



22nd

World LNG

Summit & Awards

29 November – 2 December 2022
Grand Hyatt Athens, Greece

The Meeting Place For The Global LNG Industry

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LNG Exchanges with Hrvoje Krhen, Managing Director, LNG Croatia

- **What are the themes to frame market development in 2022/3, and what are the associated risks?**

These are challenging times for the global energy and gas industry. Record high gas prices signal that more gas supply and infrastructure investments are required, but uncertainty around the role of gas as a transition fuel remains.

The top questions now are when the energy crisis ends and when energy markets will return to normality. Actual themes will probably be the state of the pandemic and the global economy, moves towards clean energy and the EU's green agenda, financing of oil and gas projects and climate changes.

I believe uncertainties will dominate the oil and gas markets in 2022/2023. With spare global natural gas capacity remaining low, any disruptions could cause further price shocks, and due to the higher inflation and rising cost of new solar and wind installations, there can be a slowdown of new capacity additions. All this is happening at a time when more coal and nuclear energy are coming up in Europe.

- **How can energy security be balanced with decarbonisation pledges?**

The recent war in Ukraine has prompted the EU and the world to search for secure and immediately available energy supplies. The answer to that call can look very different if you take a short-term or longer-term view.

It is definitely very challenging to balance long-term climate needs with immediate shocks to countries' economies since energy is a somehow complex matter. Behind simple daily household actions stand complex, massive infrastructure which links different countries and, in the case of LNG business, even different continents.

We can look at energy through three dimensions: security, affordability, and sustainability. Energy security is the uninterrupted availability of energy. At the same time, the affordability of energy prices presents a key priority for governments to provide for their citizens. Finally, there is a sustainability requirement as well. The environmental impact should be minimal or even neutral.



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If these three dimensions were perfectly balanced, everyone would have a secure, cheap, and environmentally sustainable energy system.

Unfortunately, trade-offs exist between these three dimensions, and governments must make choices that might favour one element over the other. As we have seen lately, the usual trade-off is that security and affordability prevail over sustainability, especially from the short-term perspective.

However, I hope the existing knowledge and dedication to improving into a greener world will continue and speed up, lowering fossil fuel consumption and importance.

- **What do you consider the key disruptors to LNG through to 2040?**

Everyone knows that the energy sector has increased its focus on sustainable and renewable energy sources in recent years, and the world is increasingly electrifying. Also, environmental consciousness has become much more common, entering the political mainstream.

Regardless of changing perspectives on fossil fuels and increasing electrification, LNG Croatia expects no significant changes in capacity bookings until the mid-2030s. I firmly believe that natural gas, unlike other fossil fuels, will be more resilient to decarbonization requests. Natural gas belongs to the cleanest fossil fuels, so it should be among the last to be replaced in the energy transition.

- **How can LNG stay affordable, reliable and abundant?**

The European Commission adopted the REPowerEU plan, which aims to reduce dependence on Russian fossil fuels by accelerating the transition to clean energy and joining forces to achieve a more resilient energy system and a true energy union.

Thus, in Central and Southeastern Europe, the LNG terminal on the island of Krk was singled out among the key priority gas infrastructure projects. In addition, it was concluded that, among other projects in the region, in the medium term, the expansion of LNG terminal capacity and the increase of Plinacro's transport network towards the Republic of Hungary and the Republic of Slovenia would further reduce dependence on Russian gas.

Following the above, LNG Croatia LLC plans to increase the regasification capacity of the LNG terminal on the island of Krk to a commercial capacity of 6.1 billion m³/year. Increasing the terminal capacity and the construction of a gas pipeline will further diversify the routes and sources of natural gas supply in the market of the Republic of Croatia. It will also create the basic prerequisites for additional supply to the European Union, which will significantly affect the security of the natural gas supply.



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From our perspective, further investments in existing LNG infrastructure to prevent supply shortages should help LNG to stay affordable, reliable, and abundant.

- You are speaking at the World LNG Summit this year. What are you most looking forward to at the event?

I look forward to finding out the news from other companies' perspectives regarding dealing with this crisis. New terminals are busy building, existing terminals are trying to improve their work and increase capacities, and we are all dealing with these issues in our own way.

I am always interested in learning about the improvements and inventions within the industry. It can be a trigger for new ideas and paths to undertake.