

Interview with Emil Arolski, Project Manager of 'LNG in Baltic Sea Ports II'

# Building the LNG momentum

by Aleksandra Plis

**The first phase of the 'LNG in Baltic Sea Ports' project has successfully ended, delivering valuable input. And as the project came to its conclusion, its follow-up took up the baton. We talk with Emil Arolski, Project Manager of 'LNG in Baltic Sea Ports II', about the first part's reception, the main differences between the projects, the follow-up's objectives as well as an outlook for LNG.**



■ **The first part of the 'LNG in Baltic Sea Ports' project kicked off in 2012. In your opinion what has changed regarding the Baltic LNG issues over the years?**

The Baltic LNG initiative, whose idea was introduced for the first time by the Baltic Ports Organization back in 2011, set off one year later in September with seven partner ports with the aim of developing a harmonized approach towards setting up LNG infrastructure in the Baltic Sea region (BSR). Thanks to numerous meetings and the so-called stakeholders' platforms, I can say with full confidence that the LNG situation in the Baltic has matured a lot over the past several years. As a clear sign of this, we now have four new partners who have joined the project with already concrete small-scale LNG infrastructure plans. On the seaside, however, the current state of affairs lingers behind since there are only two LNG-driven ships in the Baltic, the cruise ferry *Viking Grace* and the *Turva* patrol vessel of the Finnish Border Guard, but – as the newsletter's LNG timeline shows – more will come in the more or less distant future.

■ **How has Europe recognized the final outcomes of the project's first part?**

Both parts of the 'LNG in Baltic Sea Ports' fit well within the EU initiative of establishing LNG bunkering facilities throughout the TEN-T network and surely the projects' expertise and know-how will come in handy in other corners of the Community in due time. Moreover, the first project as well as its follow-up have been granted the EUSBSR Flagship Project status by the Danish Maritime Authority which heads the Priority Area on Clean Shipping of the EU Strategy for the BSR, acknowledging the projects' high macro-regional cooperation and eco-friendly impacts. Overall, we have received recognition for our accomplishments from the side of high officials from the European Commission, TEN-T and INEA (Innovation & Networks Executive Agency), not to mention interest shown by other stakeholders like LNG America and Fundación Valenciaport.

■ **In what way does the follow-up project differ from the first one?**

Firstly, there are four completely new partners, of which two aren't strictly ports as in the first part. The Sundsvall Logistikpark is a partnership company of various stakeholders focused on environmentally-friendly development, while Klaipėdos nafta is a Lithuanian oil & gas major and operator of the floating LNG terminal *Independence*. Secondly, the project partners have tabled many more concrete actions to be undertaken than doing just pre-feasibility studies. For instance, the Coordinator of the follow-up, the Port of Helsingborg, is to develop an LNG bunkering vessel design, naturally for construction and operation in the future. Both Trelleborg and Sundsvall will carry out engineering and technical studies concerning the set-up of LNG infrastructure. The Port of Rostock aims at obtaining all relevant LNG bunkering infrastructure permits in order to cater to the market with a bunker station. Klaipėdos nafta will execute technological studies together with going through a full environmental procedure as well as getting other necessary permits in order to choose the best location for a bunkering

facility. These are the partners' direct objectives and according to their development reports there are no particular critical delays.

■ **From your perspective, what will the LNG Baltic market look like in 10 years' time?**

I'm very optimistic to see all TEN-T core ports having LNG ship bunkering infrastructures in place by 2025. In turn, we'll most likely experience a significant growth in LNG demand as marine fuel, not only in the Baltic, but also Europe-wide. There were, however, very optimistic estimations done by DNV GL in the past of more or less 1,000 ships running on gas by 2020, undermined nowadays to some extent by falling prices of traditional bunkers. Nonetheless, this forecasted downtrend in my mind is only temporary as we'll most likely experience a more positive development in years to come. What's very interesting as well, is the potential upswing in LNG demand on the landside. LNG is discussed more and more as a viable and cost-saving alternative fuel, be it for heavy-duty industries like power stations and refineries (Preem's LNG terminal in Lysekil is a good example here), for overland transports (LNG-driven trucks), as part of container terminals' vehicle fleet (LNG-powered reach stackers, tractors and dual-fuel gantry cranes) or in the overall oil-to-gas transition. Therefore, most likely the future will bring even more LNG projects and promotional campaigns supported by the European Commission as well as win-win synergies among various stakeholders. ■

## PROJECT INFO

**Project Leader:** Per-Olof Jansson,  
Chairman of the Steering Group, Port of Helsingborg (SE)  
**Project Manager:** Emil Arolski,  
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 Helsingki (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:  
[www.lnginbalticseaports.com](http://www.lnginbalticseaports.com)



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## Project partners' targets

# LNG 2.0 – next level



**HELSINGBORGS HAMN**  
PORT OF HELSINGBORG 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 as well as for carrying out other ship supply services. Detailed studies will consist of specifying the ship's size, the actual number of fuel tanks needed, the type of fuel carried on-board (preferably LNG, of course) together with carefully considering any other types of potential services the ship could offer.



