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A BOOST OF NEW ENERGY

The business year 2015 was extremely eventful for Italian company OLT Offshore LNG Toscana. Newly appointed management, who is hoping that positive results will come thick and fast, is pushing promising developments of the FSRU LNG Terminal. New Managing Director, Mr Silvano Calcagno revealed to Filomena Nardi the top priorities on his to-do list.

Defined by the Italian Ministry of Economic Development as a strategic and essential infrastructure for the Italian Gas System, the FSRU Toscana Terminal, developed and managed by OLT Offshore LNG Toscana SpA, officially started commercial activity two years ago.

"At the end of 2013, we left the project and development phase and begun the operational phase of the terminal. So, while we were once concentrated on getting the terminal up and running, we are now shifting to a stage where commercial activity is really important to us. Therefore we need to be able to manage the terminal in the most efficient and reliable way," said new Managing Director, Mr Silvano Calcagno.

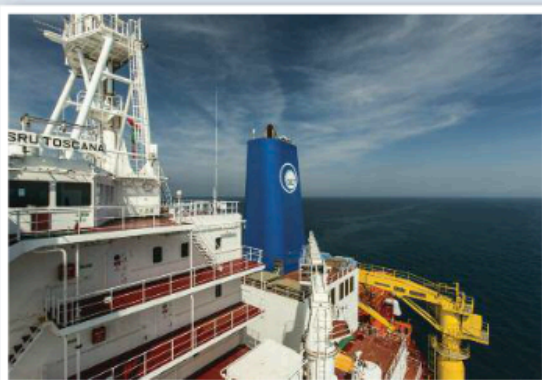
Appointed less than a year ago, in April 2015, Mr Calcagno has over 18 years of experience in the gas infrastructure business. He said he is proud and ready to take up the challenges of his new role.

"The main priority now is to promote our terminal and the regasification service it provides. We want to attract new customers and all our initiatives are targeted to get to know and fulfil their needs.

To this end, OLT recently organised a series of meetings with the most important companies in the LNG sector. This initiative, which was named 'OLT meets the market' included a visit on board the FSRU Toscana Terminal.

"This helped us to establish new fruitful commercial relationships as well as getting a better understanding of market needs and how to improve new services," added Mr Calcagno.

"We are fully available and open in evaluating any possible new concept that could improve and complete our regasification services and meet as much as possible any market needs. Technical constraints aside, our goal is to offer new services, increase flexibility and allow potential users to book capacity in a very easy and quick way."



Stepping to Greater Flexibility

With the aim to attract new customers and improve the terminal's flexibility, OLT recently requested from competent authorities the possibility to receive LNG ships belonging to the New Panamax class, which represents the new standard of the carriers under construction and is expected to cover around 90 per cent of the future LNG carriers available on the market.

"Our terminal has been designed to handle a minimum continuous LNG throughput of 10 tons/hour and a maximum throughput of 450 tons/hour, based on the nominal composition of the LNG, which means that, approximately, a send-out between 0.3 and 15 millions of m3 of natural gas per day are injected into the national transportation grid. The maximum annual permitted regasification capacity of the terminal now stands at 3.75 billion m3 of natural gas," declared Mr Calcagno.



MARINE STANDARD INTERNATIONAL

Marine Standard International is an independent marine consulting company established in 2004, based in Genoa-Italy.

The company specialises in ships and terminals inspections and risk assessments for all marine transportation-related activities. In 2009, we started collaborating with OLT to optimise its internal processes in the area of third parties/suppliers contract personnel. Founded on mutual respect and common goals, the collaboration is still strong and active.

editorial mention



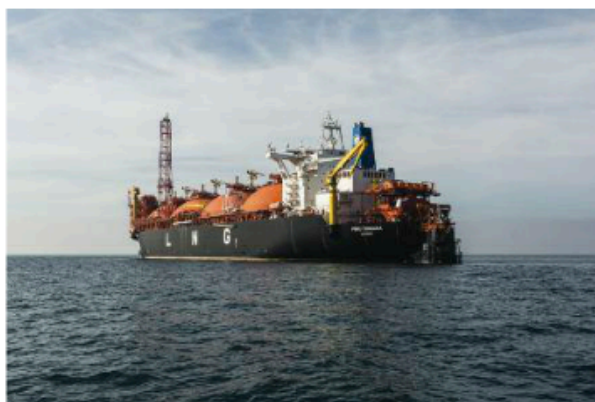

MARINE STANDARD INTERNATIONAL

"The best way to predict your future is to create it" - ABRAHAM LINCOLN

"Abraham Lincoln once remarked that human action can modify the reality around us. I think that getting off on the right foot is the key of our success. If we really believe in our projects and in our goals without any mental limit or hesitation we will surely contribute to shape our own future and the future of our company" Capt. Bartolomeo Cullati - President of Marine Standard International

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With more than a century of experience and a fleet of over 30 vessels NERI can offer a number of specialist services to harbours and offshore terminals such as deep sea towage, salvage and wreck removal, emergency response as well as other ashore services as chemical storage depot, car and containers terminal, waste treatment and disposal and infrastructural maritime works.

