BLUE FUEL

Gazprom Export Global Newsletter

2020/ Issue 55



Record European Storage Stocks to Slow the Speed of Global Gas Price Recovery Page 6

Jemgum Gas Storage Facility in Northern Germany Completed Page 16

Second Anniversary of the Electronic Sales Platform Page 19

Gas Market: Getting Out of the Spin Page 25

Gazprom Export Increases Exports of Sulphur above Planned Indicators in H1 2020 Page 27

www.gazpromexport.com | newsletter@gazpromexport.com
+ 7 (812) 646-14-14 | comm@gazpromexport.com
© Gazprom Export

BLUE FUEL
Gazprom Export Global Newsletter



In This Issue

2020/ Issue 55

To Our Readers 4

BF Poll 5

Record European Storage Stocks to Slow the Speed of Global Gas Price Recovery.... 6

Axel Soltenberg: “We Believe That the Market Still Highly Values Storage Capacities, Which Will Presumably Also Be the Case For 2021” 10

Sergey Tregub: “Any Offers of the Storage Capacities are in Demand on the Market” 13

Jemgum Gas Storage Facility in Northern Germany Completed 17

Second Anniversary of the Electronic Sales Platform 20

Gas Market: Getting Out of the Spin 25

Gazprom Export Increases Exports of Sulphur above Planned Indicators in H1 2020 27

Against Climate Change with the Power of Gas 30

Small Scale LNG Infrastructure under Rapid Development in Europe 34

Long-Term Contract for Gas Supplies to Greece Signed with Mytilineos S.A 35

The Victory Concert on Mamayev Kurgan 36

Disclaimer: Any views or opinions represented in guest authors’ articles are their personal and do not represent those of the editorial board or Gazprom Export LLC, unless explicitly stated.

Photo Source: Gazprom Export, Gazprom, Gasum, Gazprom Germania, Moravia Gas Storage A.S., Source: Erdgasspeicher Peissen GmbH

Publishers Contact Info:
www.gazpromexport.com I newsletter@gazpromexport.com
+7 (812) 646-14-14 I comm@gazpromexport.com

To Our Readers

A little more than half a year has passed but the European gas market has already gone through a historical turmoil, which will undoubtedly be scrutinized closely for many years to come. It would be easiest to blame the coronavirus for everything. However, even now many analysts say that the current crisis has many other causes and aspects. Actually, we faced an unprecedented combination of negative factors. Among them are unusually warm winter for second year in a row, drop in demand, low prices, oversupply, oil price crash. Researchers have yet to understand deep dynamics of this crisis and conceptualize its aftermaths.

In this issue, we do not try to answer all questions but want to pay attention to such aspect as gas storing, which plays an increasing role in the market. Not so long ago, this business was considered unprofitable as the prices were persistently high and the spread between winter and summer prices was insignificant. Nowadays we witness a real burst of activity in gas storing as all market players hope for price recovery in the winter and pump a lot of gas into storages. In such a way, they save the market maintaining demand. However, what will happen in winter when all these major volumes from storages come on the market? Will it kill the price or maintain the supply? Anyway, what gas storage capacity is optimal for the European market?

We have asked our experts these and some other questions trying to provide the holistic view on the matter. Please enjoy the brilliant contribution by James Huckstepp from S&P Global Platts as well as exciting interviews with Axel Stoltenberg from Erdgasspeicher Peissen GmbH and Sergey Tregub from Moravia Gas Storage A.S. We are also glad to announce the successful completion of Jemgum gas storage facility in Germany.

Despite all difficulties, the market makes progress. In this issue you can find a number of success stories about gas on transport by Gas Infrastructure Europe and Gasum. Gazprom business goes ahead, too. We are happy to spotlight our new long-term contract with Mytilineos S.A. (Greece), as well as new records in sulphur export. Our view on the European gas market development in this severe year is given by Valery Nemov from Gazprom Export. Beyond that, in September we celebrate the second anniversary of our Electronic Sales Platform. Its founder and Deputy Head of the Trading and Auctions Department Yury Diyachenko comments on the ESP impressive results and prospects.

In addition, please welcome our new section – BF Poll on page 5. We want you to create the true picture of the gas market together with us. Do not forget to share your opinion answering a few thematic questions. In the next issue we will publish the results of the poll and discuss them.

BF Poll

Blue Fuel is happy to present its new section – BF Poll. From now on, every issue of the newsletter will include a poll with thematic questions for our readers – professionals and experts of the gas market – to detect and feel the pulse of the industry.

Share your opinion with us on the burning issues of the gas market world and help us enrich our newsletter.
We want to hear your voice!
Follow the link to cast your vote. It will take max. 2 minutes.

https://forms.gle/9DwKzCR33A4kVb8o6

P.S. You can use the variant "Other" to express your opinion extensively



Source: Gazprom Germania



Record European Storage Stocks to Slow the Speed of Global Gas Price recovery

- Fears of storage stocks filling pre-maturely have eased on reduced global supply and a strong rebound in European demand, but nonetheless stock levels are now at new record highs

- European hubs will benefit from the drawdown of storages as global balances tighten through 2023. Seasonal price spreads and volatility will lessen in 2021 but remain wide enough to cover commercial storage short-run costs



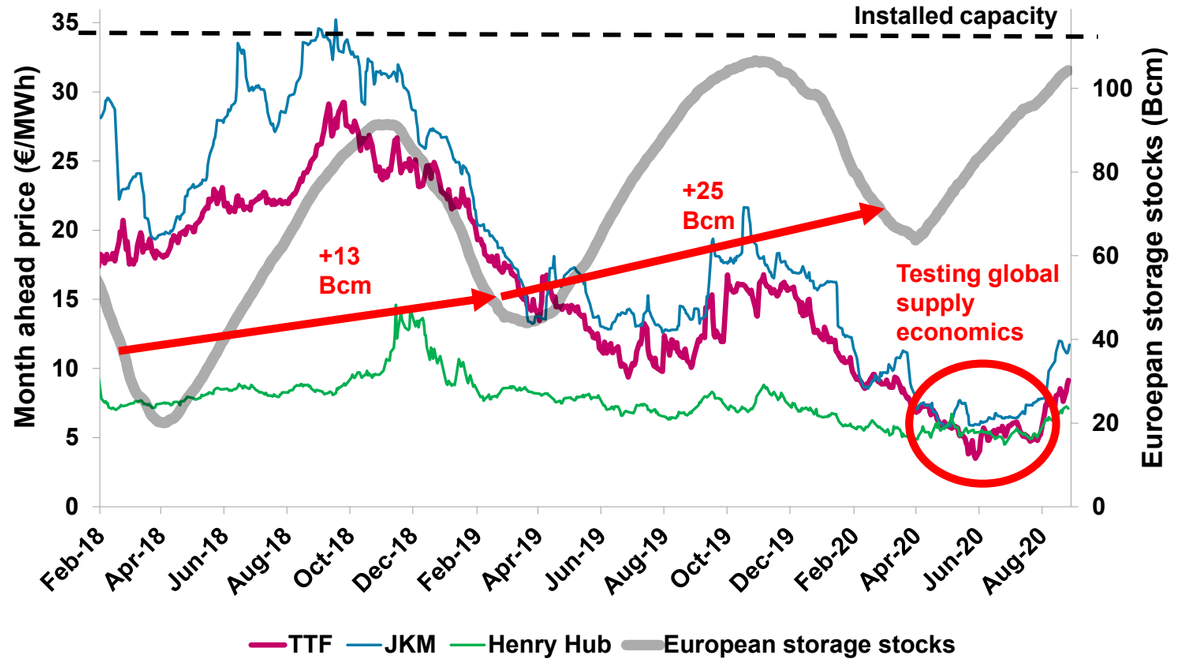
James Huckstepp,
Head of EMEA Gas Analytics
S&P Global Platts

It is difficult to overstate the importance of European storages in absorbing the global gas surplus of 2019. This stock build, further accelerated by a second mild winter in 2019/20 and the impact of coronavirus in Q2-2020 then saw a lack of remaining storage space drive record low prices and global convergence (chart). With global markets set to re-tighten over the coming years, flexible European storages will continue to play a key role. Storage will be critical not only due to increasing global demand seasonality, but also to balance the supply and demand shocks that will inevitably remain a feature of the market.

