



Small Scale LNG, green light from the Ministry of Economic Development for OLT “FSRU Toscana” will be the first Terminal to provide this service in Italy

Livorno, 23rd October 2020 - The Ministry of Economic Development, in agreement with the Ministry of Infrastructures and Transport and the Tuscany Region, issued the decree authorizing OLT Offshore LNG Toscana, the company controlled by Snam and First Sentier Investors that manages the "FSRU Toscana" terminal off the Tuscan coast between Livorno and Pisa, to provide the discharge of liquefied natural gas (LNG) in to Small Scale LNG carriers. This is the first regasification terminal in Italy capable of providing Small Scale services in Italy. This new activity adds an important piece to energy logistics, allowing to complete the supply chain that permits the use of LNG as a sustainable fuel and capable of reducing polluting and climate-changing emissions in heavy land and sea transport, as well as for industrial and civil uses in areas not served by the national transport network.

OLT's SSLNG project will also allow the country to be competitive in one of the markets with the highest potential growth rate, as already demonstrated by the experiences of northern European countries, thanks to the introduction of a SECA area in the North Sea in the Channel and in the Baltic Sea, also following the use of European funds.

In Europe countries such as Spain, France, Belgium, Holland and Scandinavia have already had SSLNG services provided by their regasification terminals for years, allowing the loading of both tankers that supply service stations for LNG trucks and small LNG carriers that can directly serve other ships with dual fuel or exclusively LNG engines, thus in compliance with the strict IMO (International Maritime Organization) legislation on nitrogen oxide and sulphur emissions which entered into force as early as January 1st, 2020. LNG as a fuel plays a fundamental role for the energy transition that will lead to the abandonment of fossil fuels in 2050, towards fuels with zero CO₂ emissions, such as hydrogen.

LNG propulsion is spreading particularly in the Ro/Ro field, i.e. the cargo ships designed to carry wheeled cargo that are driven on and off the ship on their own wheels or using a platform vehicle, as well as in the sector of support vehicles for port activities and in the cruise one, that is driving the revolution of the entire sector, with 12 new orders and 2 cruise ships already operating in the North Sea and the Mediterranean, a closed sea and therefore particularly sensitive to environmental issues at the heart of which OLT operates.

This scenario also includes the spread of small LNG carriers, also called "bunker barge": from 6 units in 2019, it will increase to 21 units which will be operational by the end of 2021 in Europe.

LNG is also playing a central role in heavy road transport; in fact, it is the only alternative fuel that can guarantee the same performance as traditional fuels, substantially eliminating polluting emissions (NO_x, SO_x, Particulate) and with a lower impact in terms of CO₂ emissions, providing an important contribution to meeting the short-term objectives of the European Green Deal. In Italy, the market of LNG distributors for heavy transport has increased from 6 to 81 distributors from 2016 to the first half of 2020, confirming the country in first place in Europe for the number of distributors available.

The managing directors of OLT, Giovanni Giorgi and Maurizio Zangrandi, expressed satisfaction with the upcoming start of the Small Scale service.

In recent years - said **Giovanni Giorgi**, CEO of OLT - *we have worked to maximize the use of the Terminal. "FSRU Toscana" has been working at 100% of its capacity for two years now, receiving LNG from almost all continents. The signing of the decree marks for us the beginning of a new challenge that*



we are ready to take up with enthusiasm, even in a difficult time like this: never stop, always look beyond - added Giorgi -. The detailed design was developed in parallel with the authorization process during this emergency phase, the orders for the components and the necessary works can start by the end of 2020. According to the planning we have foreseen, in twelve months we will be able to load small LNG carriers”.

*“With almost 8,000 km of coastline, Italy is located exactly in the centre of the Mediterranean - added **Maurizio Zangrandi**, CEO of OLT – and with the opportunity to play a key role in the spread of LNG in favour of the energy transition. Thanks to this project, our country will also be able to make use of a more sustainable energy source than traditional fuels, in line with the best practices already widespread in Europe. In fact, in the short term, we will no longer have to depend on LNG supplies from France, Spain and Belgium, with significant industrial benefits for the Italian naval sector”.*

The new service will be preliminarily presented to Users on October 29th during a Workshop organized by Snam and aimed at the gas market, which will also be an opportunity to discuss other current issues related to regasification, transport and storage activities.

OLT Offshore LNG Toscana, a company controlled by Snam and First Sentier Investors, owns and manages the floating regasification Terminal “FSRU Toscana”. The Terminal, moored about 22 km off the coast between Livorno and Pisa, is connected to the national grid through a 36.5 km long pipeline, operated and managed by Snam, of which: about 29.5 km at sea, 5 km in the floodway and the remaining 2 km on dry land. “FSRU Toscana” has a maximum authorized regasification capacity of 3.75 billion Sm³ a year, about 5% of the national requirement.

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