LNG In Europe 2021: Current Trends, The European LNG Landscape And Country Focus

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This report provides an overview of current trends in the European LNG market, describes the status of the European LNG landscape in 2021, and looks at current activities in individual LNG-importing countries in Europe.

**Current Trends in the European LNG Market**

**Bouncing Back?**

In our LNG in Europe Report 2020 (published in October 2020), we commented on the significant impact that the COVID-19 pandemic had on the LNG sector in Europe (and worldwide). In the early months of the pandemic Europe actually imported more LNG than normal as it absorbed cargos which were diverted from Asian markets in lock-down, but by June 2020 European imports had slowed down significantly – European gas prices hit record lows of Euros 1/MMBtu and LNG demand in Europe crumbled. At the time we were confident that LNG would have a resurgence in Europe, but we didn’t know when or at what pace.

Asian demand for LNG began to recover in August 2020 as the major Asian importing countries - China, Japan and South Korea - emerged from lock-down. This renewed demand triggered an increase in LNG prices for sales to Asia and a widening price spread between Asian spot LNG (JKM) and European hub prices (TTF/NBP) which in turn led to LNG cargoes being diverted from Europe to Asia. In January 2021, Asian spot prices hit a record high of USD 30/MMBtu.

Europe’s LNG market had a slower road to recovery. Although European gas consumption rose by over 5% year-on-year between 1 October 2020 and 30 April 2021, LNG imports to Europe fell by almost 30% (or 20 bcm) during the same period. Northwest Europe’s LNG imports declined the most in this period, falling by 37% (year-on-year), while southern and eastern European LNG markets fell by 20% (year-on-year). In January 2021, European LNG imports fell by almost 50% year-on-year and to their lowest level since September 2018, and stayed depressed in February 2021. During this period Europe’s increased gas demand was met by pipeline deliveries as global LNG supply was unloaded in higher-priced Asian markets. Unlike most of Asia, Europe has access to huge volumes of pipeline gas as well as higher levels of gas storage capacity than other parts of the world. In fact, the flexibility in European gas supply sources helped balance the global LNG market on its road to recovery. By March 2021, Europe’s LNG imports were returning to more normal levels, which continued in Q2 2021. The European LNG picture during the summer of 2021 to date (mid-August 2021) is mixed. Despite TTF and NBP prices reaching all-time highs of nearly USD 14/MMBtu (potentially reasserting Europe as a viable end market), send-out from European regasification terminals in July 2021 fell by 70% against May 2021 levels as LNG cargoes continue to be directed to Asia where prices currently sit at around USD 16/MMBtu.

**Looking Back and Ahead**

In 2020, all of Europe’s LNG importing countries saw a fall in LNG imports compared...
to 2019 with the exception of Turkey, Poland, Sweden (small-scale) and Greece. From smallest to largest (in terms of reduction) Malta, the UK, Spain, the Netherlands, Italy, Belgium and France all witnessed a reduction in LNG imports in 2020. However, 2020 was an exceptional year and LNG imports into Europe are expected to grow in the short and medium term. Europe’s need to import gas is driven by the continued and rapid decline in European domestic production, combined with a near term 3% year-on-year increase in gas demand. LNG is expected to be the fastest growing source of natural gas in Europe to meet this supply-demand gap. By 2025, Europe is projected to account for nearly 15% of global LNG demand.

The role of LNG in Europe in the longer-term (i.e. to 2040) will also be influenced by the course of the energy transition both in Europe and worldwide (in addition to the supply-demand gap). The outlook for gas demand in Europe by 2040 is still somewhat uncertain. Shell anticipates a 1% drop in European gas demand in 2040 against present levels, and the International Energy Association has consistently downgraded its European gas demand outlook over the past few years. LNG’s ability to function as a secure and reliable partner to renewable energy supplies over the long term will be key to its place in Europe’s energy mix in 2040 and beyond.