Global gas prices have rallied since late July with a number of genuine drivers in each of the three major global gas regions. These include global supply factors, such as faults with Australia's Gorgon LNG and falling US associated gas production, as well as growing demand in the US on strong coal to gas switching earlier in the summer. Absolute prices remain far below the five-year average however, largely due to the bulging storage stocks in Europe, as well as the top of the historic range stocks in the US.

There was clearly a shift to a more bullish market sentiment as European storage stocks (excl. Ukraine) gave up their year-on-year surplus in August (chart). However, storage stocks in August 2019 were a record high for the month. Current stocks are still 14 bcm above the five year average and large enough to absorb a significant supply shock or a

Graph 1. The filling of European storages was a critical driver of the 2020 global price collapse



Source: S&P Global Platts

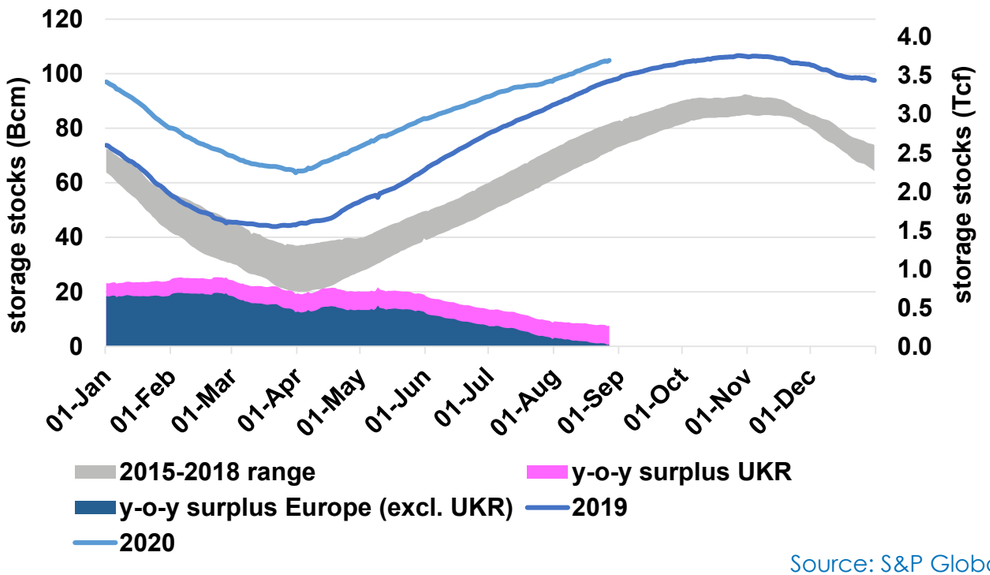
cold winter. The additional stocks in Ukraine, although not as connected to liquid NW European hubs, cannot be discounted. We expect prices continue to trend upward on the global gas rebalancing, with supportive coal and carbon prices also expected to move higher in 2021, but hopes of a more significant price rise will have to wait until stocks normalise.

Storage Review

The most notable difference between current stock levels relative to those in the third quarter of 2019 is the increase in Ukraine. This is down to the fact that Ukrainian storages were the only facilities with significant space remaining at the end of last summer, with Uherske the greatest outlier, only reaching 33% of capacity (chart). Despite strong injections this summer, stepping up to average over 100 mcm/d in August, Ukraine retains more than 5 bcm of spare storage space entering September.

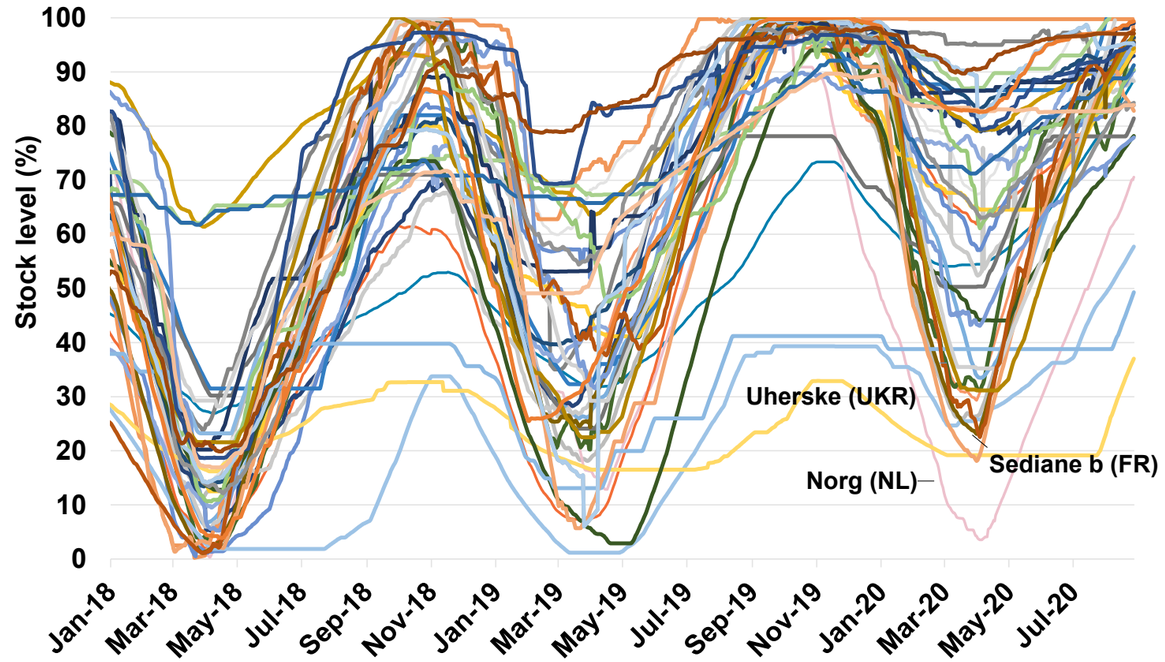
When reviewing the remaining storage capacity available elsewhere, it is important to split out what is commercially flexible. Bearish fundamentals left little commercial

Graph 2. Excluding Ukraine, the y-o-y European storage surplus has finally disappeared



Source: S&P Global Platts

Graph 3. Most of Europe's 40 largest storages are above 94% full (August 30)



Source: S&P Global Platts

incentive to withdraw significant volumes in winter-19, and therefore the only large storages (defined as the 40 largest, holding capacity greater than 960 mcm) to withdraw stocks below 30% in W-19 were lower calorific value gas storages, such as Norg in the Netherlands, or those located in France and Italy, which follow stricter storage regimes. Nonetheless, we expect even these facilities to reach close to full capacity by early October.

