

## Eesti Gaas: “We want to expand our CNG operations to neighbouring countries”

**Estonian gas distributor Eesti Gaas currently operates 11 filling stations that dispense both regular CNG and biomethane. The company is now looking to add LNG dispensing to its operations. Kalev Reiljan, recently appointed to the Board of Eesti Gaas, talks to PetrolPlaza about the Estonian market and the potential for biomethane.**



Kalev Reiljan joined the Board of Eesti Gaas in January 2019

*In 2016–2018, Kalev Reiljan worked as the Chief Technology Officer and Chief Operating Officer of Telia's Division X; earlier, he was a CTO and member of the board in Sonera, Finland. Reiljan graduated from the TalTech university, having specialized in business administration, and completed master's studies in the IMD business institute in Switzerland.*

### **Q. When did Eesti Gaas decide to invest in fuel stations for natural gas vehicles?**

The traditional business of Eesti Gaas is the distribution and sale of natural gas. The investment in gas filling stations is a natural extension of the business we have done for decades. It came as a logical step. We own the biggest gas distribution network in Estonia and we are the main retailer. We started with the investment in filling stations in 2010.

### **Q. In December, you opened three new sites, bringing your total network to 11 stations. What growth plans do you have for the near future?**

We continue to invest in CNG filling stations and we are now looking at LNG. We already work with that fuel for ships – we are bunkering the biggest passenger ship in the Baltic Sea. We intend to open LNG stations. In terms of CNG, in average we have built three sites per year and we intend to expand to our neighbouring countries, such as Latvia and Lithuania. Also with LNG stations.

### **Q. Is there a lot of potential for LNG filling stations in Estonia?**

Right now there is still no market in the Baltics. The transportation companies still haven't invested in LNG trucks. It also depends on us to start rolling out LNG fuelling infrastructure. We want to help the market. We see that there is an interest to start using LNG as it gives clear savings on fuel

consumption and it is more environmentally friendly.

**Q. Would you add LNG dispensers to your existing network or would Eesti Gaas open new stations solely dedicated to LNG?**

Due to the difference in nature of these two markets – CNG used by private vehicles and public transport, and LNG mainly by trucks – we will probably have to use different locations. There may be some cases in which we can combine the two.



**Q. How many CNG cars are currently on Estonian roads? What growth do you foresee?**

The main driver for CNG vehicles is public transport – a number of cities in Estonia have already switched their public transport to CNG buses. That is where the majority of the consumption comes from. In terms of private vehicles, the market is growing but it is still quite small, only a small share of the car market works on natural gas. However, more and more carmakers are starting to produce new models fuelled by CNG.

**Q. All your stations serve both regular CNG and biomethane. What are the key benefits of biomethane?**

We are the biggest distributors and traders of biomethane in Estonia. Biomethane has a very clear use and benefit for transportation. It is mixed with regular CNG and sold as compressed green gas. We see an increasing need for biomethane. Obviously, the necessity is based on environmental reasons and the need to reduce the use of fossil fuels.

**Q. The biomethane used by Eesti Gaas is produced in the Kunda plant. What raw materials**

## **are mainly used for the production of green gas?**

Predominately biomethane in Estonia is produced as a side product of cellulose. If you look at the Nordic market, cellulose is also the main source for biomethane production. We see a clear growth in the production of biomethane from agriculture, especially those areas where you have farming animals.

## **Q. Locally produced green gas is slightly more expensive than regular CNG. Is the public open to paying a little extra for greener gas?**

The Estonian government and the European Union have mechanisms in place to subsidise the production and use of biomethane. There is an increasing amount of consumers that are willing to pay slightly more for it. The environmental awareness among Estonians is steadily increasing and that is a driving force for the use of biomethane.

## **Q. As an electricity supplier, have you thought about installing electric vehicle charging stations at some of your sites? What is the state of the EV market in Estonia?**

One area where we are currently increasing our presence is solar energy. We recently finished the biggest solar energy park in Estonia. If we talk about electric vehicles, Estonia has not been very active in promoting them. The amount of EVs in the country is still small. We will follow the situation closely and if we see movement in the market, we will reconsider our strategy.

A part from filling stations and electricity, our biggest investment is in LNG bunkering in the Baltic Sea. In a couple of months we will finish a new project that will increase our share of the market. Concerns about the environment are pushing the use of LNG for ships. The CO<sub>2</sub> emissions produced by ships in the Baltic Sea is more than the total produced by Estonia. When ships move from diesel to LNG it will improve the condition of the area.