



Energy Transition Across Geographic Europe

September 2024

ABOUT FETSA



“The EU engagement, research projects, and strong cooperation between members, has established FETSA as the leading trade body in Brussels on security of supply and storage for critical value chains. This is a necessity as we accelerate the energy transition and live through a changing world.”

ABOUT FETSA

SOME KEY FIGURES:



6104

Investment next 5 years
(unit: million EUR)



76882

Number of barges per year



35 106

Number of seagoing
vessels per year



768

Number of terminals



24 176

Number of FTE (including
long term subcontractors)



517 441

Number of wagons per
year



8 799 814

Number of trucks per year



131 816 157

Storage capacity
31 December 2018 (unit: m³)

113 848 358 Oils & Fuels

10 722 318 Chemicals

7 245 481 Other



45 559 884

Pipeline traffic
(unit: ktonne x km)

(Collected September 2023)

A disorderly energy transition in a multi-dimensional context?

The energy transition is looked at in a holistic way and there are many aspects that cannot be separated

- New Governments (and coalitions), new mandates, new EU leadership and priorities
- Different citizen appetites for costs associated to the transition, and different appetites for state aid
- Different approaches per country based on types of renewables, acceptance of nuclear, current fossil fuel usage, strengths of vested interests (e.g. agriculture, automotive, specific heavy industries etc.)
- Different geographies and geologies (inland/coastal/mountainous/flat etc.)
- Inflationary pressures seem baked in
- Digitalisation has many impacts
- A contested world means energy security is a top priority

(Select geographies) Energy security and the energy transition



Expectations in the current context

- Implementation of ongoing Fit for 55 in the EU (55 percent emissions reductions by 2030) rules e.g. ICE phase out, fossil fuel tax subsidies phase out, sustainable fuels tax incentives phase in
- A more circular economy (opportunity for waste storage and processing)
- Address high energy prices (through increased renewables build out, strategic stocks, digitalisation to make existing usage more efficient and productive, joint procurement to lower prices)
- Introduce (90% GHG emissions reduction target in the EU) target for 2040 with an acceleration of tax and emissions measures
- A Clean Industrial Deal to improve access to raw materials, cheaper energy, and security of supply with a Industrial Decarbonisation Accelerator Act to help companies go through the energy transition

Expectations in the current context

- Promote investments into infrastructure to help the transition e.g. CCUS and H2 infrastructure, digitalisation of energy infrastructure and grids
- New trade agreements for energy to include emissions targets, methane targets, carbon pricing
- In parallel, expect resilience measures such as new stockholding policies and strategic storage obligations for a wider range of liquid fuels. The EU will change the Oil Stocks Directive into a Liquid Energy Stocks equivalent.

