



PRESS RELEASE: SCALE GAS & PENINSULA AGREEMENT

Scale Gas and Peninsula announce an agreement to build and charter a vessel to supply LNG to the Port of Algeciras and its surroundings

- Enagás, through its subsidiary Scale Gas, and Peninsula, have agreed to build and jointly own a liquefied natural gas (LNG) supply vessel.
- The agreement includes the chartering of the vessel by Peninsula, which will supply LNG as marine fuel in the Port of Algeciras and around the Strait of Gibraltar.
- The vessel, with a capacity of 12,500m³, will be built at the Hyundai Mipo Dockyard and is expected to be delivered in the third quarter of 2023.
- The project is co-financed by the European *Connecting Europe Facility* (CEF) transport aid programme.

Madrid, 4 June, 2021 Enagás, through its subsidiary Scale Gas, and Peninsula, one of the leading independent global shippers of marine fuels, have reached an agreement for the construction and joint ownership of a liquefied natural gas (LNG) supply vessel with a capacity of 12,500m³, which will operate in the Strait of Gibraltar, using Algeciras as its home port.

The vessel will be chartered by Peninsula through an initial seven-year contract, and will use Enagás' regasification plants, mainly the one in Huelva, as LNG loading points. The vessel is scheduled for delivery in the third quarter of 2023 by one of South Korea's best shipyards, the Hyundai Mipo Dockyard.

This agreement is an important step forward in Scale Gas' strategic plan as a developer of small and medium scale LNG infrastructures. It is also a major milestone in Peninsula's transition to a more sustainable future through the implementation of new services and clean fuels. Taking part in the ownership and operation of its first LNG supply vessel is part of the recent shift in Peninsula's business strategy.

European Union funding

The initiative is part of the European Union's *Connecting Europe Facility* (CEF) transport aid programme, which co-finances up to 11 million euros, through a consortium coordinated by Enagás with the participation of Scale Gas and the Port Authority of Algeciras. This agreement is part of the 'LNGhive 2' strategy, under the aegis of Puertos del Estado, which aims to support the development of the LNG market as a sustainable maritime fuel, in line with the European Directive 94/2014 on alternative fuels to improve air quality at sea and in ports.

A sustainable transition

LNG is a fuel that complies with the current regulation of the International Maritime Organization (IMO 2020), which introduced the limit of 0.5% sulphur content in marine fuels. Peninsula has set the standard in the bunkering industry in terms of compliance with this regulation.



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Compared to traditional maritime fuels, liquefied natural gas practically eliminates emissions of sulphur oxide (SO_x), while also reducing nitrogen oxide (NO_x) emissions by 80-90% and CO₂ emissions by 20-30%. CO₂ emissions can be reduced by about two million tonnes by 2030, through using LNG as a maritime fuel in Spain. This would be equivalent to replacing more than one million combustion vehicles with electric vehicles.

According to **Marcelino Oreja, CEO of Enagás**, "signing this agreement is in line with Enagás' commitment to promote the development of a value chain that enables more efficient and sustainable maritime transport, and reinforces the company's commitment to achieve carbon neutrality by 2040".

John A. Bassadone, owner and CEO of Peninsula, said that "this project is one of many initiatives based upon Peninsula's key strategic drivers: our customer-centric approach, sustainability and technology". He also said that "Peninsula and Enagás have a shared vision for developing the use of LNG as a transitional marine fuel. It is very positive and inspiring to have the support of a partner like Enagás".

In the words of **Oscar Maciñeiras, managing director of Scale Gas**, "this agreement is the culmination of a project which has lasted three years, which consolidates Scale Gas as a major player in the investment in LNG bunkering infrastructure, one of its major strategic lines of business".

Gerardo Landaluce, president of the Bay of Algeciras Port Authority, pointed out that "the Authority has been working hard to promote alternatives to current fuels, developing the use of LNG as a proven technology and one that is currently available in order to meet the ships that now want to use LNG in the Port of Algeciras".

Two years after the signing of this agreement, in which Enagás, through its subsidiary Scale Gas, the participation of Peninsula and the co-financing of the European Union have provided essential backing, the Bay of Algeciras will have a stable supply vessel for the bunkering of liquefied natural gas. LNG is a well-established fuel that will play an important role in decarbonising maritime transport in the coming years.

NOTE TO EDITORS

About Enagás

Enagás is the Spanish TSO and has more than 12,000 kilometres of gas pipelines, three strategic storage facilities and eight regasification plants. It operates in eight countries with natural gas infrastructure. Enagás has brought forward its carbon neutral pledge to 2040. To meet this commitment, the company is firmly committed to decarbonisation and is promoting specific renewable gas projects, especially green hydrogen, as well as initiatives to promote the use of LNG in ships and heavy transport. The company is the world leader in its sector on the Dow Jones Sustainability Index (DJSI), according to the latest edition of this index, and has received the highest score to date in Spain from S&P Global Ratings in the ESG field (sustainability, social and governance criteria) in all sectors.

About Scale Gas

Scale Gas is a subsidiary of Enagás Emprende, a company which Enagás created for investment in and acceleration of innovative start-ups/scale-ups and technologies in the field of energy transition, with particular emphasis on renewable gases, sustainable



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mobility, energy efficiency, digitalisation and cleantech in general. Scale Gas develops, operates and maintains LNG and Hydrogen storage and supply infrastructure for land transport, maritime transport and industrial uses, in small and medium scale unregulated markets.

About Peninsula

Peninsula is a leading global shipper and supplier of marine bunker fuels. With an international network of offices and operations in the world's major ports, Peninsula guarantees high quality products and first class customer service at all times. The company provides professional, efficient and competitive solutions to its clients all over the world. It has a full range of services including its own fleet of barges and tankers, shipping agency and a global network to provide technical assistance and maintenance to vessels all over the world. The company can offer its clients a broad array of flexible solutions, with assets deployed in twelve international ports, eighteen global offices and around twenty thousand deliveries per year. Over the past 25 years Peninsula has become an example for others to follow in terms of quality in the international bunkering industry. The company is firmly committed to supporting the maritime energy transition to a cleaner, more sustainable future.

About the Port of Algeciras

The port of Algeciras has the highest volume of activity in Spain and the Mediterranean with an annual traffic of more than 100 million tonnes. It is also the most efficient port in Europe, according to the *Container Port Performance Index (CPPI)* of the World Bank and the consultancy firm IHS Markit. The Port of Algeciras is also one of the leading ports in the Strait of Gibraltar in ship services, including bunkering, the supply of latest generation low-sulphur products adapted to the new IMO regulations and new alternative fuels such as LNG. It is thus compliant with the Green Strategy through which the Port Authority has aligned itself with the Sustainable Development Goals of the UN's Agenda 2030.



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