



# IDW


DOWNSTREAM CONFERENCE

*Europe's Premier Technical Refining  
& Petrochemical Conference*

# ADVISORY MEETING REPORT



Euro Petroleum Consultants

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# 2024 ADVISORS

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**Tomasz Zieliński**, President of the Board, CEO, **POLISH CHAMBER OF CHEMICAL INDUSTRY (PIPC)**

**Martin Růžička**, Decarbonization Division Director, **ORLEN UNIPETROL**

**Ádám Horváth**, Group DS New and Sustainable Businesses VP, **MOL GROUP**

**Ujjal Mukherjee**, Chief Technology Officer, **LUMMUS TECHNOLOGY**

**Orkhan Aliyev**, Head of Business Management, **SOCAR**

**Adil Suleimanov**, General Manager, Renewables, **ROMPETROL**

**Keith Couch**, Global Head, Business Development, **HONEYWELL UOP**

**Bartłomiej Samardakiewicz**, Manager, Recycling Project Coordination and Realization Team, **ORLEN S.A.**

**Alexander Struck**, Managing Director, **BAYERNOIL**

**Patryk Swizik**, Business Development Manager, **TECNICAS REUNIDAS**

**Miguel Ángel Hurtado**, Business Development Manager, **TECNICAS REUNIDAS**

**Radomir Gabruś**, Senior Sales Manager & Business Development Central and Eastern Europe, **KBR**

## **CHAired BY**

**Walter Pfeiffer**, Partner, **ROLAND BERGER STRATEGY CONSULTANTS**

## **EURO PETROLEUM CONSULTANTS**

**Kay Mitchell**, Senior Event Director

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## **APOLOGIES**

**Khaled Ghabboura**, SVP Operations CIS, & Eastern Europe, **PETROFAC**

# KEY TAKEAWAYS

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Ahead of the 2024 edition of IDW Downstream Conference, we gathered leaders from the region to discuss the challenges and opportunities driving the downstream industry's short and long-term goals.

Here are the highlights of what we learned from the 90-minute discussion, these outcomes will without doubt shape the discussions that will take place in September in Warsaw.

## **DIVIDING EUROPE**

In Western Europe and the UK, fuel markets are stagnated, and chemical markets are facing volume contractions. Conversely, Central & Eastern European (CEE) countries like Poland, Romania, and Bulgaria are experiencing a growing demand for fossil fuels. The war in Ukraine and the subsequent energy crisis in the region has destabilized some parts of the market, with a particular impact on energy-intensive industries including refining and chemicals.

## **CLOSE COLLABORATION IS KEY**

Collaboration with neighbouring countries is crucial for stability, especially amid geopolitical tensions and market fluctuations. The energy transition requires efficient cooperation between governments and the private sector to effectively utilise resources like hydrogen. Dialogue between countries and industries is essential for addressing challenges including renewable energy adoption and market integration.



## **WE CAN'T LOSE THE SAFETY AND RELIABILITY STANDARD**

Regulations are becoming more stringent, posing challenges for industries seeking to reduce emissions and transition to renewable energy. Balancing profitability and compliance is a complex challenge that requires long-term planning and investment. At all times maintaining a focus on safety, reliability, and standardisation is key.

## **ECONOMIC CASES FOR CHANGE**

Commercial decisions are increasingly influenced by factors like CO2 prices and mandates, driving the need for long-term strategic planning on what is realistic and feasible. Transitioning from fossil fuels to renewable energy sources requires navigating economic uncertainties and changing government policies.

## **FINE-TUNING REGULATIONS**

Industry regulations need fine-tuning to incentivise renewable energy technology investments like electrolysers for green hydrogen production. Existing regulations impose strict hourly reconciliation requirements for renewable energy used in electrolysers, adding complexity to investments. The exclusion of certain types of nuclear power and inexpensive energy sources for electrolysers further heightens the financial burden on investors. Current regulations may hinder investment due to unclear guidelines and strict requirements, making it challenging to meet decarbonisation targets.