Some things will remain constant

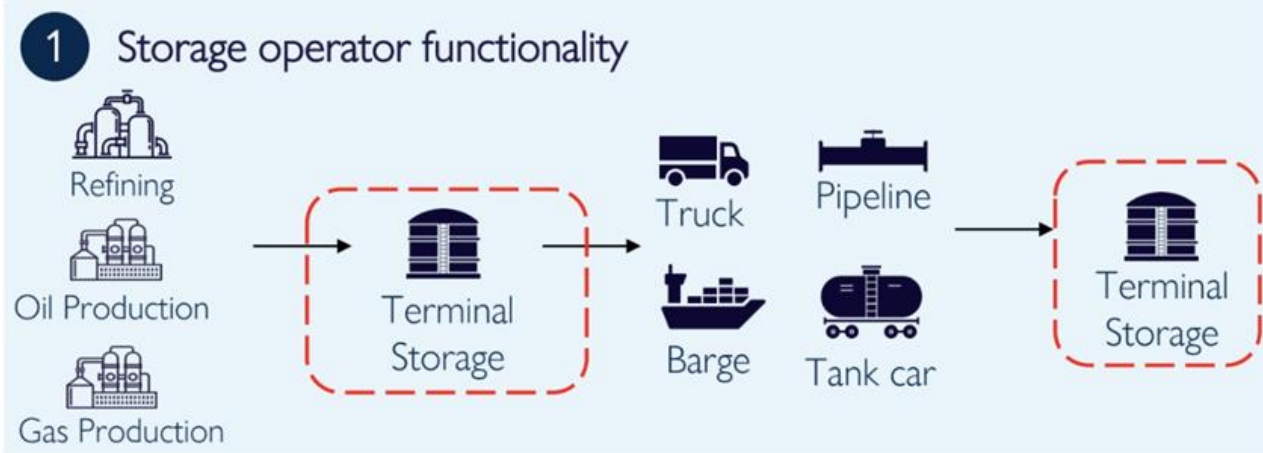
Policy topics

The focus of European Energy Transition should be around 5 key topics



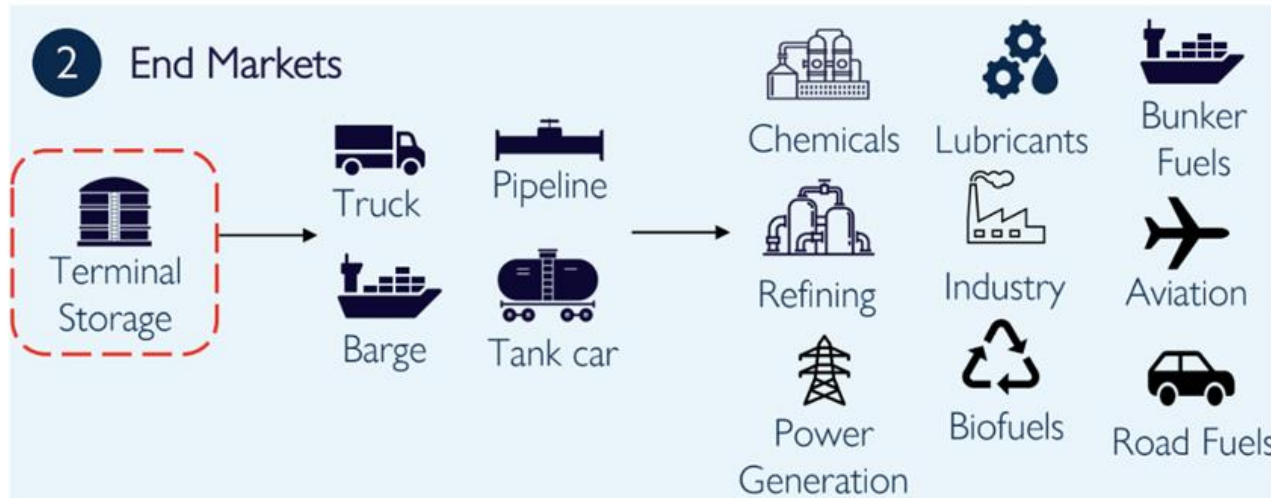
1	Flows	Storage operators are key to maintaining energy supply
2	Security	Energy security is of high priority for current and new products
3	Pivoting	Sector provides flexibility and key infrastructure for transition
4	Support	Policy uncertainty and price is holding back investments
5	Access	Unregulated access and technology neutrality

Storage infrastructure is therefore vital to core and green products supply chain