The shift to oversupply and increasing gas market uncertainty over the past two years has highlighted the importance of storage in Europe. A global gas re-tightening will see prices continue to recover over the next two years, but until storage stocks normalise, upwards prompt price volatility will remain restrained.

“We Believe That the Market Still Highly Values Storage Capacities, Which Will Presumably Also Be the Case For 2021”

In May 2020, you mentioned that unlike the falling spot prices and lower demand for gas, the storage market has intensified, as the spread between current prices and forecasts for 2021 has increased. Does this trend continue today? Are storage services still in demand?



Axel Stoltenberg
Manager Storage Capacity Marketing
Erdgasspeicher Peissen GmbH

The situation described in May continues until now[1]. The spreads between spot and future products remain at levels not seen for years. Surely, they are not anymore as extreme as they were during Q2 2020. In Q2 2020 Spot/Q1 2021- spreads showed up to 9 €/MWh. Speaking for the start of August, the Spot/Q1 - spreads were closer to 6 €/MWh, which is still comparably firm.

However, we have recently seen shortages in pipeline-bounded gas supplies during extensive maintenance works of the transportation pipelines from Russia and Norway, which led to significant withdrawals of storage inventory. These gas volumes need to be reinjected into other storages. Moreover, the gas demand has recovered significantly after the COVID-19 lockdown, which may boost spot prices.

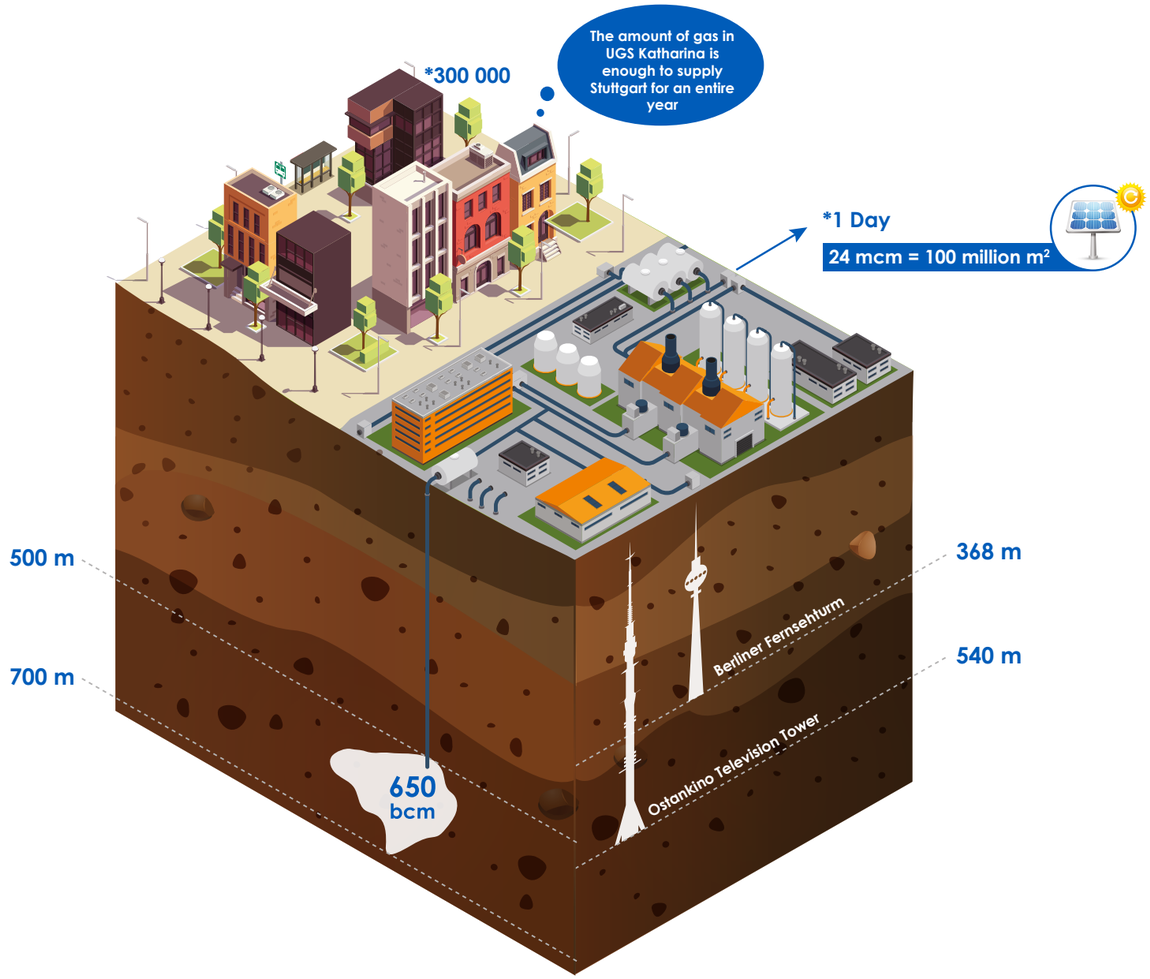
If storage inventories could be refilled in the remainder of the summer or in October, the storages will be able to act in their traditional role as short-term backup for long-distance transportation systems.

When the storages are not refilled, they will not be able to cope with that role. In the latter case, this would also indicate firm winter prices. Saying this, we believe that the market still highly values storage capacities, which will presumably also be the case for 2021.

1. *the interview was held in August 2020*

According to your statement, low spot prices have double-sided influence on UGS. For instance, what are the future prospects for the Katharina UGS facility and gas storage market as a whole?

UGS Katharina will continue to provide highly flexible storage services to its customers and will be a part of gas infrastructure in Europe. The more flexibility demand arises throughout Europe the higher will be the need for fast acting storage infrastructure. In particular, increasing power generation in gas-fired power plants, derived by soaring CO_2-prices, will back flexibility requirements in the markets.



Source of Information: www.ugs-katharina.de and open sources

Potential competitors of gas storages, such as local supplies in Europe, are declining more and more. For example, the Groningen Field in the Netherlands will run out of operations in 2022 and will not be capable to be used as backup for technical reasons. The Groningen field was for a long time a dominant supplier of natural gas and of flexibility in the Netherlands. The field operator NAM already urged the Dutch government to book vast storage capacities as alternative source for flexibility. These actions nowadays meet longtime expectations of having a necessity for significant gas storage infrastructure in Europe.



UGS Katharina | Source: Erdgasspeicher Peissen GmbH

Is gas storage today a profitable commercial business or rather a "safety buffer" for the market, a necessary regulatory instrument? How much storage capacity would be optimal for Europe?

We believe that we need to distinguish how the market is valuing gas storage services and the role as back-up infrastructure gas storages may play for more long-term orientated customers.

The market values storage capacities more than in the past. Additional demand for flexibility, the rise of a real CO_2-market show a significant value for short-term flexibility, as provided by cavern storages.This situation even seems to accelerate in the future with the prospective increase of CO_2-prices throughout Europe.

From the more strategic long-term view of big gas suppliers, the value of having gas inventories in the target markets is quite important in particular in times of progressing diversification of supplies. It is valuable to be able to meet all contractual obligations, even in case of unavailability of usual supplies (i.e. pipeline supplies). In essence, given the actual situation and the positive outlook the value of gas storages remains high.

