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The CWC Group spoke to **Mr.Mindaugas Jusius CEO at AB "Klaipėdos nafta"** about their new reloading station, recent MoU with Fluxys of Belgium as well as what the future holds for the small-scale LNG sector. Read the full Q&A below

1. Klaipėdos nafta is building an LNG reloading station – how is this progressing and how will it impact the region's LNG market?

AB "Klaipėdos nafta" (further - KN) is the owner and operator of the first full-scale LNG import terminal in the Baltic Sea region. We integrate the lower cost, schedule and flexibility advantages of the FSRU technology into the complete downstream LNG value chain. The terminal, situated in a geographically convenient location, offers reloading services for small-scale LNG carriers, enabling break-bulk distribution to small and mid-scale import terminal across the Baltic coastline. A multi-purpose on-shore facility will start operations in mid-2017 servicing off-grid locations in the Baltics. Apart from its primary purpose of loading LNG onto trucks and ship transporting from existing jetties it will supply natural gas to KN oil terminal, sharing some of the existing infrastructure. According LNG reloading station details: KN have recently signed a loan agreement with the Nordic Investment Bank to finance the LNG reloading station project construction. The infrastructure comprises of five 1000-cbm storage tanks, two truck loading bays, marine bunkering jetty and the regasification unit. Three of five cryogenic storage tanks were shipped to the Port of Klaipeda in March and have already been installed at the site, while the remaining two storage tanks are being transported to Klaipeda as we speak. After the installation of all tanks, necessary equipment connection, testing and other activities will be carried out. The LNG reloading station will create a small-scale LNG infrastructure and establish the Port of Klaipeda as a regional LNG hub. In conclusion, the increased capacity in Klaipeda will further boost the security of energy supply and will promote competition among gas supply companies from a geographically attractive facility in the Baltic market.

2. KN recently signed a memorandum of understanding with Fluxys of Belgium. What is the aim of this MoU?

This memorandum of understanding is a highly significant document that reflects the intention of both parties to collaborate on joint projects in the European small-scale LNG market and enables both parties to comprehensively develop the LNG infrastructure and its utilisation across European or Nordic markets. The LNG infrastructure established and developed by KN is a driver of an LNG logistics chain in the Baltic Sea Region, and optimal utilisation of the infrastructure facilities is very important. We will seek to achieve this jointly with one of leading market players in North-western Europe. Fluxys experience as the operator of the Zeebrugge terminal is valuable for the implementation of a smallscale terminal in Klaipėda as an efficient LNG hub performing regional functions, thus both parties will aim to share best developed practices at their respective terminals.

3. How much demand do you think the small-scale LNG sector will bring over the next 5 years?

In my opinion the next three years will be a decisive game changer in the SSLNG market that is currently globally estimated to reach $47 billion by 2021. The industry expects the trend towards the use of LNG fuel as a viable means to further speed up in the utilities, industrial and transportation sectors, but most importantly in the marine field, given the fact that the world 's shipping fleet will need to comply with the sulphur cap requirement. However, it will only make sense if the required bunkering infrastructure is in place, and the related industry players unite to implement certain decisions. Thus, I am proud to mention the "Blue Baltics" project of where KN is a flagship partner and the co-ordinator of activities focusing on the investments into the LNG infrastructure development by promoting sustained system of transport by sea and land and reduction of greenhouse gas emissions. This project refers to the successful experience of the previous projects, such as KN controlled LNG terminal, AGA controlled small-scale Nynäshamn LNG terminal, also by including other partners, Bernhard Schulte implementing the LNG transportation and bunkering ship project, Estonian Alexela Energia, which is developing the chain of LNG filling stations for public, commercial and sea transport, and Klaipeda State Seaport Authority, which is partly implementing the works of adaptation of the KN operated jetty for LNG loading. Moreover, the Lithuanian Port of Klaipeda has recently announced it is considering to purchase a new dredger that will potentially run on LNG. So these developments provide a great boost for the small-scale supply and demand growth in the region.

4. We have seen great advances in the small-scale LNG sector – what else, in your opinion, needs to happen for it to grow further?

I believe with the terminal operators investing heavily to develop the LNG infrastructure, it still requires further support of the governments to kick off programmes enhancing the use of alternative fuels, addressing excise tax application on LNG and making sure the faster development and rollout of LNG filling stations is ensured with the so-called 'blue corridors'. Moreover, the industry would improve greatly if European ports and LNG terminals co-operate more to implement unified processes and port fees so that small-scale vessels and LNG trucks operators can benefit from standardization. Also, I would mention we should actively integrate all interested parties in the activities of the LNG Cluster in Lithuania is related to the fact that science has all technology and competence opportunities to contribute to the foundation of infrastructure created by the LNG terminal and find adequate tools to develop it. Presently, there are five science valleys in Lithuania which must be empowered, whereas LNG, being a fuel type and technology, is relatively new and interesting to scientists as well as to making use of their unlimited opportunities. Lithuanian LNG Cluster is a symbiosis, in which business and science particularly must correlate more and more in the future.

5. You are speaking at the 3rd CWC LNG Fuels Summit in Amsterdam in June. What will be your message to the audience?

I will be sharing the stage with some prominent speakers from Fluxys and Grupo Sousa for Session 9 to speak about KN experiences on the subject of 'LNG as a Fuel for the Expanding Off-Grid Sector'. We can see the significant LNG market potential across the Baltic countries, be it municipalities that have no access to the national grid and are considering securing the source of energy supply for utilities, or the industrial sector ranging from small bakeries to large factories.

KN are in a good position where the role of operating the LNG terminal in Klaipeda ensures the optimal visibility and awareness of the company and facilitates the process of KN connecting both the potential small-scale LNG suppliers with the end users in the regional market helping and advising to address the various components of LNG supply chain, whether it is local distribution by road or installing regas units at a customer site.

For more information, please contact the CWC LNG Fuels team on +44 20 7978 0000 or email LNGFuels@thecwcgroup.com

For the full list of speakers, click here

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