## IT'S ALL ABOUT EFFICIENCY

Improving energy efficiency in existing refineries and petrochemical facilities can significantly reduce emissions and increase profitability. Investments in energy efficiency offer a more cost-effective solution compared to capital-intensive renewable energy projects like green hydrogen production, which the margins simply don't justify. While there's growing interest in green technologies, financing for projects like blue hydrogen is still essential for a smoother transition. In the CEE region, diesel and gasoline demand remains robust, and the focus should remain on making assets as efficient as possible.

## A SLEW OF TECHNOLOGIES

Limited feedstock availability poses challenges for scaling projects such as biodiesel. To bridge this gap, biomass conversion technologies like Fischer-Tropsch synthesis are emerging as viable solutions, occupying a crucial middle ground. The industry requires a slew of technologies over the coming decades to reach its goals, with feedstock availability driving it.



## THE POWER OF PETROCHEMICALS

The CEE region is witnessing a strategic pivot towards petrochemicals, with companies like ORLEN and MOL redirecting fuel streams. SOCAR is also witnessing the promising avenue that petrochemical investments present, prompting them to consider long-term integration strategies post-2030.

## CIRCULARITY

With the many petrochemical expansions happening in the region, circularity remains at the forefront, particularly in the production of polymers and intermediates. EU regulation is pushing for recycling and reducing plastic waste, especially in packaging. The feedstock challenges with renewable fuels are echoed for plastic waste recycling. Shifting from a supply-driven to a demand-driven market framework is crucial, emphasising the need to produce recyclates of high quality tailored to meet market demands. Regulations like The Plastic Packaging Waste Regulation (PPWR) aim for long-term change, but some details need fine-tuning out for effective recycling.

## SHOULD THERE BE MANDATES?

While blending mandates for sustainable aviation fuels exist, extending similar mandates to petrochemicals may pose challenges due to the complexity of the industry. Regulations should strike a balance between promoting sustainability and allowing market flexibility to accommodate the diverse range of petrochemical products.

## PEERING INTO THE CRYSTAL BALL – A SOLUTION OR AN ILLUSION?

Diverting petroleum streams into petrochemicals and investing in circularity can offer viable solutions for the European downstream industry's future. However, challenges remain in terms of feedstock availability, regulatory clarity, and market demand for recycled plastics. Maximizing energy efficiency and exploring alternative feedstocks like lignocellulosic material is essential for long-term sustainability.



## DIGITALISATION & INNOVATION: IT WILL ONLY WORK AS WELL AS YOUR STRUCTURE

Digitalisation offers opportunities to improve efficiency and add value, but organisational structures must support these initiatives for maximum effectiveness. Transitioning from traditional business models to digital-driven processes requires a holistic approach that aligns with the organisation's overall goals.

## PICK YOUR BATTLES

With limited resources both financial and human, we can't pursue every opportunity. It's essential to focus on investments with clear benefits and where the technology and feedstock are secure. Many players, including mid-size energy companies, are prioritising no-regret investments like energy efficiency and biomethane. Meeting targets requires careful allocation of resources and being selective. Starting small and scaling up ensures efficient use of funds and minimises reliance on changing political landscapes.

## IT'S 'AND, 'AND'

Balancing short-term optimisation with long-term sustainability requires a dual focus on energy efficiency improvements and strategic investments in renewable energy.





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Europe's Premier Technical Refining & Petrochemical Conference

24–25 September 2024

Warsaw, Poland



## JOIN US THIS SEPTEMBER

### SECURE YOUR SLOT IN THE AGENDA

We are calling for abstracts in the following areas:

- Refining and petrochemical integration
- Technology and catalyst innovations
- Deployment of alternative feedstocks and implementing co-processing
- Downstream digitalisation & new technologies shaping smart refining & petrochemicals production
- Process optimisation and operational excellence
- Energy and operational efficiency

*Case studies and practical examples will be favoured!*

Submit Your Abstract

### SECURE YOUR PASS TO ATTEND

IDW is dedicated to helping the industry maximise its production and operational potential. Secure your pass today and ensure you are part of the conversation in Warsaw in September. Refining, petrochemical and chemical producers/operators attend for free!

Register Now



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