New LNG Regasification Terminals in Europe
Planned and Announced Projects for Supply Security
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Natural gas accounts for ~25% of energy consumption in the EU and Russia is the largest supplier, creating a major security of supply concern

Executive Summary (1/2)

Role of natural gas in European Energy mix – LNG import infrastructure

- Natural gas is the second largest source of energy in the EU-27, representing 24% of total energy consumption.

- In 2021, total consumption of natural gas in the EU amounted to 412 bcm, up by 4% (17 bcm) compared to 2020.

- LNG accounted for 24% of total natural gas imports in the EU in 2021 – the rest is supplied through pipelines, mainly from Russia, Norway, the UK and Algeria.
  - 11 LNG importing countries in the EU: Greece, Italy, Spain, Portugal, France, Belgium, the Netherlands, Poland, Lithuania, Croatia, Malta.
  - 21 terminals operational as of mid-February 2022 in Europe, for a total regasification capacity of 160 bcm/year and a total storage capacity of 7.65 millions of m3 LNG.
  - 5 additional projects (including expansion at existing terminals) under construction in the EU as of mid-February 2022, for a total additional regasification capacity of at least 19.5 bcm/year.

Reliance on Russian gas – Geopolitical context and possible impacts

- EU’s reliance on natural gas imports increased in recent years – Russia is the largest source of imports (155 bcm, or 41% of total imports in 2021).
- European dependency on Russian gas varies according to country, with the western nations less dependent and the central and eastern countries almost 100% dependent.
- The conflict and invasion of Ukraine by Russia at the end of February 2022 significantly impacted the natural gas markets in Europe. With the development of the conflict, EU countries have adopted measures and sanctions against Russia and plan to reduce or cut reliance on Russian gas imports in the short to medium-term.
- In particular, the NordStream 2 project, a pipeline connecting Russia to Germany with a planned capacity of 55 bcm/year has been suspended. European countries are now exploring other supply options, and in particular the development of LNG terminals.

Sources: Eurostat; GIE LNG database; ICIS; FTI Consulting analysis.
EU governments are planning to reduce reliance on Russian gas through increased LNG imports: 21 new or accelerated LNG projects identified

Executive Summary (2/2)

European countries\(^1\) strategies to reduce or cut reliance on Russian gas imports

- Governments in countries with the highest share of Russian gas in total imports announced new plans to cut reliance in the short/medium-term, in particular:
  - Germany (50+\% of Russian gas in 2021): 3 onshore LNG terminal projects, and 4 FSRUs projects accelerated
  - Italy (~40\% of Russian gas in 2021): 2 FSRU projects currently under development by Snam, in addition to other potential new onshore terminals and expansion of capacity at existing terminals
  - Finland & Estonia (~100\% of Russian gas in 2021): Joint project between the two Governments to develop rapidly an FSRU project and potential development of the Paldiski LNG terminal project in Estonia

- Other countries in the EU are also developing strategies to cut reliance on Russian gas imports, including\(^2\):
  - France: 1 FSRU project
  - The Netherlands: 1 FSRU project
  - Greece: 2 FSRU projects

LNG terminal projects announced or re-launched/accelerated in the EU-27 after the start of the war in Ukraine

Total: +128 bcm/year
~83\% of Russian gas imports to the EU in 2021

Sources: ICIS; Reuters; FTI Consulting analysis.
Notes: 1) Selection of countries. 2) Not exhaustive.
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1. Context and Overview

A. Natural gas and LNG in the European energy mix

B. Current LNG import infrastructure and announced projects (until mid-February 2022)

C. Geopolitical context and impacts on European gas infrastructure projects – New, re-launched and accelerated projects (since mid-February 2022)

D. Focus on European Countries Strategies and Plans
Gas accounted for 24% of total energy consumption in the EU, compared to 20% in 2015

Natural gas in the European (EU) Energy System – Natural gas demand

<table>
<thead>
<tr>
<th>Year</th>
<th>Solid fossil fuels</th>
<th>Natural gas</th>
<th>Oil and petroleum products</th>
<th>Renewables and biofuels</th>
<th>Nuclear heat</th>
<th>Others*</th>
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<td>2015</td>
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<td>13%</td>
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</tbody>
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FTI Consulting comments

- Natural gas is the second largest source of energy in the EU-27, representing 24% of total energy consumption.
- Gas consumption in the EU-27 experienced a 2% annual increase between 2015 and 2020.
- Prior to the war, the gas demand in Europe was forecasted to remain stable up to 2025 (compared to 2019 levels).
- In 2021, total consumption of natural gas in the EU amounted to 412 bcm, up by 4% (17 bcm) compared to 2020.