**Greener LNG**

On 24 June 2021, the European Parliament approved a landmark ‘Climate Law’ which imposes legally binding commitments on the 27 EU Member States to reduce net EU emissions by 55% by 2030 from 1990 levels (“Fit for 55”), and to achieve net-zero greenhouse gas emissions by 2050. The EC published the “Fit for 55” package of legislation on 14 July 2021. As part of this new ‘European Green Deal’, the EU has also published its Methane Strategy, which aims to reduce methane emissions in the EU, both in the energy sector but also from agriculture and waste. Operators in the energy sector – including in the LNG space – can expect increased scrutiny of their methane emissions going forwards.

Gas and LNG have a key role to play in a decarbonising world. Natural Gas (including regasified LNG) and LNG have a much smaller carbon footprint than heavier fossil fuels. Across Europe, LNG is already proving its potential to replace coal and oil in power-generation, and heavy fuel oil and diesel in freight transport and shipping. LNG is also seen as a natural partner to renewable energy.

However, the strong ESG movement amongst civil society, investors and lenders in Europe has questioned whether LNG is “green-enough” to fuel the energy transition. This comes at a time in which the roll-out of renewable energy is increasing at great pace. In response to this challenge, the LNG industry has demonstrated the dynamism typical of the sector through a number of creative measures. One of them is the rise of a new product, “Green LNG”– LNG cargoes where associated GHG emissions are offset through the purchase and cancellation of carbon certificates. These can either be in respect of Scope 1 emissions: the emissions directly emitted from the market participant’s own assets, Scope 2 emissions: the indirect emissions associated with the market participant’s own assets, and Scope 3 emissions: externally owned indirect emissions. A number of key players in the LNG industry – majors such as Shell, Total and BP, as well as trader Vitol – are now selling Green LNG cargos on this basis, with varying levels of offsets. This is primarily in the LNG
spot market, although it appears that there is expansion into medium term contracts.

US exporters have also been keen to stress their green credentials, with Next Decade, Sempra and Freeport among a number of exporters offering Green LNG or integrating carbon capture and storage into their projects in a bid to differentiate their cargoes from the competition.

The cost of offsetting the GHG emissions of an LNG cargo will vary on the extent of the offset and the type of certificate purchased, with investment in reforestation projects being the most expensive form of offset. GIIGNL estimates a cost of USD 2.5 million for an average cargo size emitting 250,000 tCO2e, equivalent to USD 0.60/MMBtu –although we have seen prices as low as USD 0.39/MMBtu quoted by one LNG-seller. With relatively high LNG prices at the time of writing, the additional premium risks making LNG less competitive as a fuel. If prices fall back to those seen in 2019/2020, then the absolute cost of a Green LNG cargo may be comparatively more economical to other fuels – but the “green premium” will be a higher component cost proportionate to the overall price of the cargo.

Most Green LNG cargoes have been delivered into Asia so far. However, in March 2021 Gazprom delivered its, and Europe’s, first carbon-neutral cargo at the Dragon LNG terminal in the UK. The offset is in respect of “nature-based carbon credits” and for the full Scope 1, 2 and 3 emissions associated with the cargo. With only a handful of Green LNG cargoes delivered to date, the allocation of the cost of purchasing carbon certificates as between producers, shippers and purchasers is still unclear. We expect that buyers may be willing to tolerate paying for certificates as part of the cargo price if these costs can be passed-through to end-consumers, although this will depend on the regulatory regime in the relevant jurisdiction.

**Bunkering and other Small-Scale Services**

Most LNG that is unloaded at Europe’s LNG import terminals is still regasified at the import terminal and sent into a natural gas pipeline network in gaseous form. “Small-scale LNG” is a generic name to cover activities where LNG that is unloaded at an import terminal leaves the terminal still in its liquefied form. These activities are:

- **Bunkering:** smaller quantities of LNG are reloaded onto LNG-fuelled ships. As stringent environmental regulations are imposed on the maritime sector – notably the 0.5% sulphur cap adopted by the International Maritime Organization (IMO) – an increasing number of ships are using LNG as a fuel. Bunkering LNG vessels are smaller than traditional large-scale LNG vessels and are sometimes able to access inland waterways to expand the geographic availability of small-scale LNG onshore.

- **Truck transportation:** LNG is transported by trucks from LNG terminals with truck loading bays. LNG is trucked (i) for use by industrial consumers who are not connected to a natural gas network, (ii) for power generation in isolated areas, (iii) as a supply source to a satellite regasification plant that injects gas into a local network; and (iv) to supply LNG fuelling stations. LNG has potential
to replace heavy fuel oil and diesel in heavy duty vehicles.

