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Contents

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Editor's letter: Small-scale LNG makes dynamic inroads

The Covid-19 pandemic may have created an extremely difficult, if not terrifying, environment for many in the LNG segment, but even during these troubling times, the enthusiasm – not to mention curiosity – felt by many companies and individuals for small-scale LNG seems impossible to extinguish.

Not a week passes without more news about the sector, be it LNG bunkering, LNG's use as fuel in road transport or its supply by truck. This is not surprising. Low prices have made LNG affordable for many new, small and/or off-grid users, and small-scale solutions are a quick way of supplying them with the volumes they require.

Of course, the small-scale sector still faces many hurdles. For example, the transportation of LNG by rail, despite the efforts of a handful of innovators in the field, remains at an embryonic stage. Though LNG by rail has great potential as an alternative way of delivering maximised volumes of LNG to demand centres, while also offering considerable environmental and economic benefits, its growth is held back by the high cost of initial investment required. Meanwhile, in the US the transportation of LNG by rail has long been a barbed political issue, its opponents challenging its safety.

As far as the adoption of LNG as marine fuel is concerned, the shortfall of global infrastructure, especially LNG bunkering vessels, remains an obstacle. This is not to say that there is no appetite for investing in such infrastructure, as illustrated by London-based Avenir LNG's orderbook of six bunkering vessels, with one delivered just this October.

At the same time, the ordering of dual-fuel newbuildings that can run on LNG is gathering pace and is no longer limited to cruise ships and ferries. Tanker and container shipowners are also opting for LNG as one of their fuel solutions, as they comply with the 0.5% sulphur content cap put in place on 1 January by the International Maritime Organisation (IMO). And while major companies such as Shell and Total have the global reach to create an international LNG bunkering network for their customers, collaborations between regional bunkering players can also help expand the sector.

In this time of LNG oversupply, any new outlet for LNG, however small, is worth investigating and supports the LNG industry's overall growth, the small-scale segment's supporters insist. Also, it is a business with one eye firmly on a zero-carbon future. This will no doubt prove useful for the energy sector on its path to decarbonisation, as small-scale LNG companies are already researching technological innovations that involve biofuels, hydrogen and other energy alternatives.

LNG Business Review's SpotLight series on small-scale LNG aims to highlight how dynamic this segment has become in a short period of time, its achievements and hopes voiced by a community that firmly believes in its great potential and importance.

Kostya Tsolakis

Editor

LNG Business Review

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