"Any Offers of the Storage Capacities are in Demand on the Market"

In May 2020, you mentioned that unlike the falling spot prices and lower demand for gas, the storage market has intensified, as the spread between current prices and forecasts for 2021 has increased. Does this trend continue today? Are storage services still in demand?



Sergey Tregub
Chairman of the Board of Directors
Moravia Gas Storage A.S.

Indeed, a spread between the summer and forecasted winter prices remains at a considerably high level in the range from 4.5 to 7.5 €/MWh with a recent knockdown trend. It is understandable as winter is coming up. Considering the limited offer due to a high filling rate of the European storage facilities, any offers of the storage capacities are in demand on the market. This season, we held two auctions, both of which ended up with a successful deal.

You noted that there were additional offers from traders regarding the interruptible capacities of gas storage. Could you explain what it means? What are your future prospects regarding the storage situation in general and the Damborice UGS in particular?

As already mentioned, the lack of free capacities makes traders seek them actively. At the same time storage operators start offering so-called interruptible capacities. They are less flexible, but still in high demand. For example, when an UGS operator can provides a trader with a full range of services (as injection, storage and withdrawal), but the withdrawal can only be guaranteed if customers with fixed commitments do not take off all their capacities. At the same time, the storage operator guarantees to return the injected gas to the customer before the end of the storage season (April 1).

The Damborice UGS facility was constructed in a depleted oil field.



Of course, we all rely on high demand for additional sales, but, unfortunately, this is unpredictable. Should anything happen, high profile customers with long-term contracts may not take off all their volumes, while traders will take off all their gas since they have already sold it and will have to transfer it to the buyers.

The active capacity of Damborice UGS is about 450 million cubic meters, and the daily production capacity is 7.5 million cubic meters.

What is the future of the storage market? Where will the surplus gas on the market go when the storage facilities are full?

The storage market will remain in place, but its development will be implemented not by increasing the reserves or building the new UGS facilities, but through closing very old and therefore no longer efficient gas storage facilities and reconstructing successfully operating facilities in order to increase their efficiency and to introduce the new storage products to the market.

It seems to me that the surplus of pipeline gas on the market does not pose any danger since one can simply close the valve without causing any harm to gas fields (unlike oil fields).

Will high UGS stocks crash gas prices in winter?

I think that talks about gas pressure in storage facilities held on the market are overrated. Such gas is more likely to stabilize winter prices, preventing them from skyrocketing.

Is gas storage today a profitable commercial business or rather a "safety buffer" for the market, a necessary regulatory instrument? What volume of natural gas would be optimal to be stored in Europe?

For a storage operator, gas storage is firstly a daily routine work, which allows customers to order and get a service at any time. Such services include the work of geologists, developers of fields and caverns, technologists of gas treatment systems, compressor engineers, and many other specialists. It is not a commercial business for sure. It is rather a tool for adjusting supply and demand on the rapidly changing market. After attempting to have gas storage fully commercialized in 2005-2010 and launching a great number of projects on the construction of new UGS facilities, the spread collapsed and the projects failed, since tariffs affordable for traders could not cover storage costs.

The storage volume is primarily determined by seasonal fluctuations in gas consumption, while the



Source: Moravia Gas Storage A.S.



UGS Damborice | Source: Moravia Gas Storage A.S.

creation of gas reserves in UGSs beyond these seasonal fluctuations, even for good purposes to ensure long-term provision for reserves, causes an unjustified increase in storage costs and, ultimately, the downfall of the industry. For Europe, this amount is fluctuating about 20% of the annual gas consumption.

Jemgum Gas Storage Facility in Northern Germany Completed

As a responsible supplier, Gazprom is systematically implementing its own gas storage system development strategy in Russia as well as in foreign markets, including Europe. It helps us ensure uninterrupted gas supply to foreign consumers in peak demand periods or during gas transmission system maintenance, and increases gas sales.

The area of the gas storage is about 40 football pitches



This time we are happy to announce successful completion of the underground gas storage facility Jemgum in North-western Germany, one of Germany's largest salt cavern UGS. It consists of 10 caverns with a depth of up to 1,500 meters. Their total working gas volume is approx. 900 million cubic meters. The construction of the facility began in 2008. Five years later, its first phase was put into operation.



Source: Gazprom Germania





LNG-fueled cruise ship AIDA Nova and Jemgum UGS
Source: Gazprom Germania

Jemgum UGS facility is the joint project of German companies WINGAS (part of Gazprom Group) and VNG Gasspeicher. Five sixths of the total storage capacities are merchandised by Gazprom Group, one sixth by VNG Gasspeicher. The German gas storage operator astora GmbH & Co. KG as subsidiary of WINGAS operates the facility together with VNG Gasspeicher.

Over 30 kilometres of pipes have been installed in the wells

The facility is located a few kilometers away from the Dutch border. Due to its ideal location, it is connected to the gas transportation system of the Netherlands, as well as to the GASCADE-operated pipeline grid in Germany. Thereby, Jemgum offers direct access to two major market areas. Russian natural gas is transported to the facility via the Nord Stream pipeline and the NEL pipeline.

astora has mined 13 million tonnes of salt over 12-year construction phase – a multiple of the annual salt consumption of Germany

“The Jemgum storage facility can benefit from its strategic location, as natural gas production in the Netherlands is sharply declining, and storage facilities with a connection to the Dutch grid will therefore be in demand to ensure security of supply. astora is well positioned for the future,” – Managing Director of astora Eduard Schmitke said.



Eduard Schmitke,
Managing Director of astora

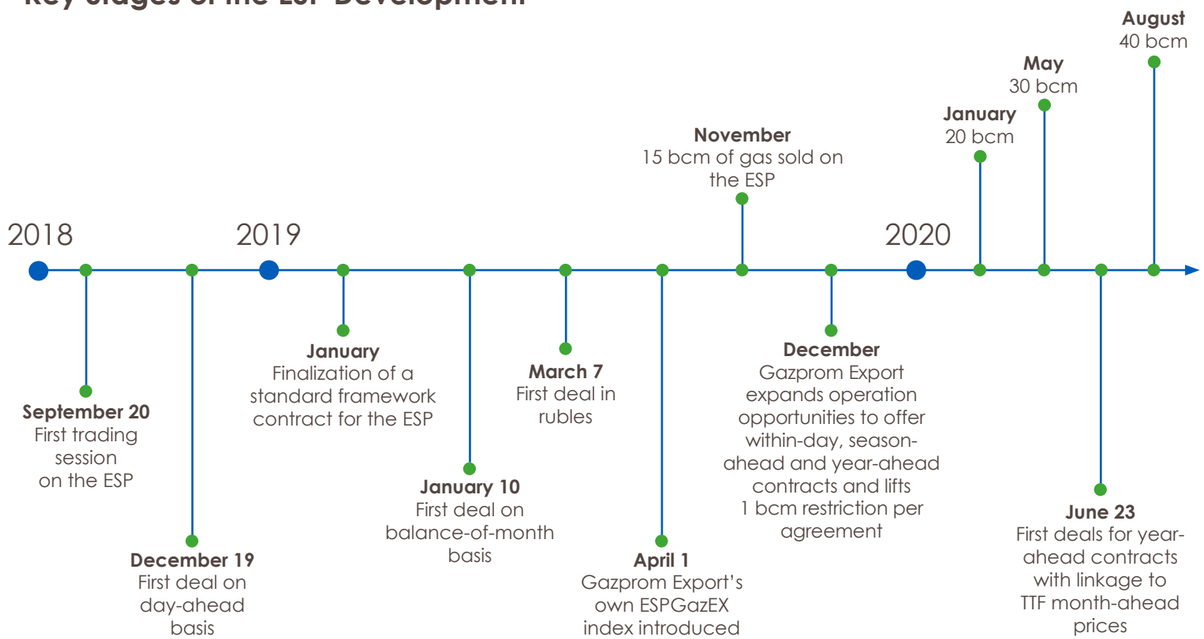


Jemgum Gas Storage Facility | Source: Gazprom Germania

Second Anniversary of the Electronic Sales Platform

In September 2020, Gazprom Export celebrates the second anniversary of its Electronic Sales Platform. The ESP was introduced to complement the company's supplies under existing long-term contracts.

