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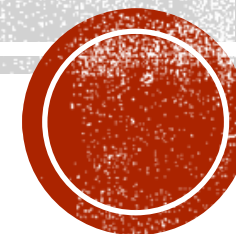


**ΔΕΣΜΕΥΣΗ ΠΟΙΟΤΗΤΑΣ**

**GREEN LIQUID FUELS OF THE FUTURE  
AND THEIR KEY ROLE IN THE ENERGY TRANSITION**

**TRANSFORMATION OF THE FUELS INDUSTRY**

*The transformation of Petroleum Distribution Companies  
towards decarbonization*



**Dr. Nikolaos Liapis**

**COO, ELINOIL SA**

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## THE ENERGY PRODUCT MIX IS RAPIDLY CHANGING MOVING TOWARDS 2050 AND DECARBONIZATION



- Refined products are losing a significant market share in favor of alternatives and renewables
- Energy efficiency reduces total energy demand
- Electrification is strongly promoted for private cars
- Natural gas pipelines and grids are expanding



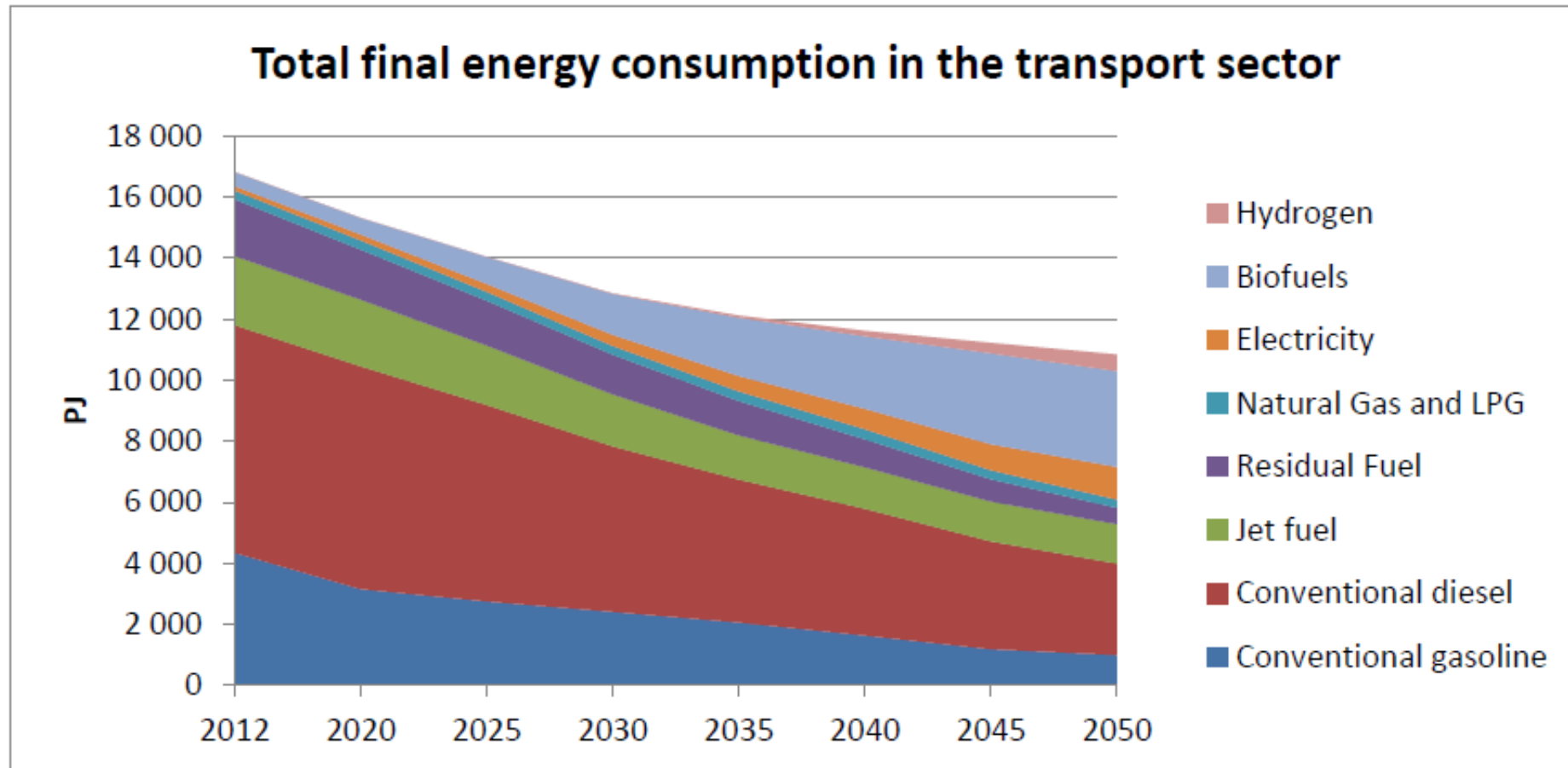
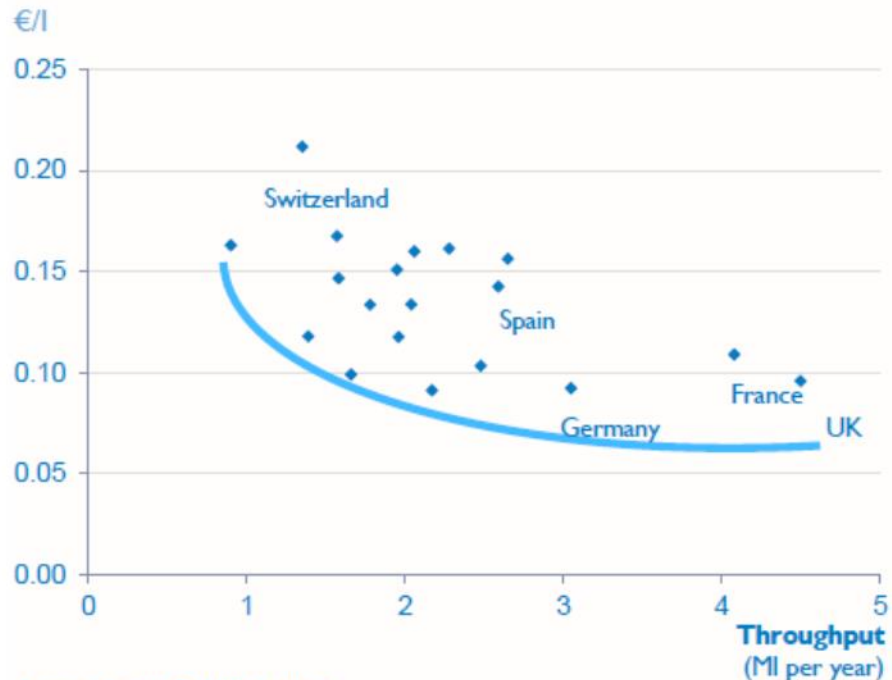


