborg (SE), Port of Trelleborg (SE),
Sundsvall Logistikpark (SE),
Port of Rostock (DE), Klaipėdos nafta (LT)
Timetable: January 2014–December 2015

FOR MORE INFORMATION:
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Co-financed by the European Union
Trans-European Transport Network (TEN-T)

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