Key Stages of the ESP Development



Over the two years, the ESP has rapidly evolved and developed into a powerful trading mechanism and an efficient means of business diversification. It has gained reputation of an effective and reliable sales instrument among clients. Trading helps to optimize the use of underground gas storages and presents an opportunity to sell additional volumes of gas within peak demand periods. Moreover, trading contracts in the portfolio make flexibility of long-term natural gas supply contracts commercially more efficient.

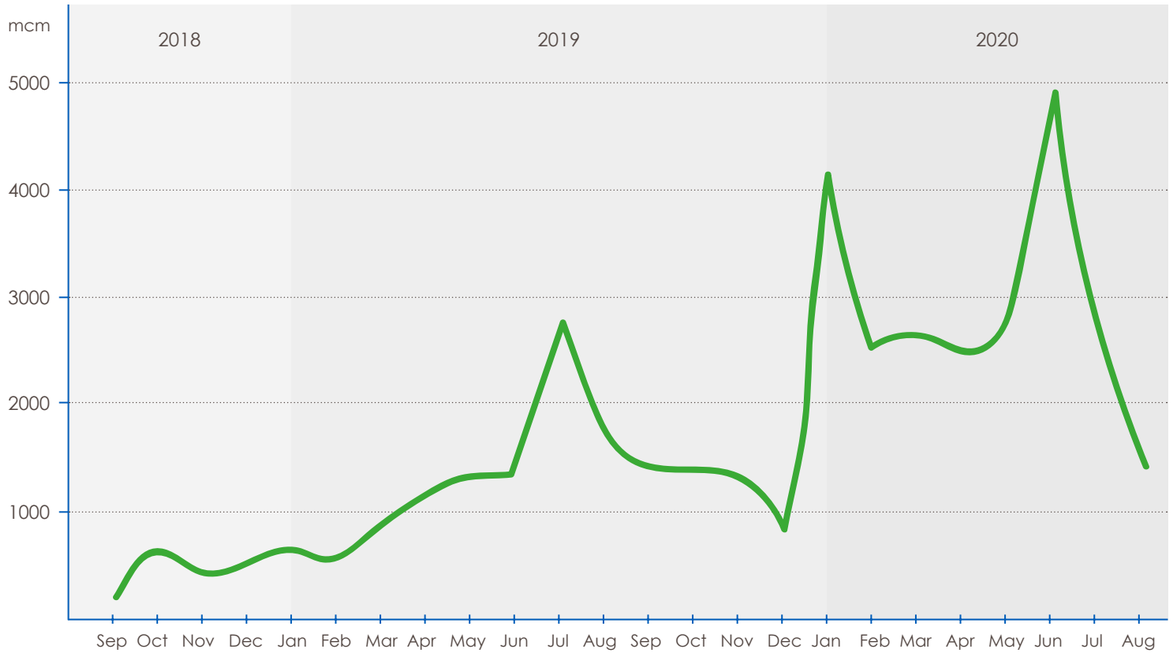
By September 2020, Gazprom Export had sold more than **40 bcm via the ESP**, which is a significant share of the company's supplies to European countries.

"Our trading results with existing instruments indicate that the Electronic Sales Platform is highly demanded on the market. Even within today's challenging environment, the ESP continues its confident development by offering its clients new competitive products,"– Elena Burmistrova said in September 2020 after introducing the new product types and technical innovations.



Elena Burmistrova,
Deputy Chairman of the Gazprom Management Committee, Director General of Gazprom Export

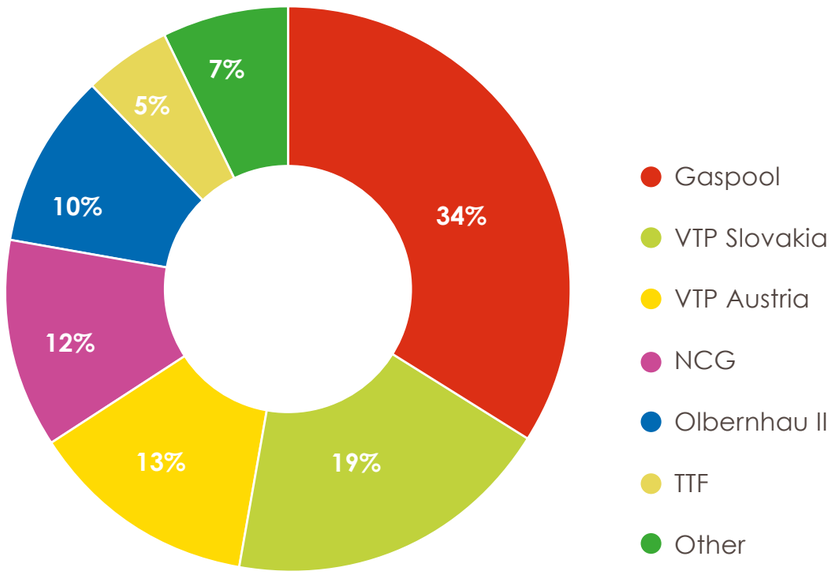
Graph 1. ESP sales by month



While the average sales throughout the months (Sep 18 – Aug 20) were 1.759 bcm, in June 2020, the ESP hit another record and sold **almost 5 bcm**.

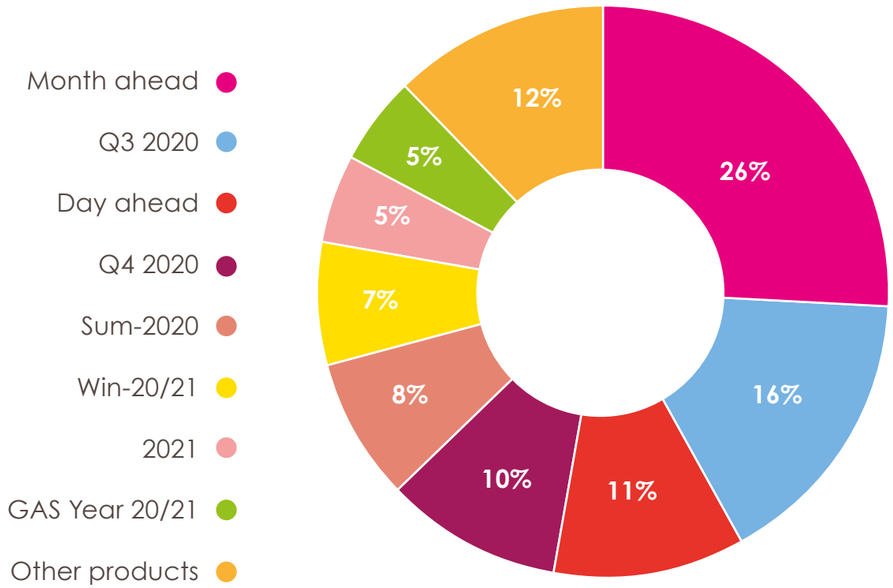
Eighty-three companies are registered on the ESP. They can purchase gas with delivery at **ten possible delivery points.** Many of them are far from major hubs, which enhances supplies liquidity and reduces transportation costs for clients.