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"Moreover, the Wobbe Index correction system allows the delivery of the LNG that wouldn't meet the requirements of the national transportation grid by means of nitrogen injection. In fact, our Wobbe Index Corrector module allows us to receive LNG with a wide range of quality, for instance, with a Wobbe Index of between 47.31 MJ/Sm³ and 53.00 MJ/Sm³."


OLT Offshore is seriously determined to pull out all necessary steps to reach a greater flexibility.

Since the European Commission identified LNG as the perfect fuel to decrease emissions caused by marine transportation, a specific feasibility study, co-financed by the European Commission 'Sea Terminals' funding programme, has been carried out within the FSRU terminal. The study proved that due to its capability to perform the unloading of LNG on a wide range of LNG shuttle carriers, with minor modifications, the terminal itself will be able to become an LNG bunkering station.

"We are seriously considering the possibility to perform the LNG bunkering service as this will be perfectly compatible with our existing regasification activity as well as proving the high level of flexibility provided by our plant," affirmed Mr Calcagno. "We believe that the development of small scale LNG is a paramount aspect for the future use of this alternative fuel so we have applied to the Connecting Europe Facilities (CEF) European Commission funding programme to carry out further detailed engineering studies."

A Great Asset for the LNG Italian Market

With around 120 people employed in Livorno looking after the management, operations and maintenance of the FSRU Terminal and its naval vehicles, this entire project has already had a great