in Baltic Sea Ports

### Per-Olof Jansson, Project Leader of the 'LNG in Baltic Sea Ports' projects

*LNG has been identified by the EU as a future fuel and we are now very actively working to ensure that EU regulations will keep abreast of the developments. I'm also more than content to have four new partners in the project, making today the Baltic LNG team a full 11-member squad. Nowadays two things seem to be vital for LNG to gain more ground – setting up onshore infrastructure as well as providing safe and swift bunkering. In the framework of the project, Helsingborg will look into possibilities of establishing a bunker vessel which could not only serve our port, but also the rest of southern Sweden.*



**SUNDSVALL LOGISTIKPARK**  
SUNDSVALL LOGISTIKPARK AB, SWEDEN

Sundsvall will focus on technical issues concerning the adaption of one of the port's berths for LNG, incl. 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've already finished a couple of studies related to the location area so we've now got e.g. a design of the gas system. Later we will prepare LNG bunkering system studies, and since there's an LPG business in the harbour we'll closely examine this subject matter as well. What we want to achieve from the project are technical solutions concerning LNG storage & handling as well as bunkering. We hope to get much value from the cooperation with the other project partners.*



**Trelleborgs Hamn AB**  
-Port of Trelleborg- PORT OF TRELLEBORG, SWEDEN

Sweden's southernmost Port of Trelleborg aims at delivering technical documentation that will allow LNG investments to take place across a new berth, no. 13. Subsequently, the second part of Port of Trelleborg's undertakings will encompass the complete technical design of an LNG storage and bunkering facility.

### Agneta Nilsson, Communication Manager at Port of Trelleborg

*Since the project's kick-off we've been focusing on procurements such as finding the right people for executing an alternative assessment, conducting a risk analysis and approving the required documentation. We've been in contact with different consulting companies and our plan is to start the work in March.*



**ROSTOCK PORT**  
PORT OF ROSTOCK, GERMANY

Rostock's activities consist of technical and safety analyses for each berth in order to obtain all LNG bunkering-related information that will help to design the import & bunker berths as well as to set up gas storage and road-/rail-loading facilities. This will result in a small-scale LNG bunkering facility and in the medium-term will maybe lead to establishing an LNG storage facility which will provide fuel for both land and marine clients.

### Mario Lembke, Business Development at the Port of Rostock

*Since the project's start we've begun preparing a security analysis, something which is definitely needed to set up an LNG terminal from a legal point of view. A risk analysis is second in line, depending on legal assumptions from German authorities. So far these studies form our base which will be used in the future to construct the LNG terminal.*



**KLAIPĖDOS NAFTA**  
AKCINĖ BENDROVĖ KLAIPĖDOS NAFTA, LITHUANIA

The company, operator of the LNG Floating Storage and Regasification Unit *Independence* moored in the Port of Klaipėda, is analysing the current infra- and superstructures by completing environmental studies which will allow to select the most suitable bunkering facility location in the future. The next step will be the development of Front End Engineering Design documentation needed for the construction of an LNG distribution centre.

### Mantas Bartuška, General Manager of Klaipėdos nafta

*Most recently, we signed an MoU with Bomin Linde LNG, one of the main players in the LNG world, as a clear indication that market leaders are starting to look into new LNG business cases in the Baltic Sea, something which in turn has been enabled by the successful commissioning of the Klaipėda LNG terminal at 2014's end. Also the fact that Klaipėdos nafta has secured EU funding for onshore LNG infrastructure development shows that the company is on the right track and in line with the long-term strategy of the EU in terms of LNG. We're open to new ways of cooperation to broaden our knowledge as well and, apart from the 'LNG in Baltic Sea Ports II' project, we've also teamed up with Tokyo Gas which has been operating LNG terminals since 1969.*

'LNG in Baltic Ports II' events








**VII 2014**

TEN-T Programme's Financial Assistance Committee recommends the 'LNG in Baltic Sea Ports II' project for EU 50% co-financing

2014

Baltic LNG market events

**I 2014**

EUR 100 mln 50,000 m<sup>3</sup> LNG Terminal in Tornio to start in 2017

Inkoo chosen as the location for the Finngulf LNG project

Skangass receives permission to establish a permanent LNG bunkering station in Risavika

**III 2014**

30,000 m<sup>3</sup> LNG Terminal in Pori to be completed by fall 2016

UECC to have two new dual-fuel Pure Car & Truck Carriers scheduled for Q2 of 2016

**VI 2014**

Wärtsilä to design a gas-powered ferry for Wasalina till the end of Q2 2015

FSG to construct by Q3 2016 the world's first LNG ro-ro vessel for the Australian shipping company SeaRoad

**V 2014**

LNG terminal in Gothenburg enters next phase – to be ready in 2015

Containerships to operate first dual-fuel Baltic box carriers as of 2016's end

**VII 2014**

LNG bunkering infrastructure MoU between Gazprom Germania and the Port of Rostock

Three new dual-fuel ro-paxes worth USD 165 mln to be constructed by Gdańsk's Remontowa Shipbuilding for British Columbia Ferry Service by February 2017

EUR 100 mln worth dual-fuel offshore patrol vessel *Turva* enters into service within the Finnish Border Guard

LNG Terminal in Świnoujście starts hydraulic tests + letter of intent (October) regarding a third LNG storage tank (+2.5 bln m<sup>3</sup>) and ship bunkering services