Pie chart 1. Sales by delivery points (Sep'18 - Aug'20), %



2019 has become a turning point for the development of the ESP: in the middle of January, a new standard framework contract was designed and introduced. Terms and conditions of this Gas Sales Framework Agreement correspond with the standard trading contracts on the European gas market. The launch of the Agreement allowed to propose trading sessions with various delivery periods. Now, the ESP offers a **wide spectrum of delivery periods** including day-ahead, month-ahead, quarter-ahead, season-ahead, year-ahead contracts, as well as products with nonstandard delivery periods. The deals are priced in **several currencies** including rubles.

Pie chart 2. Contracts volume by delivery period, (Jan-Aug, 2020), %

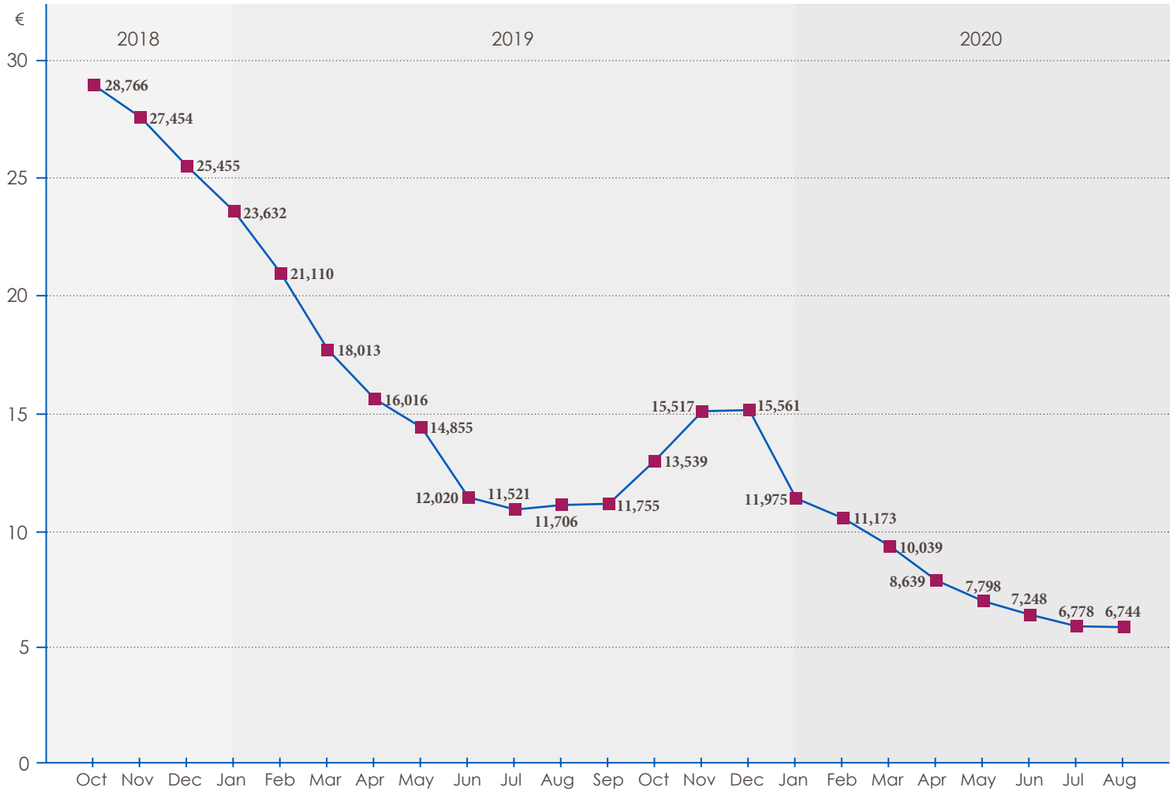


Another achievement was the introduction of Gazprom Export's own ESPGazEX index. It was presented on April 1, 2019. The ESPGazEX for a certain month is calculated as a weighted average price of all deals concluded on the ESP up to the index release date with delivery in that particular month. ESPGazEX is published on the Gazprom Export website, updated weekly in euros and rubles.

The introduction of its own index was an important step for the ESP development and clearly indicated that the platform is expanding steadily and is highly demanded.

The ESP has achieved impressive results over the two years and Gazprom Export has big plans for its future. The company aims at continuously sales increase via the ESP as well as constantly developing the system.

Graph 2. ESPGazEX Index, Euro/MWh



“In September, we are introducing formula-based contracts price-linked to commodities and indexes, products with geographical and volume flexibility. In future, we will also focus on further development of our trade mechanisms, improvement of the Platform’s interface, integration with external systems, and creation of our mobile application.”



Yury Diyachenko,
Deputy Head of the Trading and Auctions Department

Gas Market: Getting Out of the Spin



Valery Nemov,
Deputy Head of Contract Structuring and Pricing Directorate, Gazprom Export

Over the whole history of global gas markets and the European one particularly, we cannot pinpoint any more challenging time than 2020. As one of key gas exporters in Europe, we understand the importance of keeping eye on the ball and mindfully monitoring the market trends and signals.

For gas sellers from all over the world, the thorny soil of the European market, with a stagnant demand and severe competition, became more complicated. Unprecedentedly mild weather led to decrease in demand by 6.5% in Q1 – even before the lockdown. The European weather index that we calculate set the new minimal record in February; if the weather were at climate norm, gas demand could be 9% (or 18 bcm) higher in the Q1.

In April-May, the COVID-19 lockdown severely affected demand in a number of countries. Among big consumers, UK, Italy and France faced the deepest demand decline by more than 20%, while consumption was stable in some Central-European countries. Industry and power started to recover in the summer, rapidly driving the gas demand back. Sold at extremely low spot prices, natural gas gave no chances to coal in power generation, outcompeting it wherever possible. Late summer estimates of gas consumption (see table) indicate that it practically compensated for the losses in the largest markets – Germany, which is not the case for the other three top consumers: the lockdown left a significant trace in their statistics. Such countries as Poland, Hungary and Czech Republic represented remarkable increase of gas consumption in the same period. Their markets did not suffer a lot during lockdown.

Weak demand in Q1 echoed in market misbalance during entire 2020. There was as much as 28.6 bcm left in storages in April 2020 above 5-year average. This

overhang slightly decreased in the end of Q2 to 24.1 bcm and shrunk to 16.2 bcm in the very end of August due to smoother than usual injection pace in summer. However, it was affecting the demand for injection in a negative way up until the beggining of October.

