

# INTERVIEW

with **Mr Eugene Pronin**

**Senior Expert at Gazprom Export on gas as fuel, for „Time For Gas!“ (Czas Na Gaz!)**



**! Gazprom is a promoter of the Blue Corridor Rally, together with E.ON and cng.auto.pl in Poland – do you see any changes on the European gas market since you started this initiative?**

In the past decade, between 2001 and 2010, we have witnessed a very positive development, with a yearly increase of 20 to 25% in the number of NGVs and gas consumption in transport. The popularity of natural gas is growing across the globe. The global NGV fleet reaches today almost 18 million natural gas-fired vehicles worldwide. In Europe, this market segment could represent no less than 40bcm of additional gas by 2030. Natural gas can play a very significant role in Europe for two main reasons: its environmental benefits and its price, which is much lower than diesel or petrol. We think that the Blue Corridor played and is still playing a role in this change demonstrating that natural gas is a concrete alternative to diesel and petrol and that it can be used easily across Europe.

**! In your opinion, has Blue Corridor influenced during all these years the eco-consciousness of politicians responsible for transportation policies?**

Definitely YES! During past Blue Corridor rallies we talked to fleet managers, municipalities, vehicle manufacturers and politicians from European Parliament and European Commission. The economic advantages of NGVs remain the most powerful driver for consumers. At the same time, the sector can't grow without creating the right conditions to encourage the use of gas as fuel, while reducing greenhouse gas emissions. Incentives to the sector and smart tax policies set by decision-makers contribute to foster the development of NVGs. This is also the message we keep conveying through the Blue Corridor Rallies.

**! How Gazprom sees the market potential for natural gas and LNG in Eastern European countries?**

Eastern Europe is a very promising region for large scale gasification of transport. Ukraine, Russia and Bulgaria lead the NGV market in the region. Poland and Czech Republic demonstrate very encouraging trends. Taken together, East European countries operate almost 400

thousand NGVs, which makes about one third of the entire European NGV fleet. This market will most certainly keep growing. New NGV countries will shortly emerge in this group. The whole NGV industry, including trucks, buses, conversion kits, CNG cylinders, LNG equipment and CNG/LNG-carriers, is well established in Eastern European countries and will develop further. However, the biggest impediment to a further development in the region remains the lack of a strong government support to the CNG/LNG market.

**! Gazprom is expanding to Western European countries, especially to Germany – how can you estimate the growth of NGV and LNG market in this country?**

Germany is pushing for the development of CNG but the market is still far from being mature with only 900 filling stations in a market of around 15.000 conventional petrol and diesel retail outlets. The growth of NGVs is expected to become more dynamic due to the increasingly strong industry commitment to developing refueling and new NGVs. Against this background, public and political support will be crucial for the further development of the NGV market in Germany.

**! How about results of your activity in Czech Republic? What is the growth of the natural gas fuel market there?**

The Czech fleet of NGVs numbers some 5.000 units as of January 2013, following an increase of 44% last year. On the commercial vehicle side, the Czech Republic counts 55 CNG trucks, mainly operating in urban areas and 385 urban buses. In the country, 46 public CNG filling stations are currently operative and we are expecting them to increase by at least 10 stations each year. Among already functioning stations, 7 are supplied by Vemex, which is part of the Gazprom Group. There are also plans by private investors for creating more than 30 of filling stations within the next 10 years. Overall, during the last 3 years, we witnessed an increase of 25% by year in the trade of CNG.

**! Gazprom is also looking at the NGV market in Italy – how are you going to step up activities there?**

The Italian NGV market is very appealing. Promgas – a regional subsidiary of Gazprom – has been closely monitoring market development,

looking for NGV business opportunities for Gazprom and drafting proposals. In Italy the main focus has been on passenger cars and delivery vans, but urban transport is gaining more importance. Italy is now the leading European market for NGV with 750.000 vehicles and 964 refuelling stations spread across the country. Italy's experience should be an example for other countries in Europe. This is the result of a very active retrofit conversion industry on the one hand, and the economic incentive to save on fuel costs on the other. Combined with a smart tax policy this has fostered the development of NVGs in Italy, and will continue to do so.

**! Gazprom is a sponsor of many local and international initiatives and events, like the Blue Corridor Rally for example. In your opinion, how much does it help to popularize the use of natural gas?**

The Blue Corridor initiative has been created to encourage further development of the natural gas fuelling infrastructure. It is needed to create natural gas highways throughout Europe and connect them to Asia and Africa. By demonstrating that these "blue corridors" already exist in Europe, we aim to encourage more drivers and companies to purchase NGVs by assuring that they can drive easily across EurAsia, as well as encourage further investments into infrastructure and vehicle manufacturing.

**! What developments can be expected in 2014?**

Our main objective is to perform large-scale demonstration in order to facilitate market development for the use of natural gas in buses, heavy duty trucks, or shipping. These markets are particularly interesting because LNG is the only alternative to provide enough energy to these vehicles with high energy consumption, while decreasing greenhouse gas emissions. We also plan to continue attracting the attention of decision-makers to the need to remove regulatory obstacles and create a favorable tax and policy environment for the uptake of NGVs.

**Thank you very much.**

*Sylwia Bujalska*

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