Sources: Eurostat; European Commission Quarterly Report on European Gas Markets Q4 2021; FTI Consulting analysis.
Note: *Others include: Peat and peat products, non-renewable waste, oil shale and oil sands, electricity and heat.
Russia is the largest source of gas imports in the EU, with 41% of total imports in 2021 – Reliance on Russian gas varies between countries

Natural gas in the European Energy System – Sources of imports

Key figures on imports of natural gas in the EU-27

- Total gas import dependency in 2021: 87% (Imports from outside EU-27/Total supply)
- Imports from Russia in 2021: 155 bcm (including 16 bcm of LNG)
- Imports from Russia in % of total imports in 2021: 41%

Reliance on Russian gas by EU Member State (% range)

European dependency on Russian gas varies, with the western nations less dependent and the central and eastern countries almost 100% dependent.

Sources: Eurostat; European Commission Quarterly Report on European Gas Markets Q4 2021; European Commission Joint European action for more affordable, secure and sustainable energy; FTI Consulting analysis.

Notes: Total supply = Imports + Production - Exports
LNG accounted for 24% of gas imports in the EU in 2021 – There are currently 21 operating LNG terminals, and 5 projects under construction\(^1\)

European LNG infrastructure, operating and under construction (as of mid-February 2022)

**Key figures**

- In 2021 the **EU imported 338 bcm natural gas** of the 412 bcm it consumed (82%).
- **LNG accounted for 24% of total natural gas imports in the EU in 2021** – the rest is supplied through pipelines, mainly from Russia, Norway, the UK and Algeria. While total net gas import increased by 2.8% in Q4 2021\(^2\) in the EU, the LNG imports grew by 33% with an increase of 53% for December. LNG imports for January and February 2022 have more than doubled year-on-year.
- **11 LNG importing countries** in the EU: Greece, Italy, Spain, Portugal, France, Belgium, the Netherlands, Poland, Lithuania, Croatia, Malta.
- **21 terminals operational** as of mid-February 2022 in the EU, for a total regasification capacity of 160 bcm/year and a total storage capacity of 7.65 millions of m\(^3\) LNG\(^3\).
- The existing LNG regasification capacities could amount for **49.2% of the gas imports** (40.3% of consumption) if used fully.
- **5 additional projects under construction in the EU** as of mid-February 2022, for a total additional regasification capacity of (at least) 19.5 bcm/year.
- 1 additional project in Turkey, for an additional 9.7 bcm/year.

**Infrastructure map (including non-EU terminals)**

Sources: European Commission Quarterly Report on European Gas Markets Q4 2021; Gas Infrastructure Europe; FTI Consulting analysis.
Notes: Excluding small and mid-scale LNG terminals, and LNG storage terminals.
1) Including expansion projects at existing / operating LNG terminals.
2) Year-on-year comparison.
3) Source Gas Infrastructure Europe.
Following the start of the war in Ukraine in February 2022, at least 21 projects have been announced (new projects or re-launched/accelerated)

European LNG infrastructure, other projects, including projects re-launched/accelerated after mid-February 2022

Context and Key figures

Geopolitical context

- The conflict and invasion of Ukraine by Russia at the end of February 2022 significantly impacted the natural gas markets in Europe. With the development of the conflict, EU countries have adopted measures and sanctions against Russia and plan to reduce or cut reliance on Russian gas imports in the short to medium-term.

- In particular, the NordStream 2 project, a pipeline connecting Russia to Germany with a planned capacity of 55 bcm/year has been suspended.

- European countries are now exploring other supply options, and in particular the development of LNG terminals.

- LNG presents two main challenges: first to secure its supply, and second to make sure that once regasified that it could flow "anywhere" in the EU.

Impacts on LNG infrastructure projects in the EU

- This context led to the start of new LNG import terminal projects in many countries across Europe, and the acceleration of previously announced projects.

- In particular, we have identified 16 active projects, in 10 different countries and for a total regasification capacity of at least +97.4 bcm/year.

Sources: FTI Consulting analysis.
Notes: Excluding small and mid-scale LNG terminals, and LNG storage terminals.
In particular, countries with the highest share of Russian gas in total imports announced new plans to cut reliance in the short/medium-term

Announced strategies and plans – Selected countries

**Germany** *(50%+ of Russian gas in 2021)*
- Germany is the only major gas consuming country with sea access which has no LNG terminal yet.
- In April 2022, the German Finance Ministry has approved the spending of up to EUR 3bn to finance floating terminals for liquified natural gas (LNG) in German ports, with the signing of the first charter contracts scheduled in April.
- Development of LNG import terminals has been accelerated with four FSRUs already booked on behalf of the German Government, and the accelerated development of two onshore terminals
  - Uniper: letter of intent signed for the chartering of two FSRUs – 7.5bcm/year each
  - RWE: chartering of two FSRUs – 10 to 14 bcm/year in total.
- Other onshore LNG terminal projects under development.
- An LNG Acceleration Act is planned so that these LNG projects can be developed at a high pace.

