

Severstal mulling exporting hydrogen to Finland, seeking investors

Severstal, the Russian steelmaker controlled by billionaire Alexei Mor-dashov, is developing a project to produce green hydrogen in Karelia and studying the possibility of exporting it to Finland, the company's director for hydrogen and innovative decarbonisation, Ilya Pavlov said.

"We're exploring a project with partners to produce green hydrogen in Karelia. Among other things, we're looking at exporting it to Finland and using it at one of our plants, at Karelsky Okatysh," Pavlov said at session "Decarbonization and Energy Transition in Russia: Opportunities for Foreign Investors" at the COP26 climate conference in Glasgow on Tuesday.

"This project has about 50 MW of electrolysis capacity, meaning it's tens of millions of euros or dollars in terms of investment. The project isn't huge, but it has good potential for expansion in Murmansk Region. This project is more private equity. We're already discussing it, at this point with a small pool of potential investors, and we'd be delighted if a broader coalition of foreign and Russian investors was interested in it," Pavlov said.

He said Karelia was chosen in large part due to logistics for exporting hydrogen. Logistics are "extremely important" with hydrogen, "the closer to the client the better," Pavlov said.

Russia's Industry and Trade Ministry said in October that Severstal and TMK, a major pipe producer controlled by Dmitry Pumpyansky, are prepared to act as EPC contractors and pipe suppliers for the project to build a hydrogen pipeline from Finland and Sweden across the Gulf of Bothnia to Germany.

The Russian companies "are not only prepared to supply pipes, but also have the necessary competencies to work as EPC contractors," Industry and Trade Minister Denis Manturov said at a meeting of the Russia-Finland intergovernmental commission for economic cooperation in mid-October. "Furthermore, our companies are prepared within two years to set up production and supplies of green hydrogen to Finland at their facilities in Karelia," he said.

"Severstal is actively interested in the subject of hydrogen production for its own decarbonization. We see demand in Europe, are analyzing the possibility of developing such technology in a region where we have a presence, specifically Karelia, for possible subsequent sale, including abroad," a company spokesman told Interfax at the time.

Severstal signed an agreement on cooperation in the area of hydrogen energy with Russian gas producer Novatek this past summer. The companies will consider a joint pilot project to produce blue hydrogen from natural gas using CO2 capture and storage technology.

The companies intend to jointly develop requirements, standards and en-



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gineering solutions for manufacturing pipelines to transport hydrogen, turbines, hydrogen storage systems and tanks for transporting hydrogen. They will also cooperate on hydrogen production and supplies, and development of technologies for using fuel based on hydrogen and its carriers, including ammonia.

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