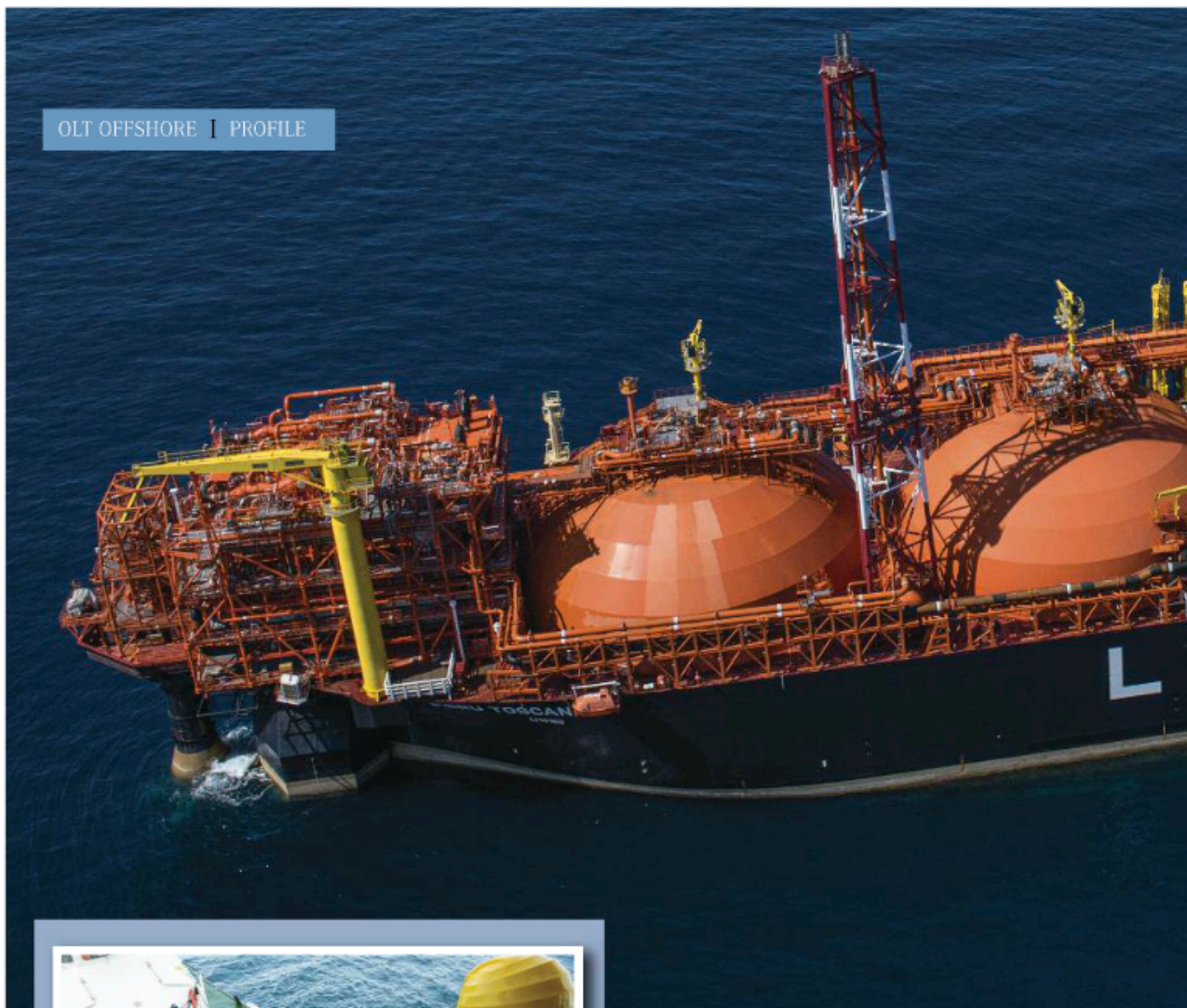


FRATELLI NERI SPA

Based in Livorno, Tuscany, Italy, and also operative in West Africa and Eastern Europe, Fratelli Neri SpA is a company wholly and privately owned by the Neri family, with nearly 110 years of service in the Italian and Mediterranean maritime sector.

Fratelli Neri SpA has recently been awarded the provision of terminal tugs, stand-by vessel and crew boat services for LNG FSRU Terminal owned by OLT Offshore LNG Toscana. For this purpose, three new vessels (two 35m, 110t bollard pull Azimuth stern drive tugs - Corrado Neri and Costante Neri - and a rescue emergency patrol vessel) have been recently delivered to OLT in response to the towing and assistance requirements of LNG carriers at offshore terminals in accordance with the Livorno Coast Guard Maritime Authority.

editorial mention



economic impact at local level. What's more, an additional €400 million worth of business has been predicted over the next 20 years.

Without doubt, FSRU Toscana Terminal represents a great asset for the development of the Italian LNG market and, taking into account recent events, things are definitely looking up. Due to an unexpected fall of oil prices, the Asian markets witnessed a strong reduction of LNG prices with demand also lower than expected. Consequently, LNG is now available in Europe at competitive prices compared to pipe gas.

New LNG will come on stream in the next two years mainly from USA and Australia. As such, Mr Calcagno believes the role of LNG in the European security of supply policy – and the possibility to tackle the growing dependence on imports – makes the LNG market very attractive. As a result of such a scenario, additional LNG volumes could be seen in European countries, as well as in Italy, in the next few years.

“Within this scenario, our terminal will play an important role for the Italian market and the European one in general, offering a wide range of capacity products with the possibility to receive LNG from almost all liquefaction plants in the world,” he said.

“Taking this into account and considering the counter flow capacity from south to north that will be made available in a few years, the Italian market is becoming more competitive and will increase its liquidity. I believe that there is room for LNG supplies, but only after market recovery.



Mr Silvano Calcagno, Managing Director

"Although, there is potential in the market, it remains to be seen whether LNG can play a role comparable to European countries such as Spain and France. From our side we will do our best to achieve this goal."

Looking Ahead

OLT Offshore's Executive Board is optimistic about the business year 2016, expecting further important progress to be achieved with the company's development programmes.

"We believe we will play a strategic role in the future from a commercial point of view and as a strategic infrastructure for the security of supply," stated Mr Calcagno. "The terminal can give full access to LNG that will be made available for Europe, offering great flexibility and high reliability in its regasification service. Additionally, we offer specific services like the Peak Shaving."

One of the measures established within the 'Emergency Plan' to overcome unfavourable events and guarantee the security of the Italian Gas System, is the Peak Shaving service. In case of emergency, this service allows to insert gas previously unloaded and stocked into the tanks of the FSRU Toscana Terminal, into the network at a short notice. The aim is to face peak requests of the gas system for a limited period of time.

"At present, the LNG market, especially in Europe, is characterised by supply contracts of short duration – generally from one to three

years – or even sales of individual loads, also called spot contracts," explained Mr Calcagno. In this context, LNG is often supplied and delivered through partial deliveries also referred to as 'part cargo' or 'milk runs'.

"This practice consists of delivering only part of the LNG cargo transported by the carrier. Consequently, during the same trip, the LNG ship can make several partial deliveries to more than one terminal. A recent chart provided by the GIIGNL, highlights that spot contracts have increased in the last 15 years and in 2013, 30 per cent of the total LNG traded was through spot contracts.

"Therefore, the possibility to increase the capacity and flexibility of our plant – by increasing the maximum capacity of the LNG carriers authorised – is an element of fundamental importance in order to attract new supplies.

All of OLT's development strategies aim to guarantee outstanding services to customers without forgetting to operate in a safe and environmentally friendly manner, concluded Mr Calcagno.

"Safety, environmental protection, worker's health and respect for the community are very important values to our company. Therefore, the FSRU Toscana Terminal will continue its journey in the future applying high HSE and environmental standards, which will be monitored on a regular basis."