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LNG and LPG as Part of a More Secure European Energy Mix

AEGPL, the European LPG Association, welcomes the European Commission's growing interest in liquefied natural gas (LNG) and its role in the European energy model. By virtue of their inherently flexible distribution infrastructure and lower pollutant and CO₂ emissions, liquefiable gaseous fuels (LGF) such as LNG and LPG offer the dual advantage of enhancing the security of the EU's energy supply and contributing to the impending shift to a lower carbon energy model.

In the context of the ongoing preparation of the planned Commission communication on LNG, the AEGPL wishes to highlight the status of the LPG sector as a practical demonstration of the merits of LGF and their capacity to contribute to the European Union's strategic energy objectives.

LPG: Secure and Sustainable Energy - Everywhere

- **A flexible and decentralized distribution network:** Rather than relying on a fixed infrastructure which could be vulnerable to supply disruption, LPG can be transported from anywhere to anywhere on earth, using an optimal combination of sea, rail and road. LPG distribution is therefore achieved without relying on pipelines, not only during transit of the product to Europe but all the way along the distribution chain to the end-user. Its presence is of particular importance in rural areas, many of which are not serviced by the natural gas grid. Just as LNG enhances the flexibility of gas transit into Europe, LPG does so within Europe, all the way to the end-user. In this sense, it is the perfect complement to LNG and natural gas in general, providing Europe's citizens and businesses, wherever they may be located, with a sustainable and reliable fuel.
- **A plurality of sources:** With its dual origins - gas drawn directly from the earth, and refined crude oil - LPG's supply is not contingent on the availability of any one source. Moreover, thanks to the existence of a highly fluid international trading market, Europe's LPG imports are geographically diversified. Indeed, LPG scores nearly twice as high than competing fuels such as petrol and diesel on the OECD's Trade Openness Index¹.
- **Affordable infrastructure already in place:** Due to its particular physical properties - liquefies through modest pressure or decrease in temperature - LPG can be transported and delivered anywhere at a fraction of the cost associated with LNG distribution.
- **A substitute for natural gas in the event of a supply disruption:** Due to its physical similarity to natural gas, LPG is the most appropriate and easily applicable substitute for natural gas. The recent gas crisis underlined the vulnerability of Europe,

¹ See NERA Economic Consulting
Report: <http://www.europia.be/content/default.asp?PageID=412&DocID=13597>



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its citizens and its industries to supply ruptures. With only a minor technical adjustment, LPG can step into the breach, providing heat and power until such time as normal service resumes. Such a back-up solution is particularly appropriate for industrial installations, for which the modest associated expenses would constitute a sound and responsible investment.

LPG as a Part of the Solution

While LPG plays a less significant role than natural gas in the EU energy portfolio, the sector is of comparable scale to LNG in Europe, particularly in view of its presence in all 27 Member States. Used in a wide range of applications including those typically associated with natural gas such as space/water heating as well as power generation in both domestic and industrial settings. LPG is also Europe's leading alternative automotive fuel, powering over 4 million vehicles in the European Union alone in 2008.

In parallel to the analysis of the potential of LNG to contribute to Europe's wider energy strategy, due consideration should also be given LPG. It is also important to note that the promotion of these two energies is a mutually reinforcing strategy since LPG is recovered during the liquefaction of natural gas.

In the context of the preparation of the upcoming communication on LNG, AEGPL calls on the European Commission to recognize the role and potential of LPG, the other member of the liquefiable gaseous energy family.

