

LNG DIRECTIVE – RELEVANT DECISION MAKING PROCESS

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1 INTRODUCTION

European legislation is becoming more and more important to the transport sector as it regulates future efforts and future needs following the strategy for climate change. For the development of inland navigation in BSR these regulations are of most importance. European regulation can help inland navigation to develop the right way but it also hinder inland navigation. The report on the LNG directive as a case for EMMA relevant decision making processes will show how the process on EU level has been operated and what follows in Germany and the BSR.

2 LNG REGULATION OF THE EU

2.1 INTENTION OF LNG REGULATION

As the European Commission clearly communicates “alternative fuels are urgently needed to break the over-dependence of European transport on oil”. Therefore “transport in Europe is 94 % dependent on oil, 84 % of it being imported, with a bill up to EUR 1 billion per day, and increasingly costly effects on the environment.”

As a political strategy the commission set up “The Clean Power for Transport package” that aims to facilitate the development of a single market for alternative fuels for transport in Europe. Several actions can be considered for this:

- A Communication laying out a comprehensive European alternative fuels strategy [[COM\(2013\)17](#)], for the long-term substitution of oil as energy source in all modes of transport;
- A proposal for a Directive on the deployment of alternative fuels recharging and refuelling infrastructure [[COM\(2013\)18](#)];
- An accompanying Impact Assessment [[SWD\(2013\)5](#)];
- A Staff Working Document setting out the needs in terms of market conditions, regulations, codes and standards for a broad market uptake of LNG in the shipping sector [[SWD\(2013\)4](#)].

The final Directive, as adopted by the European Parliament and the Council on 29 September 2014 following the inter-institutional negotiations:

- Requires Member States to develop national policy frameworks for the market development of alternative fuels and their infrastructure;
- Foresees the use of common technical specifications for recharging and refuelling stations;
- Paves the way for setting up appropriate consumer information on alternative fuels, including a clear and sound price comparison methodology.

2.2 TIME TABLE FOR LNG REGULATION

For the implementation of the regulation member states have the following timings.

	Coverage	Timings
Electricity in urban/suburban and other densely populated areas	Appropriate number of publically accessible points	by end 2020
CNG in urban/suburban and other densely populated areas	Appropriate number of points	by end 2020
CNG along the TEN-T core network	Appropriate number of points	by end 2025
Electricity at shore-side	Ports of the TEN-T core network and other ports	by end 2025
Hydrogen in the Member States who choose to develop it	Appropriate number of points	by end 2025
LNG at maritime ports	Ports of the TEN-T core network	by end 2025
LNG at inland ports	Ports of the TEN-T core network	by end 2030
LNG for heavy-duty vehicles	Appropriate number of points along the TEN-T core network	by end 2025

The Member States have two years to submit their national policy frameworks. The Commission will then assess and report on those national policy frameworks in order to ensure coherence at Union level. So for the relevant issues of EMMA the inland ports have to implement by the end of 2030 LNG in TEN-T core network (ports).

The intention of the regulation is to establish an infrastructure by a regulation to enable the use of LNG in the whole transport sector. This is typical for environmental motivated regulation and policy.

2.3 HISTORY OF THE REGULATION PROCESS

In the mentioned Staff Working Paper the commission delivers the path for LNG regulation:

“The EU White Paper for Transport has set a greenhouse gas reduction goal of at least 40% by 2050 (compared to 2005) in absolute terms for the shipping sector. The White Paper also states that shipping will need to further contribute to the reduction of local and global emissions.”

The commission argues that LNG reduces sulphur emissions down to nearly 0%, LNG fuelled ships emit nearly no particulate matters, about 90% less nitrogen oxides and 20-25% less CO₂

Before developing a regulation approach the commission did indeed several impact assessments what a regulation of this kind could result. Unsurprisingly this impact assessment proposed that a minimum infrastructure network of LNG is important for LNG have to be used in the future.

The commission also argues for their engagement by missing standards and procedure for certification of LNG terminals what of course describes a real problem. European standardization organizations as well as member states still worked on these issues. The commission framework is according to that not unnecessary but may build not enough arguments for a regulation that propose minimum LNG facilities in the member states. So these argumentation is weak.

2.4 LNG REGULATION IN PROGRESS

As described the EU commission started with some impact studies followed by a staff working paper. This is/was normally discussed with stakeholders. EU rules foresee that the commission is involving only the expertise and recommendations of officially registered European associations mostly representing a branch (e.g. European Inland Ports represented by European Federation of Inland Ports – Umbrella organization of PP3). Stakeholder gave a lot of critical comments to the proposed regulation project on LNG but not argue against it in total. Several hearings and dialogues were held.

