

Why Poland is taking so long to build floating gas terminal

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Germany managed to build its first two floating LNG terminals in less than a year. It will take around five to six years for Poland. Why the difference?



Poland is boosting its LNG infrastructure as it seeks to wean itself off Russian gas

Image: Michal Fludra/NurPhoto/picture alliance

[Germany launched its first floating liquefied natural gas terminal](#) at the North Sea port of Wilhelmshaven at the end of 2022. The pace of construction was record-breaking: 200 days. The second state-leased LNG terminal at Brunsbüttel port near Hamburg, which started operations earlier this year, was also built in less than a year.

On the other hand, Gaz-System, responsible for the construction of similar infrastructure in Poland, says the launch of the Polish floating storage and regasification unit (FSRU) is scheduled for 2027/2028. FSRUs are essentially liquefied gas tankers that are equipped to regasify the fuel so that it can be transferred to the land.

Polish energy expert, Piotr Przybyto, believes that compared with Germany, [Poland](#) is doing the terminal on the cheap. "Germany has had much greater fiscal flexibility," he told DW, adding that since the two German terminals have started operating, the cost of renting the floating terminals has risen by 50%. "That means Poland will lose even more in the longer term," he added.

Others are a little more generous.

"I would rather say that Germany is doing it on the expensive," said Anna Mikulska, an energy market expert from Rice University in Houston, Texas.

"Poland is well situated for the next several years given the existing LNG terminal, its extension, the [Baltic Pipe](#) as well as long-term contracts signed with non-Russian suppliers," she told DW.

"The reason for the time lag is a matter of existing infrastructure, in the ports as well as take-off infrastructure that existed to a good degree in Germany but does not in Poland. Sure some infrastructure had to be built in Germany, but by no means was it a greenfield," Mikulska said.

The Baltic Sea port of Lubmin in Germany is an example. Lubmin, which hosts a privately chartered floating LNG terminal, has a huge amount of pipeline takeaway capacity since that's where the [Nord Stream undersea gas pipelines from Russia to Germany](#) land.

In Poland, it is necessary to build a much larger scope of infrastructure than in Germany, Mikulska said. Undersea transmission infrastructure and a berth for mooring the FSRU unit, as well as onshore gas pipelines with a total length of about 250 kilometers (155 miles), should be built from scratch, she added.

For Gaz-System spokesperson Iwona Dominiak, pointed out another brake to construction. "There is also a storage and regasification unit to be acquired as the last stage of the investment," she said.

Currently, the design documentation is being prepared, along with obtaining the necessary decisions and permits, both for the onshore and offshore parts. Last November, Gaz-System selected Denmark's Ramboll to design the FSRU berth and the offshore section of the gas pipeline to be laid on the Gulf of Gdansk seabed.



The Baltic Sea port of Lubmin in Germany has a huge amount of pipeline takeaway capacity since that's where the Nord Stream pipelines land

Image: Michael Sohn/AP

Alternatives to Russian gas

Analysts also suggest that since Poland has found alternatives to much of [the gas it sourced from Russia](#), the [time pressure to fill gaps in Russian supplies](#) is less keenly felt in Warsaw than in Berlin.

Poland already has an LNG terminal with an annual capacity of 6 billion cubic meters in Swinoujscie on the Baltic Sea. The terminal is capable of meeting around a third of the country's gas needs. The country has also built the Baltic Pipe to source gas from Norway.

"Given the policy of phasing out natural gas in favor of other solutions, including biogas and bioLNG, the extent to which we need further LNG terminals has been and is being analyzed in Poland," Robert Zajdler, a Warsaw-based energy sector lawyer, told DW.

At one time there were even plans for two additional FSRUs in Poland, he said.

"It now appears that this is not needed. Especially as cooperation has also increased with Lithuania on LNG, and there is an FSRU terminal there.

"As I understand it, Germany has relied on gas from Russia for years without building itself a significant alternative, so a quick change of approach at a time of crisis, regardless of the cost of creating such an alternative, is the answer to the current need," Zajdler said.



FSRUs (Floating Storage Regasification Units) are key infrastructures that facilitate the transportation of natural gas via sea

Image: ANP/IMAGO

Increased imported gas volumes

Gaz-System already operates the Swinoujscie LNG terminal, whose imports rose by 57% in 2022. Since last year, Swinoujscie has had a regasification capacity of 6.2 bcm a year, which is being expanded to 8.3 bcm a year.

Baltic Pipe, a new pipeline with a capacity of 10 bcm/year bringing natural gas from Norway to Poland via Denmark through the Baltic Sea, is now open, while domestic gas production may reach 5.5 bcm this year. Poland has also secured imports of LNG via the Lithuanian LNG terminal in Klaipeda.

In 2022, LNG became Poland's main source of gas, meeting one-third of national demand, said Daniel Obajtek, CEO of Orlen, the main state energy firm.

The share of LNG in Poland's gas imports rose to 43% last year, from 24% in 2021, while the share of Russian pipeline gas dropped to 20% from 61%, PKN Orlen said in a statement last month.

The United States accounted for more than half of PKN Orlen's total LNG imports last year, or 3.4 bcm, the Polish importer said. In 2023, the US will remain Poland's primary supplier of LNG, due to two long-term contracts with Cheniere Energy and Venture Global.