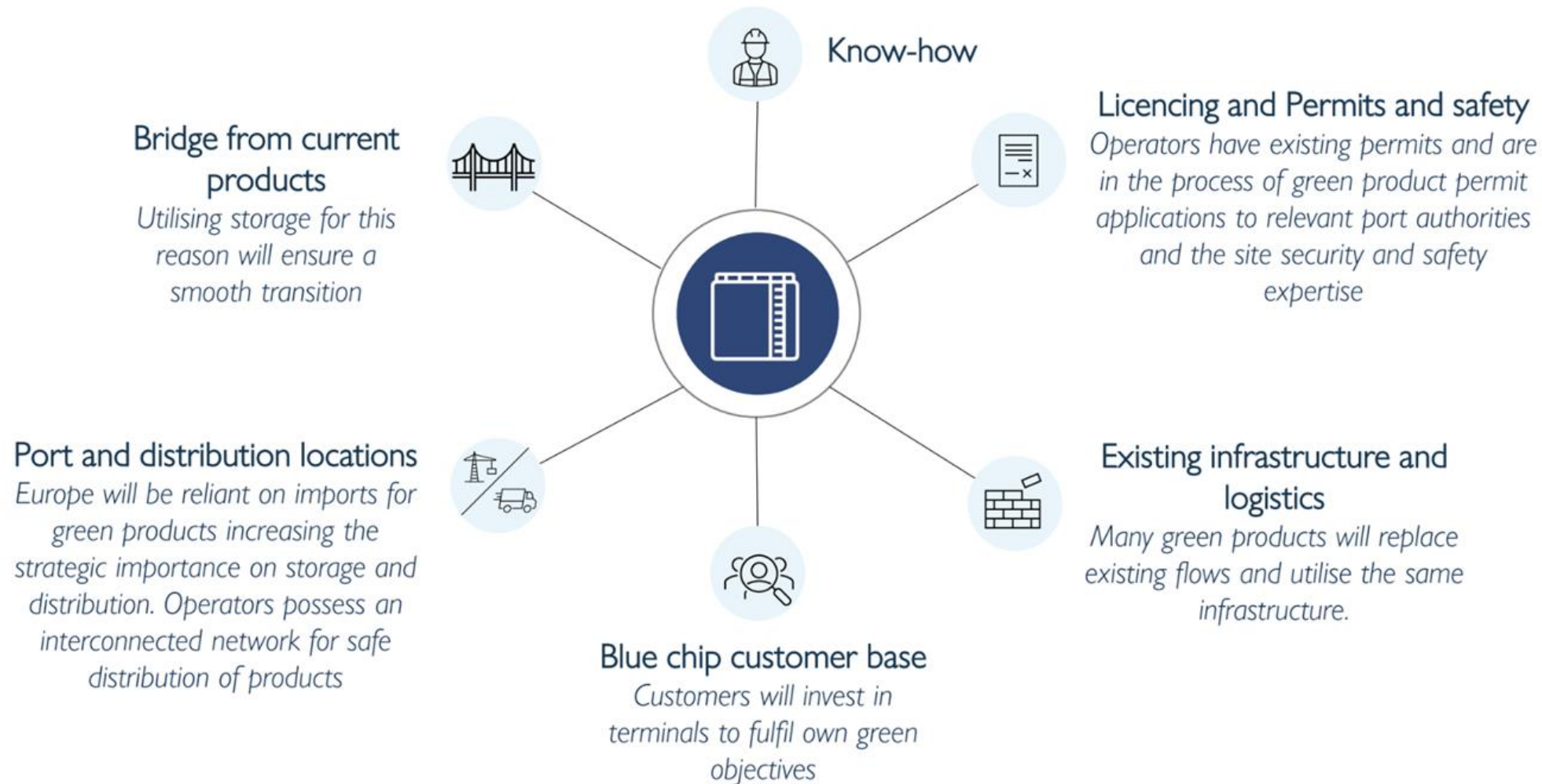


Storage infrastructure is not product specific and is an enabler for a variation of products

- Storage infrastructure connects supply (whether domestic or imported) to demand
- Storage operators provide the supply chain flexibility needed no matter the end market or product
- Pipelines, jetties and modalities will support core and green product flows for import and distribution to demand centers
- Pipelines for example will be a low emission route to market and thus need policy support for transition usage