As a result of these negative factors, total gas imports into Europe are decreasing. Competition for slices of the shrinking pie is getting stronger: LNG gained a significant shareat the beginning of the year leaving less room on the market for piped gas . In March, LNG deliveries into Europe reached new highs at 12.9 bcm. The distinctive property of LNG supplies is that they cannot promptly react to price environment. Despite the demand and price drop, LNG deliveries stood in April-May at high levels. They sharply fell to 7.3 bcm just in June as the outcome of desperate orders cancellation. That is the peculiar nature of LNG: the lack of arbitration opportunities together with limited shelf life make it possible for the market price to go below marginal costs. In Q2, both in Europe and Asia, cargoes that have already been ordered, could be bought at phenomenally affordable price of nearly $1/mmbtu or lower until the supply overhang is melted.

Up to the end of Q3, the total LNG imports into Europe accounted for 91.9 bcm, which is 10% more than last year. All the incremental volumes in fact came from the USA. Though monthly LNG supplies in the summer 2020 were below 8 bcm, which is less than in summer months of 2019, there is a clear sign that they will gain back in November as forward curves and seasonally weak demand in Asia create favorable environment for hedging more volumes.

	Consumption in Jan-Aug 2020, bcm	Δ 2020 /2019
Germany	59.1	-2.1%
UK	46.3	-8.1%
Italy	45.5	-8.9%
France	26.7	-10.3%
Poland	12.0	2.9%
Hungary	6.7	2.4%
Czech Republic	5.5	7.8%
Slovakia	3.2	-7.5%
Slovenia	0.6	-4.4%

Gazprom, whose exports to Europe declined in the first half of the year by 19%, succeeded in Q3 with deliveries as high as 46.1 bcm; in August and September monthly deliveries were higher than in August 2019. It is difficult to announce now a firm trend for growth: the full-scale rebound will be only possible after entering the winter season, normalization of storage and market re-balancing. Certainly, the pace of the economy recovery may have a crucial impact.

Gazprom Export Increases Exports of Sulphur above Planned Indicators in H1 2020

Natural gas industry is closely connected with production of sulphur. In particular, gas processing is the main source of sulphur in Russia.

Key consumers of sulphur in the global market are producers of mineral fertilizers (mostly phosphate), which use sulphuric acid obtained in the course of sulphur processing for the production of final goods.

Gazprom Export is a major Russian supplier of sulphur to the global market including Morocco, Tunisia, the USA, Brazil, Mexico, Senegal, Uruguay, Argentina, Israel, Lebanon, China, Lithuania, Belarus and other countries.



Sulphur granulation unit in Astrakhan Gas Processing Plant
Source: Gazprom



In the first half of 2020, Gazprom Export significantly increased the volume of sulphur exports above the planned level to about 1.3 million t delivered to foreign customers by means of all transport facilities. In addition, this period marked a ten-year record in terms of volumes of sulphur delivered for export by river transport.

In the first two months of navigation (March–April), export of more than 270,000 t of sulphur by river barges was an absolute record for the company for the corresponding period. This was possible, among other things, due to the early launch of the "river" export logistics scheme via the Volga–Don Shipping Canal.

In subsequent months, despite the global economic crisis caused by the coronavirus pandemic, the volume of sulphur exports by river transport was also at the high levels reached over the last ten years.

Amid strong competition with Middle Eastern producers, Gazprom Export not only maintains a wide geography of sulphur supplies from the Gazprom Group's portfolio, but also continues gradually diversifying it.

In particular, the company has managed to increase the volume supplied to the markets of Africa's Copperbelt, where sulphur is demanded by enterprises involved in leaching of metals. Strengthening positions in this market is of special importance, as it serves as an alternative to the key end market for sulphur – the production of phosphate fertilizers.

Sources of sulphur production in Russia are gas, oil refining and metallurgical industries. The share of natural gas industry in sulphur production reaches 83%. There are two major centers of sulphur production in Russia: Orenburg and Astrakhan, where branches of Gazprom Pererabotka LLC are located.

The largest target buyers of sulphur in Russia are producers of fertilizers such as EuroChem, PhosAgro and other companies. In recent years, consumption of sulphur in Russia has been growing steadily. However, the excess production allows exporting significant volumes as well.



Sulphur produced in Orenburg covers the needs of the domestic market, while the major part of the Astrakhan sulphur is sent for export. Astrakhan is the location for such significant sulphur production facilities due to the features of natural gas extracted there. It contains approximately 26% of H_2S as well as an unusually high share of carbon oxysulphide (1,000 mg/m^3).

Astrakhan Gas Processing Plant performs both wet and dry granulation of sulphur. The granular, or formed, sulphur has better consumer properties against the crushed bulk sulphur. Along with that, the formed sulphur faces fewer logistical and geographical restrictions in the course of export.

Taking into account the geography of sulphur production in Russia as well as location of foreign centers of its consumption, success of its sales depends directly on effective logistics. Gazprom Export engages various logistics schemes involving both railway and — within the navigable periods of the year — river transport. The use of diversified transportation schemes is a key to achieving the best results in exports of sulphur.



Source: Gazprom

Long-Term Contract for Gas Supplies to Greece Signed with Mytilineos S.A.

In May 2020, Gazprom Export LLC and Mytilineos S.A. (Greece) have concluded a long-term contract for natural gas supply. The document was signed by Elena Burmistrova, Deputy Chairman of the Gazprom Management Committee and Director General of Gazprom Export LLC, and Evangelos Mytilineos, Chairman of the Board of Directors and CEO of Mytilineos S.A.

“

“The cooperation between Gazprom Export and Mytilineos is a proof of the demand for Russian gas in the Greek market, and it will help further strengthen the interaction between our countries in the energy sector,” said Elena Burmistrova.

The contract provides for gas supplies to Greece in the period from 2020 to 2030.

The cooperation between Gazprom Export LLC and Mytilineos S.A. began in 2017 on the basis of short-term contracts.

In 2019, 588 million cubic meters of gas were delivered to Mytilineos S.A. In 2020, the parties reached an agreement to continue their collaboration under a long-term contract.

Mytilineos S.A. is one of Greece’s leading companies in such sectors as metallurgy, turnkey construction of power facilities, and trading of power and gas. The company was founded in 1990 and is listed on the Athens Exchange. The consolidated revenue of Mytilineos S.A. is 2.3 billion euro. The group’s companies in Greece and abroad employ more than 3,380 people.

“

“This long-term contract will enhance the competitiveness of Mytilineos in the region’s gas market and will make a substantial contribution to maximizing the efficiency of our industrial and power assets,” said Evangelos Mytilineos.

Against Climate Change with the Power of Gas

article from the energy company Gasum

About Gasum

The energy company Gasum is a Nordic gas sector and energy market expert. Gasum offers cleaner energy and energy market expert services for industry and for combined heat and power production as well as cleaner fuel solutions for road and maritime transport. The company helps its customers to reduce their own carbon footprint as well as that of their customers. Together with its partners, Gasum promotes development towards a carbon-neutral future on land and at sea.

The Gasum Group has around 380 employees in Finland, Norway, Sweden and Germany. The company’s revenue totaled €1,128 million in 2019.

www.gasum.com

THE INCREASING ENVIRONMENTAL awareness of consumers is rapidly driving businesses towards low-emission solutions. In the Nordics, achieving the ambitious targets set for a cleaner future requires close cooperation between various actors. While there is no single solution to solve this challenge, gas can enable a rapid and cost-effective change already today.