- **Rail transportation:** transportation of LNG by rail car is still in its infancy in Europe. Like trucks, transportation of LNG by railcars offers a means to expand the availability of LNG geographically. Rail loading services commenced at the Zeebrugge import terminal in Belgium in September 2020.

The small-scale LNG market in Europe has grown by approximately 5% per year over the last ten years, and is predicted to grow by a further 17% between 2020 and 2015 - driven by price competitiveness compared to oil, incremental small-scale infrastructure and environmental advantages. LNG truck loading is the fastest growing of the small-scale LNG segments. The number of LNG trucks in Europe has increased from approximately 1,500 in 2016 to approximately 15,000 in 2020, and there are now about 300 LNG fuelling stations in operation in Europe. As of July 2021, 16 European LNG terminals offer truck loading services, and truck loading infrastructure is under development in a number of other terminals in Europe.

Small-scale LNG service contracts remain diversified with different participants offering different contractual structures. However, we are beginning to see some harmonisation across small-scale LNG service contracts as the sector grows. Truck loading services can be contracted on a short-term or long-term basis. In May 2021, GIIGNL published the first edition of Safety Measures for Truck Loading, Unloading and Road Transport of LNG - another step towards harmonisation of the LNG truck loading sector.

**Coal to Gas Switching**

In our 2020 Report we noted how some European countries (such as Poland and Germany) are phasing out coal fired power generation due to coal’s high carbon intensity. Since then the economics of coal-to-gas switching have further boosted the trend to switch to gas-fired power generation – including from regasified LNG. Between November 2020 and June 2021 carbon and coal prices have increased by 33% and 26% respectively, making gas more competitive financially and extending the move to gas-fired power generation. The increase in coal prices has in turn boosted European gas prices, making Europe an attractive market for LNG suppliers.

**Competition with Pipeline Gas**

LNG deliveries into Europe have always had to compete with the abundant supply of pipeline gas to the continent - largely from Russia but also from Norway, Algeria and Azerbaijan. That competition is set to continue.

The Nord Stream 2 pipeline – which will transport Russian gas to Germany (and thereby into North Western Europe’s gas markets) – is expected to be commissioned during the winter of 2021/2022, and to be operational in the first quarter of 2022. The influx of additional pipeline gas into Europe may affect European gas prices, and consequently the supply/demand profile for bringing LNG cargoes into Europe.

2020 marked the completion of the TAP (Trans Adriatic Pipeline) – the last section of the Southern Gas Corridor. The route allows gas from the Shah Deniz gas field in
Azerbaijan’s sector of the Caspian Sea to flow into Turkey, Bulgaria, Greece and finally Italy. TAP runs from Greece to Italy via Albania and the Adriatic Sea. The influx of gas into these countries via the TAP pipeline has caused a decline in demand for LNG in Southeast Europe.

**US LNG in Europe**

The US was Europe’s top supplier of LNG in Q1 2021, beating Qatar and Russia into second and third place, respectively. US global exports have surged by 42% in H1 2021 in comparison to 2020, according to the US Energy Information Administration (EIA), with Europe accounting for 37% of exports in the period. Continued outages amongst key LNG producers mean that the US is likely to retain its market share in Europe in the short-term. This will be driven by sufficiently high TTF spot prices in the period to give US exporters an acceptable margin.

The medium and long-term picture for US exports into Europe is less clear. A key challenge for US LNG exporters in the coming years will be the increased supply from Qatar to Europe following its FID on the North Field Expansion project. The USD 28 billion project will increase Qatar Petroleum’s (QP) production capacity from 77 MTPA to 110 MTPA, with an increase to its LNG exporting capacity of approximately 43%. The project poses a particular threat to US exporters who export spot cargoes to Europe and Asia due to the level of uncontracted volumes from the project (as well as the potential to drive down prices generally due to increased supply). QP is currently running a tender process for IOCs to take equity in the project, with its eventual partners lifting some “equity volumes”, and is running a similar process with key Asian buyers to secure long-term off-takers. However, on completion of the project QP is expected to have approximately 70% of its capacity uncontracted. Whilst many of the cargoes will be sold into the Asian spot market, a large number will be sold into Europe, posing a challenge to US exporters.