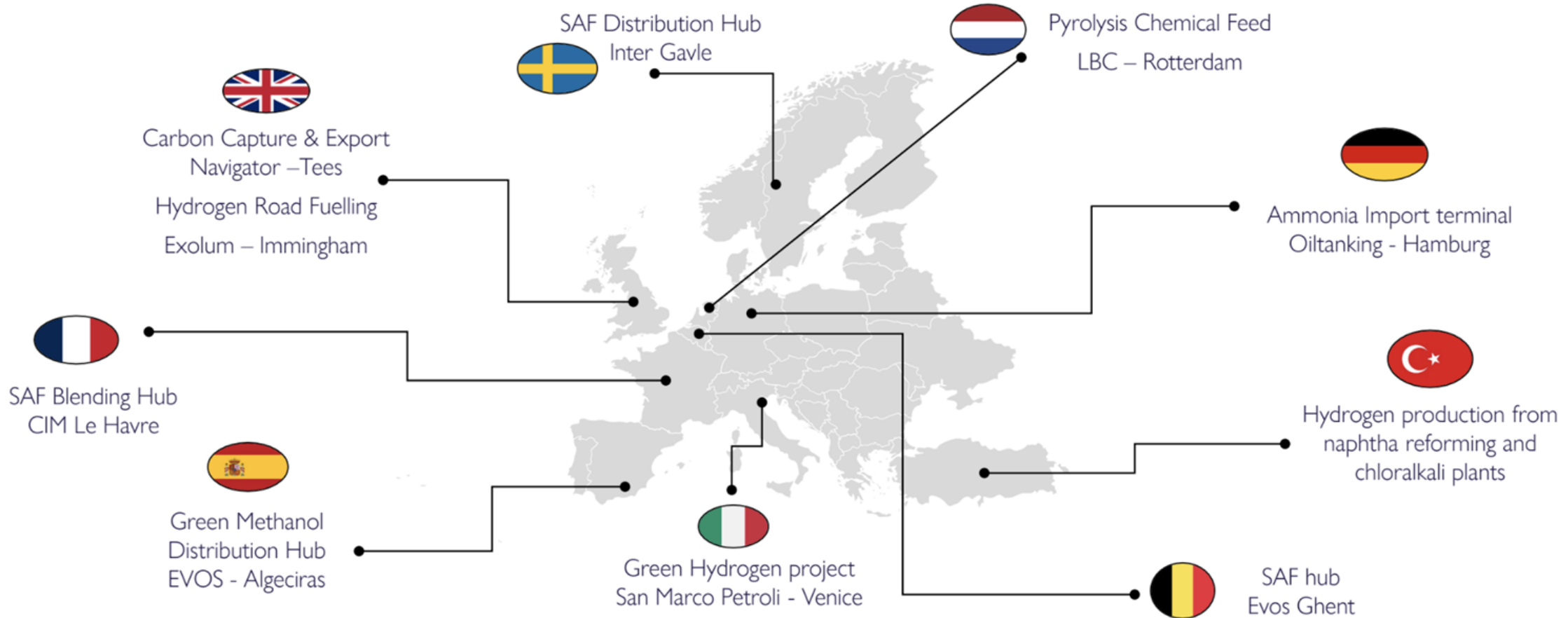


Existing storage operator attributes will make storage operators a backbone of transition



FETSA is not a fossil fuel organisation

Across Europe, the locations, knowledge, permits and assets of existing terminals are being used to develop a network for the production and distribution of energy transition solutions... select examples



Regionality of Energy Transition for FETSA members

€ *Macro-Economics*

Access to renewable power

Support

Northwest Europe

€ *Higher GDP available for transition*

Limited access

Available but funding and permits limited and difficult to apply for

Scandinavia

€ *Higher GDP available for transition*

Cheap access for renewable power, mainly wind, and access to feedstocks: tall oil, wood pulp

Larger available governmental support in comparison to other regions

Med

€ *Lower GDP available for transition so a focus on existing infrastructure*

Abundance of renewable power

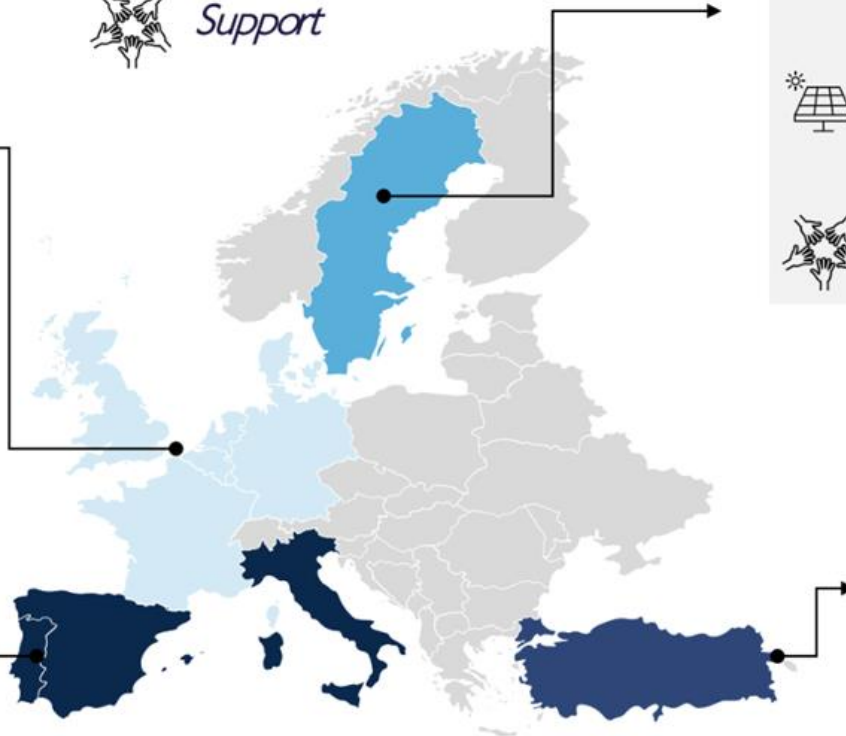
Funding product specific which is limited and dictated by the state

Turkey

₺ *Some government allocation to larger projects*

Good access to renewable power

Limited access to funding slowing the transition process



Conclusions

Where do we go to next?

- There is a level of continuity in the energy transition trajectory, despite the transition itself and country approaches being highly variable in terms of speed and technologies
- We know that storage infrastructure is critical regardless of the molecule stored
- In contested and uncertain times storage is a product buffer and strategic storage is more important than ever, including for future energy carriers
- Bulk liquid storage will be key to the energy transition and diversity of products and flexibility of infrastructure is going to help adapt to customer demands and geopolitical circumstances
- Digitalisation will be needed to increase efficiency in logistics as new energies are less energy dense with a greater need for import infrastructure and to manage more complex and non-traditional supply chains and emissions