In order to reach the target of a carbon-neutral future, we will need every possible solution for reducing the huge global demand for oil. Lately, the role of gas has emerged as an effective way to replace petroleum-based products. This will help us to quickly and cost-effectively reduce carbon dioxide and particulate emissions.

The gas ecosystem built over the years provides a foundation for the widespread use of gas and is a solid component of integrated energy systems in the future. Moreover, the infrastructure can be fully utilised with renewable gases. Gas has great growth potential especially in industry as well as the road and maritime transport sectors in the Nordics.

Gas connects front runners

Besides increasing consumer demands, numerous goals and targets as well as various policy instruments are driving businesses towards low-emission solutions. There is a clear ambition in the Nordics of taking a path towards a cleaner tomorrow and to achieve this, cooperation between different actors is essential. Gas is a readily available solution to solve this challenge.

“In the Nordic countries, gas has great potential and the use of gas is growing in industry and in road and maritime transport. Simply by replacing coal with natural gas in Finland means we could reach a carbon emission reduction equivalent of 60–70% of annual emissions from passenger car transport. Gas makes it possible to respond to emission cuts today, and not in 15 years time,“ says Kimmo Rahkamo, Vice President, Gas and power sales, Gasum.



Kimmo Rahkamo
Vice President
Gas and Power Sales, Gasum
Source: Gasum

The energy company Gasum is a Nordic gas sector and energy market expert that offers cleaner energy and energy market expert services for industry and for combined heat and power production as well as cleaner fuel solutions for road and maritime transport.

A developing distribution network for LNG

In the near future, the growth of the gas market will take place outside of the transmission grid. This means, for example, strong growth in the use of LNG. Besides traditional industrial use, maritime and heavy-duty road transport will increase the demand for LNG.

Gasum has prepared for this growth by systematically developing LNG distribution systems in the Nordic countries.

“We have also continuously invested in the construction of new LNG filling stations for heavy-duty transport in Finland, Sweden and Norway. National targets have also been set to increase cleaner transport. For example, Nordic countries have a number of policies and support mechanisms promoting the use of gas a transport fuel,“ Rahkamo explains.

Gasum has also developed a distribution system for maritime transport so that bunkering can take place onshore, from a tanker truck or ship-to-ship.

Reducing emissions is a common goal

Many aspects advocate the use of natural gas: it produces no sulphur dioxide and particulate emissions, and also nitrogen emissions are reduced by 85%. This is why, for example, maritime transport is rapidly switching over to using LNG, which meets all increasingly stricter international and internal EU emissions limits for shipping.

A functioning natural gas distribution system gives a good basis also for increased biogas production and use. Biogas represents the circular economy at its best, since besides low-emission energy, it also combines the effi-cient use of waste and production of recycled nutrients.

The annual amount of biogas produced in Finland and Sweden could potentially be over 25 TWh, the equivalent of energy needed for around a 2,5 million gas cars.

Navigating the energy market

As part of the Gasum strategy to develop the Nordic gas market, Gasum offers energy wholesale users and pro-ducers comprehensive services, the latest market information, and the most flexible software solutions on the market.

Gasum’s Energy Market Services assist customers in operating successfully in the energy market, providing help in the strategic planning of long-term sourcing and production and risk management strategies, and in responding swiftly to changes in the market situation.

"Our services include taking care of power sales, sourcing and production for our customers throughout the mar-ket chain. We operate in risk management and trading related to emission allowances, electricity guarantees of origin and gas trading," Rahkamo says.

Towards a carbon-neutral future

Gas solutions play an important role in the transition to a carbon-neutral future. Biogas can help to achieve major emission reductions, and new types of innovations are emerging in fields such as the circular economy.

As the network of gas filling stations and gas bunkering options expands, gas-powered transport will increasingly connect more people and business value chains across countries. Awareness of gas solutions and the opportunities for cleaner services and products must be increased. We need to step up the pace of change for a cleaner tomorrow.



Source: Gasum

Small Scale LNG Infrastructure under Rapid Development in Europe

The number of LNG fueling stations as well as ships bunkering units in Europe is growing dynamically. This was concluded by Gas Infrastructure Europe (GIE).

The GIE's up-to-date map of existing and planned small scale LNG infrastructure demonstrates rapid development of this segment throughout Europe*. There are now about 280 LNG fueling stations in operation, while the milestone of the 200th station was reached just one year ago. For ship bunkering, the progress is even more striking: there are now nine vessels dedicated to LNG bunkering, with five more expected to be delivered by the end of 2020, while three years ago there were only two.

LNG has great potential for replacing heavy fuel oil and diesel in freight transport and shipping, as well as in supply to industrial sites and communities not connected to a pipeline network, GIE said recalling that the use of natural gas in transport can reduce CO_2 emissions by up to 25% as well as nitrogen oxide (NO_x) emissions — by up to 90% compared to traditional fuels.

"LNG is the only viable sustainable fuel to decarbonize deep-sea ocean shipping, heavy-duty transport and railways – and it is available now. It is strong on NO_x, SO_x and particulate matter. Plus, this is an attractive technology for truck and ship builders and further embraced by users like trucks and vessels fleet owners who invest massively in it. LNG can accelerate decarbonization. The infrastructure we use today for LNG can be used tomorrow for liquid biomethane and liquid synthetic methane with little or no modifications. No stranded assets there. So – is further development of small-scale LNG infrastructure needed? Absolutely yes."



Arno Büx,
GLE** President
special for Blue Fuel

* *https://www.gie.eu/index.php/gie-media/press-releases/13-news/gie/429-press-release-gie-publishes-new-edition-of-the-small-scale-lng-map*

** *GLE (Gas LNG Europe) is one of the three pillars of the European association of infrastructure operators GIE*



Victory Concert on Mamayev Kurgan



Source: Gazprom

On June 24, 2020, a major Victory concert was held on Mamayev Kurgan in the Hero-city of Volgograd. This celebration was one of central events in the program for the Year of Remembrance and Glory and the commemoration of the 75th anniversary of the Victory in the Great Patriotic War.

The concert took place at the base of 'The Motherland Calls' monument, the world-famous symbol of the people's achievement, which was reopened after renovation on that day. Specially for the performance, large-scale winged scenery were erected, blending seamlessly with the Mamaev Kurgan Historical-Memorial Complex to the Heroes of the Battle of Stalingrad.

Among the celebrities who took part in the concert to pay tribute to the heroes and their feat were: Yuri Bashmet, the artistic director of the project and the Youth Symphony Orchestra of Russia, pianist Denis Matsuev; bass singer Ildar Abdrazakov; soprano Hibla Gerzmava; saxophonist Igor Butman; actors Konstantin Khabensky and Sergei Bezrukov, and many other Russian artists and performers. They sang famous wartime songs as well as read poems dedicated to the war written by A. Tvardovsky, R. Rozhdestvensky, S. Marshak, and other authors.



Source: Gazprom

The unique system of visual effects contributed to the creation of a special atmosphere, visual appeal, and sense of solemnity. Thanks to the lighting and 3D mapping equipment, the entire Mamaev Kurgan complex turned into an integrated space — a symbol of historical memory. The concert ended with grand fireworks accompanied by the ringing of bells.

The celebration was organized by the Russian Concert Agency with the support of Gazprom Group.



Source: Gazprom

BLUE FUEL

www.gazpromexport.com | newsletter@gazpromexport.com
+7 (812) 646-14-14 | comm@gazpromexport.com

GAZPROM EXPORT