**Italy** *(~40% of Russian gas in 2021)*
- In March 2022, the Italian Ecological Transition Minister has mandated Snam to discuss plans for two floating storage regasification units (FSRUs) with the acquisition of one FSRU and the leasing of a second.
- Future projects also include the resuming of the Porto Empedocle LNG plant project in Sicily, with a yearly 8 bcm regasification capacity.
- There are also plans under discussion for increase of capacity at currently existing terminal.

**Finland & Estonia** *(~100% of Russian gas in 2021)*
- In April 2022, Finland’s Ministry of Economic Affairs and Estonia’s Government announced that they planned to jointly charter an FSRU so that both countries can completely end their reliance on Russian gas this winter.
- The two countries are also working on the development of a new terminal.

**Other countries in the Eu are also developing strategies to cut reliance on Russian gas imports, including:**
- **France**
- **The Netherlands**
- **Poland**
- **Greece**
- **Cyprus**
- **Croatia**

Sources: Clean Energy Wire; Reuters; ICIS; German Federal Ministry for Economic Affairs and Climate Action – Second Energy Security Progress Report; FTI Consulting analysis.
2. Details of Projects

A. Methodology – Comments on sources and limitations

B. LNG terminals under construction

C. LNG terminals announced before mid-February 2022, advanced projects

D. LNG terminals announced/re-launched and projects accelerated after mid-February 2022

E. Other LNG terminal projects (with limited information)
Methodology and sources

- We have collected data on CAPEX, capacity, project sponsors on other project characteristics of new LNG terminal projects (including expansion projects) under construction or announced in Europe. We have relied on publicly available data.

- Sources include:
  - ICIS LNG infrastructure database, as of 08/04/2022
  - ICIS News
  - ENTSOG TYNDP 2022 Project Tables
  - Gas Infrastructure Europe (GIE) LNG database 2022
  - GIIGNL Annual Report 2021
  - Global Energy Monitor

- There are some limitations to this approach:
  - Data collected is based on diverse sources, from official communications from project developers and authorities, to news releases.
  - The quality of information available varies significantly between projects. In particular, CAPEX data may be based on estimates or budgets, and may not be accurate.
  - The scope covered by the amount of CAPEX is not always described in details.
  - The distinction between “Advanced” and “New /Re-launched / Accelerated” is based on categories in the ENTSOG TYNDP 2022 Project Tables, and additional research on each project.

<table>
<thead>
<tr>
<th>Location</th>
<th>Country, Region</th>
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</table>
| Type of project | New / Expansion at existing LNG terminal  
Onshore / FSRU / Other |
| Status | Under construction (FID taken) / Announced |
| Expected start of operations | Year of commissioning or start of operations (expected) |
| Main project sponsors | List of project sponsors / Shareholders / Capital structure when available |
| CAPEX | CAPEX budget announced |
| Regasification capacity | Planned additional annual LNG regasification, in bcm per year  
Current annual LNG regasification (for expansion projects), in bcm per year |
| Storage capacity | Planned additional LNG storage, in m3 LNG  
Current LNG storage (for expansion projects), in bcm per year |
| Other project characteristics | Including other services (in addition to regasification and storage) |
| Other comments | Including information on capacity reservation |
There are 6 LNG terminal projects under construction in Europe, for a total of 29.2 bcm/year of regasification capacity.

Overview of projects under construction – Europe

- **Zeebrugge LNG Terminal expansion 1 & 2**
  - +8.0 bcm/year

- **Alexandroupolis LNG terminal**
  - +5.5 bcm/year

- **Gulf of Saros FSRU**
  - +9.2 bcm/year

- **Cyprus (Vassiliko) LNG Terminal**
  - +2.4 bcm/year

- **Świnoujście Polskie LNG Terminal expansion**
  - +2.1 bcm/year

- **Gate LNG Terminal Expansion 2**
  - +1.5 bcm/year

**Total: 29.2 bcm/y**

Sources: FTI Consulting.
We have identified 6 LNG terminal projects that could be considered as already advanced before the war in Ukraine, for a total of 21 bcm/y