Figure 7 - Total energy consumption in the transport sector in the 2 degree scenario in EU28 (PJ) (Source: IEA ETP (2015))





# FUEL DISTRIBUTION MARGINS ARE CONSTANTLY DECLINING



Source: Arthur D. Little analysis

- Competition has turned fuel wholesale and retail distribution to a low Return on Capital Employed segment.
- Market share of independent retailers has been growing since the end of the last century, further deteriorating the historical margins of this segment.
- LPG and lately CNG are also increasing their market share
- Increase in taxation and financial crisis turned consumers in quest of low prices



# OPPORTUNITY COST OF PETROL STATIONS IS CHANGING

- Increasing vehicle autonomy reduces consumption
- Prices are growing – mainly through taxes, and so is financing cost
- Real estate values in urban centers are rising
- Technology and legislation demand bigger investments
- Margins decline
- New, costly obligations arise year by year for Distributors







## **GAS STATION NETWORK OPERATORS FOCUS ON INCREASING NON-FUEL PRODUCTS AND SERVICES**

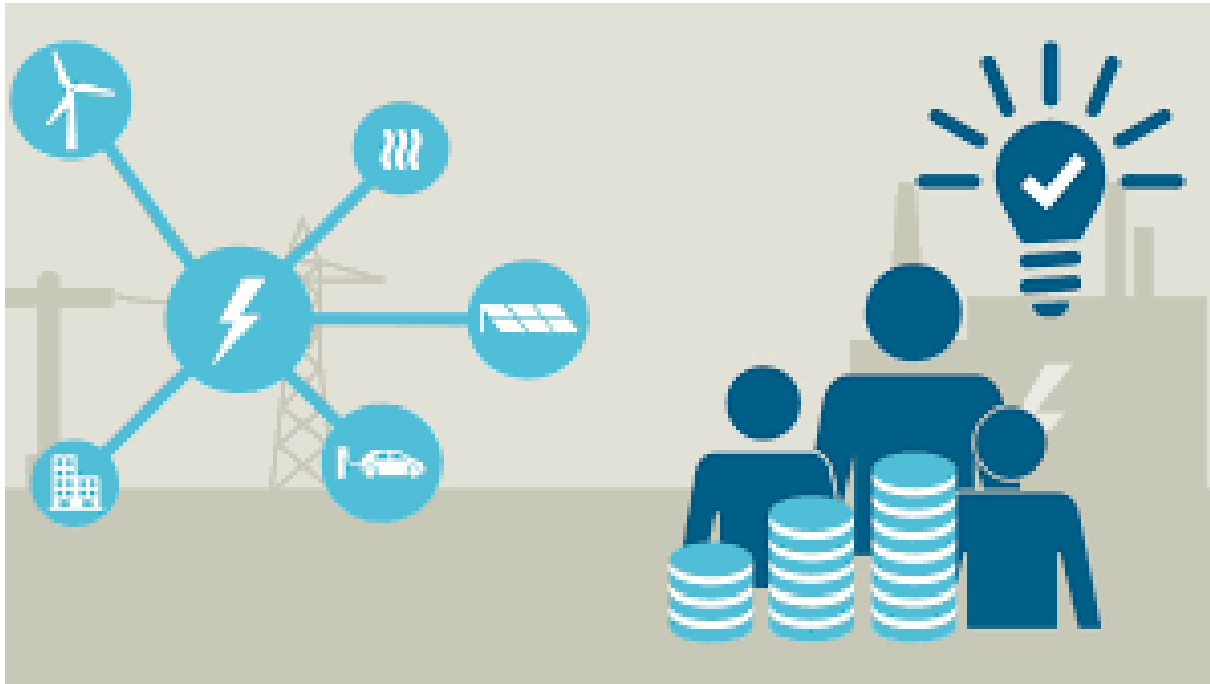


- Cooperation with coffee and snack chains
- Minimarket
- Car wash
- 24/7 operation



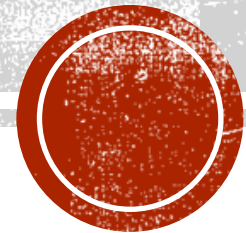
**BUT THIS DOES NOT SEEM ENOUGH**





SO...

**...THE SECTOR MUST TURN TO  
NEW BUSINESS MODELS**





# OIL DISTRIBUTORS TURN TO ALTERNATIVES

- Market Premium Products
- Take a strong position in other energy sources, such as biofuels
- Invest on alternative fuels: LPG, CNG, LNG and finally Hydrogen
- Convert their gas stations into energy stations
- Diversify in other energy sectors through grids: Natural Gas and Electricity
- Expand their operations creating vertical enterprises: international trading, gas station ownership
- Expand to other countries
- Invest on EV chargers in points other than gas station
- Diversify into quite different sectors (construction, energy services etc)
- Sell their network to bigger players



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- Conventional fuels and lubricants
- LPG
- CNG
- LNG for vehicles and as supply point for industrial customers
- Superchargers for electric vehicles
- Sale spots for new NG and EE contract customers (sales through grid)

And following:

- Hydrogen / ammonia for powering fuel cell vehicles



**FROM “FUEL STATION” TO “ENERGY STATION” MODEL**



# PATHWAYS FOR ENERGY SUPPLY 1

**Conventional Fuels or/and conventional Logistics Fuels: Diesel, Gasoline, HFO, Liquid biofuels, Pyrolytic fuels, Methanol**

## Pros

- No or low investments needed
- Engines and burners made for these will last for more than 20 years

## Cons

- Declining market share
- High competition







## PATHWAYS FOR ENERGY SUPPLY 2

### Alternative fuels with high-cost infrastructure: CNG, LNG, Ammonia, Hydrogen

#### Pros

- Increasing market share
- Potential to be produced from renewable sources, and thus “survive” decarbonization

#### Cons

- High investments in new infrastructure needed
- Slow market development will raise financing costs





# PATHWAYS FOR ENERGY SUPPLY 3

## Non-Conventional Fuels: Electricity

### Pros

- Fast penetration

### Cons

- Gas station is not the ideal spot
- Superchargers are high-cost investments
- Low RoI at the moment





# QUESTIONS ARISE:

- Is low profitability of oil distributors capable to “fuel” high investments?
- Will verticalization of big players drive independent companies out of business?
- Will electrification of private cars expand much faster than predicted?
- Will electrification expand in other mobility categories (HDV, Shipping)?
- Will oil wholesalers mentality allow them to transform fast enough into “energy providers”?





# **ONLY ONE ANSWER:**

Oil distributors, in order to survive, must form a clear and realistic vision for the future, showing high flexibility and adaptation skills







**ENIIV**

**THANK YOU!**

Dr. Nikolaos Liapis  
COO  
ELINOIL SA  
[liapis@elin.gr](mailto:liapis@elin.gr)