US LNG exporters, however, remain bullish on the prospects of US LNG imports globally and in Europe. The coronavirus pandemic caused the developers of the second wave of US LNG projects to put FIDs on hold. Most have now set a revised target date in either 2021 or 2022 to take an FID on their projects and a number have signed long-term LNG SPAs with a variety of counterparties. Interestingly, some of these contracts are for a ten year term, shorter than the term of the project financing that will be used to develop these projects and exposing the lenders to market risk. Developers will need to contribute additional equity to address this. It remains to be seen how many US LNG export developers will take a positive FID and whether the projects will be of the same scale as initially envisaged, with Tellurian and Next Decade both reducing the capacity of their projects, but we expect a number of positive FIDs in the coming years. There will continue to be demand for LNG in Europe and elsewhere. US exporters clearly intend to supply it.

**Current European LNG Landscape**

**Europe’s Existing Regasification Capacity**

The vast majority of Europe’s LNG terminals are import facilities, with the only exceptions being in (non-EU) Norway and Russia which export LNG. There are
currently 29 large-scale LNG import terminals in Europe. Of these, 21 are in EU countries (and therefore subject to EU regulation), three are in the UK (which left the EU on 31 January 2020), four are in (non-EU) Turkey and one is in Russia, 23 are land-based import terminals, five are FSRUs, and the one import facility in Malta comprises a floating storage unit (FSU) and onshore regasification facilities. Six of Europe’s LNG terminals – South Hook, Dragon, Isle of Grain (all in the United Kingdom), Gate (in the Netherlands), Rovigo (in Italy) and Dunkerque (in France) – have been granted exemptions from EU rules on regulated third party access. All terminals in the EU must publish the terms of access to the terminal (including tariffs), with the exception of these six “exempt terminals”.

The current large-scale LNG receiving countries in Europe are Belgium (one terminal), France (four terminals), Greece (one terminal), Italy (three terminals), Lithuania (one terminal), Malta (one terminal), the Netherlands (one terminal), Poland (one terminal), Portugal (one terminal), Spain (seven terminals – six operational), Turkey (four terminals) and the UK (three terminals). Collectively, their overall LNG capacity is 237 billion cubic metres (of gas) (bcm), which is sufficient to cover approximately 40% of Europe’s gas demand. Russia also has an LNG regasification terminal which is supplied entirely by Russian gas.

In addition to these large-scale LNG terminals, there are small LNG regasification facilities in Finland, Gibraltar, Norway, and Sweden.

**Planned LNG Terminals in Europe**

There are currently in the region of 20 large-scale LNG import terminals being considered or planned in Europe, all of which would be located within the EU, except the planned terminals in Ukraine (Odessa FSRU LNG), Albania (Eagle LNG) and Turkey (FSRU Iskenderun and FSRU Gulf of Saros). Small-scale LNG import projects are also being considered across the continent, including in Latvia. About half of these terminals would be “first of kind” in the importing country. By the same measure about half of the planned terminals are FSRUs.

**Country Focus 2021**

In this section we look at some of the recent and current activities in individual European LNG importing countries.

**Overview:**

Spain was Europe’s largest importer of LNG (net of re-exports) in 2020 (15.37 MT), followed by the UK (13.43 MT), France (13.06 MT), Turkey (10.72 MT) and Italy (29.07 MT). Gibraltar was Europe’s smallest importer (0.05 MT). In the EU, Q1 2021 LNG imports fell 29% year-on-year and for the UK the figure was slightly less, with an approximately 20% reduction year-on-year.

**Belgium:**

Belgium has one LNG import terminal – the **Zeebrugge terminal** – which provides
storage, regasification, bunkering, cool down, reloading, trans-shipment, truck loading and rail loading services. Qatar Petroleum has signed up for the full capacity of the Zeebrugge LNG terminal (currently 6.6 MTPA) from the end of current long-term unloading contracts until 2044. In February 2021, Fluxys LNG reached FID to build 6 MTPA of additional regasification capacity. 4.7 MTPA will be operational in 2024 and the remaining 1.3 MTPA by 2026. LNG imports into Belgium in 2020 were significantly lower than in 2019 (7.33 MT showing a decline of -1.9 MT or 36.9%) as were small-scale reloads (down by 66.1%), however truck loading in Belgium increased by 23% over the same period.