Overview of potential projects – Europe

- **Gate LNG Terminal Expansion 2** +2.5 bcm/year
- **Grain LNG Terminal Expansion** +5 bcm/year
- **Fos Cavaou LNG Terminal Expansion 1 & 2** +3.5 bcm/year
- **Polish Baltic Sea Coast Terminal** +6.1 bcm/year
- **Skulte FSU** +1.5 bcm/year
- **Dioryga Gas FSRU** +2.5 bcm/year

Total: 21.1 bcm/y

Sources: FTI Consulting.
Since the beginning of the war, there are at least 21 projects that either appeared or were re-launched / accelerated, for a total of 128 bcm

Overview of potential projects – Europe

1. Brunsbüttel LNG terminal +8 bcm/year
2. Finland and Estonia FSRU +3.1 bcm/year
3. Tallinn LNG terminal +4 bcm/year
4. Paldiski FSRU +2.5 bcm/year
5. Krk LNG Terminal expansion +4.4 bcm/year
6. Vlora LNG-to-Power No information on capacity
7. Thrace FSRU Terminal +5.5 bcm/year
8. Argo (Volos) FSRU Terminal +5.2 bcm/year
9. Adriatic LNG Expansion +0.5 bcm/year
10. Porto Empedocle LNG Terminal +8 bcm/year
11. Gioia Tauro LNG Terminal +12 bcm/year
12. Wilhelmshaven Terminal +16-20 bcm/year
13. Stade (HEH) LNG Terminal +12 bcm/year
14. Eemshaven FSRU Terminal +8 bcm/year
15. Le Havre FSRU Terminal +4.2 bcm/year
16. 2 additional FSRU Terminals Location to be defined +10 bcm/year
17. + 4 FSRUs, ~25 bcm/year New projects, announced in March 2022
18. 2 additional FSRU Terminals Location to be defined +10 bcm/year
19. Adria LNG terminal
20. 4 FSRUs, ~25 bcm/year

Total: +128 bcm/y

Sources: FTI Consulting.
Development of LNG import terminals has been accelerated with 4 FSRUs already booked, and the accelerated development of 2 onshore terminals

Focus on Germany

- On 05/05/2022, an agreement was signed between the Federal Government and the state of Lower Saxony on the expansion of Wilhelmshaven into a green energy hub for Germany.
- Uniper is supporting this project with its on-site projects - in the short term in the form of the LNG terminal, and in the medium and long term in the form of the Green Wilhelmshaven project.
- On 05/05/2020, a letter of intent (LOI) was signed for the chartering of two floating storage and regasification units (FSRU).
- Uniper had optioned both FSRUs on the market for the Federal Government.
- Each FSRU will have a capacity of up to 7.5 bcm per year.
- Uniper, as builder and operator of the terminal, will invest around €65 million.
- On 05/05/2022, on behalf of and in the name of the German government, RWE has chartered two so-called Floating Storage and Regasification Units (FSRU). FSRUs are special ships that offer a rapid interim solution for landing liquefied natural gas (LNG) until the first LNG terminals on the German mainland are completed. RWE will also manage the operation of the vessels.
- Both vessels are owned by Höegh LNG.
- Each of the ships is capable of receiving up to 170,000 cubic metres of LNG. Total regasification capacity is expected to reach between 10 and 14 bcm per year.
- The plan is for the FSRU platforms to start operating as early as next winter.
- The next step is to determine which unloading sites are suitable. Wilhelmshaven, Brunsbüttel, Rostock or Stade came into question. A first decision has been announced on 05/05/2022 for Wilhelmshaven to become an FSRU location.
- On 05/03/2022, KfW (on behalf of the German Federal Government), Gasunie and RWE signed MoU to build an LNG terminal at Brunsbüttel.
- The KfW will acquire 50% of the shares in the LNG terminal for the Federal Government. Gasunie will operate the facility.
- The terminal will have an annual regasification capacity of 8 bcm and provide a possibility to import gas directly to the German market from regions which cannot be reached by gas pipelines.
- The partners in the project are working to realise the venture as quickly as possible whilst complying with all the rules governing authorisations and State aid.
- The terminal could be operational from 2026.

According to LNG brokers, charter rates for these FSRUs could be around USD 150k-200k/day, for 10 year contracts.
We have identified 3 additional projects (total of 13.8 bcm/y) with very limited information available

Overview of potential projects – Europe

- **Mag Mell FSRU Terminal**
  - Location to be defined
  - +2.6 bcm/year

- **Shannon FSRU**
  - +7.8 bcm/year

- **Murgardos LNG Terminal**
  - Expansion
  - +3.6 bcm/year

Total: + 14 bcm/y