Key features of the LPG Distribution in EUROPE

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TOTAL
The environmental alternative when NG is not available

Factors of Influence:
- Heating Market influenced by North-South Climate Conditions and geographical barriers
- NG Grid density and Urban concentration
- Electricity Grid Competition
- Control of LPG Prices (Spain-Benelux)
- LPG is the preferred option for cooking

Breakdown by Usage
Cylinders Market : under the responsibility of the Branded Marketer

- Distribution Model based on a “Refundable Deposit Scheme” to allow “exchange of empty cylinders for a filled one”. Cylinders are available in PoS such as Service Station-Supermarket-DIY Store-Traditional Shop, home delivery (Spain).
- In France 50% of the market is through Supermarket, including Supermarket branded cylinders.
- The Cylinder belongs to the LPG Marketer who is liable for the safety along the distribution chain, including the cylinder recertification.
- The filling of the Cylinder is restricted to the Marketer (in big Filling Plant) to ensure removal of dangerous cylinders, and recertification of the cylinder.
- Commitment from the LPG Industry on safety by not allowing the PoS any interchange of different branded cylinders, so to ensure the empty cylinder returns to the proper LPG Marketer.
- Butane is usually for cooking (Indoor use), Propane mainly for Industrial and Commercial.
- PoS are numerous: one per 5000 people, dense coverage, close to the point of consumption.
Cylinder re-certification by the Marketer

- filling of cylinders by weight, based on « Tare » indicated on the cylinder
- checking of leakage on the cask and at the valve
- hydro testing every 10 years, serial number in a database
- recertification per batch of construction with destructive sampling test

Next RETEST Year

Tare+Weight

Hydrotesting in Filling Plant
LPG in Bulk for Residential use (Heating)

- Business Model is based on the LPG Marketer being the owner of the tank and the installation under an exclusive contract of supply to ensure continuity of safety. The LPG Marketer is committed on safety all along the Distribution Chain, such as safety distances, tightness of the tank and the tank accessories, certification of the installation prior to delivery.

- The Customer is strongly followed and educated on all safety constraints by the LPG Marketer. Relationship with the customer remains close to ensure all fears related to safety are overcome.

- Underground Tanks for Residential usage becomes very common
LPG in Bulk: the constant involvement of the Marketer on Safety.

- The installer must be trained and certified for LPG installation
- Examples of constraints
  - Certificate of approval of installation prior delivery
  - Safety distances strict conformity
  - Physical audits Report
- The contracted transporter must ensure his drivers are certified for LPG delivery (certification program piloted by the National Association)

Safety Audit by the Marketer
Enforcement of Regulatory, Safety Framework the benefits of a National Association

- LPG Marketer bears the delegation from authorities to enforce safety along the chain up-to end user installations.

- The Authorities have delegated the respect of safety regulations and proper control to the LPG Marketers, those safety regulations that the Marketer and the End user have to fulfill.

- The National LPG Association can be the central body that ensure that LPG marketers are complying on the safety regulations. In some cases, like in France, when industrial customers owns the installation and the LPG tank, the authority may take legal action against them if they fail to comply with safety regulations. LPG marketers have to advise their customers to avoid such situations (especially for agricultural customers).
Public LPG Grids: an alternative to NG Grid

Because Natural Gas cannot serve some small towns, Municipalities are giving concessions to LPG Marketers to set a “Public LPG Grid” for residential customers connected with LPG KWh meter (to the grid.)
Autogas : an ideal car fuel for Downtown use

- Dual fuel Gasoline/LPG cars has emerged, decades ago, by retrofitting gasoline cars under a tax reduction on LPG. Attractiveness of LPG, is when the LPG price is below 55% of gasoline price, taking into account “gasoline tax”
- Recently many car manufacturers offer OEM LPG models
- In some cases, such as in Italy, LPG is the only fuel allowed downtown beyond an air pollution limit.

**Autogas Penetration & Volume in Europe**

- **Autogas Penetration (%)**
  - Netherlands
  - France
  - Germany
  - Italy

- **Autogas Volume 09 in KT**
  - \(-200\) to \(1\,200\)
To conclude

- The obligation placed onto the Marketer to ensure constant safety along the distribution chain is at the heart of the European LPG Industry Business Model.

- The National Association should play a key role in ensuring that safety procedures are applied throughout the distribution chain and that technical standards are met.
Thank you
Gracias
Merci
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