The commission then delivered a proposal for the directive what was also recommended by the stakeholders. In that proposal the commission first time set up deadlines for LNG implementation in inland ports. In article 6 in paragraphs 2 was defined:

“Member States shall ensure that publicly accessible LNG refuelling points for inland waterway transport are provided in all inland ports of the TEN-T Core Network, by 31 December 2025 at the latest.”

The proposal was then discussed in the European parliament were many stakeholder addresses their critic's also European Inland Ports via EFIP. Later the Trialog between parliament, commission and the counsel of member states began. A compromise was found that changed the original approach in a relevant matter:

“Member States shall ensure, through their national policy frameworks, that an appropriate number of refuelling points for LNG are put in place at inland ports to enable LNG inland waterway vessels or sea-going ships to circulate throughout the TEN-T Core Network by 31 December 2030 at the latest. Member States shall co-operate with neighbouring Member States where necessary to ensure adequate coverage of the network.”

The important changes here are the new deadline 2030 and especially that not every inland port has to provide LNG station. The compromise is seen by European Inland Ports also PP3 as realistic and handable. The implementation by the member states is just started.

2.5 FINANCIAL SUPPORT

The commission underlined its focus on LNG by implementing a funding for LNG in TEN-T and CES program. The commission by doing this act faster and more consequent then member states were LNG infrastructure is mostly not implemented yet.

3 GERMAN IMPLEMENTATION

The German government is quite open to the plans and approaches by the EU. A German Agenda for LNG is set and implementation just started under the umbrella of the German Federal Government's Mobility and Fuel Strategy and the implementation of the EU Directive "Clean Power for Transport". The German Government ask the MARITIME LNG PLATTFORM e.V., the German national LNG initiative, to provide politicians with a forward strategy for LNG in Germany as a basis for future decisions and as part of the Federal Government's Mobility and Fuel Strategy and the implementation of the EU Directive "Clean Power for Transport". (<http://www.bmvi.de/SharedDocs/EN/Artikel/G/G-MKS/mfs-mobility-and-fuels-strategy.html>)

The Maritime LNG Plattform is an interest coalition of more than 80 national and international industrial and shipping companies, port authorities and initiatives. The platform is focused on providing information and research and is committed to the establishment of framework conditions that enable a timely introduction of LNG to the market. The platform is also a member of the European Sustainable Shipping Forum (ESSF). It also addresses Inland Waterway Transport and Inland Ports involved in LNG. (<http://www.lng-info.de/en/>)

As an implementation of the LNG directive the German Transport Ministry is working on a funding scheme for LNG on vessels as it was proposed by members of the German Parliament the Bundestag. Obviously this was forced by the German Vessel Fleet Association to use LNG as an innovation pusher in international competition.

The German Government also supports several pilots for LNG infrastructure whether on vessels or in ports but the requests for this was very limited. This is because the massive investment in LNG infrastructure is even with high funding quote very risky due the fact the user and supplier are limited. A sustainable business model for operating with and providing LNG is quite difficult to develop. Therefore projects for LNG infrastructure in German Inland Ports are limited and not realized yet.

The argumentation of German Government is different to the EU ones. By funding to equip vessels (vehicles) with LNG Germany wants to foster the demand to see whether the ports can realize LNG facilities by their own. Federation of German Inland Ports (PP3) and German Seaport Operation Association (ZDS) are very skeptic about this strategy. BÖB and ZDS and intervene at the German Transport Ministry to foster a funding scheme for LNG on land here in Ports. With the support of German Bundestag both Association are optimistic that this will become realized in 2017.

A study funded by German government done by Germanischer Lloyd besides that clearly worked out that tanking vessel via special tank ships is the most efficient way for LNG transfer.

4 RECOMMENDATION FOR EMMA

The BSR is not really implemented in TEN-T corridors, but TEN-T funding is obviously necessary for a fast implementation of LNG. EMMA should therefore address to change TEN-T corridor setting to involve those ports interested in and having market chance for LNG. This could be Schwedt (petro chemical industry) and Szczecin at the Oder River.

As described before the German Government is preparing a funding scheme for LNG infrastructure in ports. National funding for LNG is necessary too because of the high cost of LNG infrastructure and that TEN-T funding limited up to 40%.

Other BSR countries should follow the German approach and starting with a promotion for LNG infrastructure and with the help of the EU implement a funding scheme.

Mobility and Fuel Strategy and LNG platform of Germany can be expanded or copied for BSR area and EMMA country. Bringing all relevant stakeholder together is probably necessary to help politicians finding and supporting those projects and ideas that really have chances for implementation and market success. German government is seeing German LNG platform this way and act so.

LNG platform or similar body may also be useful for marketing on LNG. A BSR marketing LNG campaign can be foreseen as an EMMA outcome.