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Market study: Competition between fuels



Challenges

The client, a major strategic supplier of oil and other energy products to eastern Europe, needed an impartial evaluation of natural gas, LNG, CNG and LPG markets as they considered expansion options.

Solution provided by Argus Consulting

The study provided an overview of southeast European and Balkan markets (Albania, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Hungary, Macedonia, Montenegro, Romania, Serbia and Slovenia), as well as Italy and Germany. The most promising markets were identified for the client, considering gas policy, gas infrastructure and demand outlooks in the transport and non-transport segments.

Our analysis covered:

Policy and infrastructure overview

- EU-level directives and national-level energy policies were considered when assessing the appetite for gas in the region
- An overview of existing and planned gas infrastructure assessing the supply-side factors affecting the outlook

Assessment of alternative fuels and opportunity for fuel switching

- A review of natural gas' and LPG's position in the existing fuel mix and the opportunity to compete with other fossil fuels, considering excise duties/VAT and fuel cost comparisons

- Identification of the potential addressable fuel market that gas could displace within the transport and non-transport demand sectors

Outlook for gas and LPG

- Demand forecasts for natural gas, LNG, CNG and LPG were provided for 2019, 2024 and 2029 in the transport, heating, industry and cogeneration sectors
- Country-level assessment to identify the most attractive markets for the client to enter

Outcome

The client has relied on the analysis to prioritise investment decisions in the short term and also identify developments in supply and infrastructure that will be critical to market development in the medium term. The analysis further demonstrated the potential size of the fuel-switching opportunity and which customer segments would be likely to make a switch.

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Natural gas/LNG
illuminating the markets

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