Croatia:

The 1.9 MTPA FSRU LNG Croatia on Krk Island in the northern Adriatic Sea started commercial operations in January 2021, as scheduled. On 27 July 2021, it announced the delivery of its first LNG cargo from Qatar by Q-Max. The FSRU LNG Croatia completed its first reloading in May 2021, completing its existing unloading and regasification services.

Cyprus:

Construction began on the 2.5 bcm/y Cynergy FSRU to be located offshore in Vasilikos Bay, near Limassol, in July 2020. The facility is due to come online during the first quarter of 2022. Cyprus currently doesn’t have a gas network so the regasified LNG will feed an 868 MW power plant and local industrial gas demand.

France:

France has four LNG import terminals with (currently) a total capacity of 34.65 bcm/y. All four terminals now provide bunkering and truck loading services (in addition to traditional regasification services). LNG imports into France in 2020 fell by 16.1% compared to 2019, and truck loading in France increased by 31% over the same period.

**Dunkerque** came into operation in 2017 and is the largest LNG regasification terminal in Continental Europe (13 MTPA), supplying gas to French and Belgium markets. It launched truck loading services in 2020 offering 3,000 truck loading slots on a short-term and long-term basis. Its jetty has been adapted to provide small-scale unloading and reloading services which will be available this year.

**Montoir de Bretagne** came into operation in 1980. It has a total capacity of 10 MTPA. In October 2020, the Montoir-de-Bretagne Terminal received its first LNG delivery by Q-Max. In May 2021, the terminal’s **operator – Elengy – halted send-out at its Montoir-de-Bretagne LNG terminal following a leak.**

**Fos Cavaou:** The total capacity at Fos Cavaou is currently 6.8 MTPA. Expansions plans will result in capacity increasing to 8 MTPA from 2024 and 9.6 MTPA from 2030.

**Fos Tonki** came into operation in 1972. Plans to decommission the terminal have been replaced with Elengy’s decision to extend operations to 2028. All capacity is
booked until that date.

**Finland:**

Finland has two small-scale LNG import terminals that provide bunkering and truck loading services.

**Germany:**

In addition to its commitment to phase out coal-fired power by 2038, Germany has committed to stop nuclear power production by 2022, and gas supply to Germany from the Dutch Groningen field is also due to end in 2022. As a result, Germany is looking to build its first LNG import terminal to reduce reliance on Russian pipeline gas – with potential sites identified at Brunsbüttel, Wilhelmshaven and Stade.

In November 2020, Uniper suspended its plans to install an FSRU-based offshore Wilhelmshaven due to lack of market response.

German LNG Terminal GmbH, a joint venture between Dutch companies Gasunie and Vopak and German company Oiltanking, is proceeding with the development of an initially 8 bcm/y on-shore regasification terminal at Brunsbüttel comprising two tanks, a large-scale jetty, a small-scale jetty for bunkering services, a truck loading bay and potentially rail-loading services. In June 2021, the EC approved an exemption from regulated third party access to facilitate the development of the terminal. Synergies with local industrial partners enables the terminal to be carbon neutral. RWE has committed to a significant portion of the terminal’s regasification capacity. In June 2020, RWE and German LNG signed an agreement to develop green hydrogen possibilities via the planned LNG terminal in Brunsbüttel.

In February 2021, Hanseatic Energy Hub launched the open season for the proposed 8.8 MTPA Stade LNG terminal, which confirmed market interest. In March 2021, Fluxys joined the project as an industrial partner.

**Gibraltar:**

Gibraltar’s first LNG terminal (small-scale) became operational in May 2019. Its purpose is to allow Gibraltar to convert from diesel-fuelled power generation to (regasified) natural gas power. The Government of Gibraltar awarded Shell an LNG bunkering license in January 2021.

**Greece:**

Greece has one operational LNG terminal at Revithoussa which has regasification capacity of 7 MTPA. Truck loading and bunkering services are expected to be available at the Revithoussa terminal by 2022 and 2024 respectively. Greece imported 2.2 MT of LNG in 2020, an increase of 4.2% compared to 2019.

Gastrade is developing a second facility in Greece – an FSRU which will be stationed 17.6 km offshore Alexandroupolis in Northeastern Greece. The FSRU will have a nominal regasification and send-out capacity of around 4 MTPA.
Italy:

Italy imported 9.07 MT of LNG in 2020 marking a reduction of 7.2% compared to 2019. It has three LNG import terminals: (i) **FSRU OLT Toscana Terminal** which has regasification capacity of 2.5 MTPA; (ii) **Adriatic LNG** at Porto Levante which has regasification capacity of 7.58 MTPA; and (iii) **Panigaglia terminal** at La Spezia which has regasification capacity of 3.75 MTPA.

A small-scale 0.18 MTPA regasification truck loading, and bunkering terminal is under construction in Oristano, Sardinia. The terminal is scheduled to be operational during the summer of 2021.

Lithuania:

Lithuania has one LNG terminal – the **Independence (Klaipeda) FSRU** – which started operations in 2014. It is currently leased by state-owned Klaipedos Nafta from Norway's Höegh LNG until 2024 when it will be acquired by Klaipedos Nafta with support from the Lithuanian Government. The EC has allowed an exception from EU rules on State Aid to facilitate the acquisition. State Aid is where government support allows a party to gain an advantage over its competitors, and is contrary to EU rules. The FSRU plays an important geo-political role by reducing Eastern Europe’s dependence on pipeline gas from Russia.

Whilst it is generally easier to provide small-scale services at on-shore LNG plants, the FSRU **Independence (Klaipeda)** provides bunkering and truck loading services. In March 2021, the Lithuanian state-controlled energy company, Ignitis Group, announced that it will start supplying regasified LNG to Poland from 2022 via the new GIPL pipeline.

Lithuania imported 1.44 MT of LNG in 2020 which was an increase of 2.7% compared to 2019 Truck loading of LNG in Lithuania increased by 26% in 2020 compared to 2019.

Malta:

Malta has the 0.5 MTPA Delimara FSU and onshore regasification facilities which supply an adjacent gas-fired power plant.

Netherlands:

The Netherlands has one LNG import terminal – the **Gate terminal** - in the Port of Rotterdam. The Gate terminal provides storage, regasification, bunkering, cool down, reloading, trans-shipment, and truck loading services. LNG imports into the Netherlands fell by 8% in 2020 compared to 2019. In 2020, the Netherlands demonstrated the highest increase in truck loading activities in Europe– increasing by 54% compared to 2019 due to increased truck loading activities at the Gate terminal. Small-scale reloading at the Gate terminal also increased by 78.7% over the same period.
Poland:

Poland has one LNG import terminal - Swinoujscie terminal - which received €332 million of EU funding evidencing the EC’s commitment to diversify sources of energy supply in Eastern Europe and to reducing the region’s dependency on Russian gas. Poland’s LNG imports increased by 9.8% in 2020 compared to 2019, and truck-loading activities increased by 38% in the same period.

The Swinoujscie terminal is currently undergoing a major expansion, consisting of two phases. The first phase will increase regasification capacity from 5 bcm/y to 8.3 bcm/y. The second phase involves building a second jetty, a third LNG tank (180,000 m³) and a railway siding for rail cars and ISO containers by the end of 2023.

A new regasification terminal 5bn m³/yr FRSU offshore Gdansk is currently being analysed by Poland’s TSO – GAZ-SYSTEM S.A. In 2020, the Gdansk LNG Terminal was included within the list of Projects of Common Interest issued by the EC. The FSRU should be operational by 2025.

Portugal:

Portugal has one LNG import terminal located at Sines. Portugal’s LNG imports declined by 1.1% in 2020 compared to 2019. The terminal provides truck loading services and is capable of loading 36 trucks per day. In 2020, truck loading activities in Portugal increased by 6% compared to 2019. It carried out its first LNG bunkering in March 2020. Expansion of the terminal is under consideration.

Spain:

Six operating LNG terminals in Spain account for almost one third of Europe’s LNG import capacity at Bilbao (5.1 MTPA), Murgados (2.6 MTPA), Barcelona (12.6 MTPA), Cartagena (8.7 MTPA), Huelva (8.7 MTPA), and Sagunto (6.4 MTPA). A seventh terminal – El Musel – has been mothballed.

Whilst Spain retained its position as Europe’s largest LNG importer in 2020 (15.37 MT), imports fell by 2.2% compared to 2019. Small-scale reloading in Spain fell by 0.6% in 2020 compared to 2019, and truck loading increased by 10% in the same period.

The Spanish gas market is relatively illiquid compared to countries in other parts of Continental Europe – largely due to the lack of connecting gas pipeline network. The Pyrenees mountains between Spain and France pose obstacles to building gas pipeline infrastructure which would better connect the Spanish gas market to the rest of Europe.

Spain continues to be a prime player in Europe’s small-scale LNG industry. Two LNG bunkering projects in Barcelona and Algeciras have received €27m of funding via the EU’s Connecting Europe Facility, demonstrating the EU’s intention to reduce pollution in the maritime sector by replacing heavy fuel oil with LNG.

Sweden:
Sweden has two small-scale LNG import terminals that provide bunkering and truck loading services.

Turkey:

Turkey currently has four LNG import terminals. Two terminals at Aliaga (Etki) and Dortyol are FRSUs, with Turkey’s gas company BOTAS looking to replace the FSRU Challenger at Dortyol with a new FSRU. The two onshore terminals at Izmir Aliaga and Marmara Ereglisi both provide truck loading services, however Turkey is the only country in Europe whose truck loading activities declined in 2020. In October 2020, BOTAS awarded a contract for a new FSRU to be located offshore Saros which is being built in a shipyard in South Korea. In 2020, Turkey was Europe’s fourth largest LNG importer with 10.72 MT of unloaded LNG, marking an increase of 14.4% compared to 2019.

UK:

The UK has three large-scale LNG import terminals. Collectively they imported 13.43 MT of LNG in 2020 making the UK Europe’s second largest LNG importer despite the fact imports into the UK dropped by 0.8% compared to 2019. Truck loading activities in the UK increased by 26% over the same period.

The Isle of Grain terminal currently has capacity of 14.3 MTPA and following completion of an expansion for an additional 3.8 MTPA (which is which is due to be completed in by mid-2025), the terminal’s capacity will be 18.1 MTPA – making it the largest import terminal in Europe. The South Hook terminal currently has capacity of 15.4 MTPA, and Dragon LNG currently has capacity of 5.6 MTPA.

The UK receives virtually all of its LNG deliveries on a spot (rather than long-term) basis allowing it to be flexible on its LNG import levels.

Glossary of Terms

- **Bunkering**: small-scale LNG reloading (i.e. reloading of unloaded LNG onto bunkering vessels fuelled by LNG)
- **Bcfd**: billion cubic feet per day
- **EC**: European Commission, the EU's executive arm
- **ESG**: Environmental, social, and governance
- **EU**: European Union
- **FID**: Final Investment Decision
- **FSRU**: floating storage and regasification unit
- **FSU**: floating storage unit
• **GHG:** Greenhouse gas
• **GIIGNL:** The International Group of Liquefied Natural Gas Importers
• **IOC:** International Oil Company
• **JKM:** the LNG Japan/Korea Marker
• **LNG SPA:** LNG sale and purchase agreement
• **m³:** cubic metres
• **MT:** million tonnes
• **MTPA:** million tonnes per annum
• **MW:** mega watt
• **NBP:** National Balancing Point (NBP), the UK’s virtual trading point for gas
• **Net of:** an LNG cargo may be unloaded in a country but then reloaded onto another vessel (i.e. the LNG doesn’t remain in the country where it is first unloaded), including by transhipment and re-exports
• **Transhipment:** the transfer of a cargo of LNG from one LNG vessel to another
• **tCO2e:** tonnes of carbon dioxide equivalent
• **TTF:** Title Transfer Facility (TTF), the virtual trading point in the Netherlands
• **TSO:** Transmission Services Operator
• **USD:** United States Dollar

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National Law Review, Volume XI, Number 235