



## LPG and natural gas lead expansion of service stations in Peru

**The number of fuel stations in Peru is seeing fast growth thanks to greater demand for LPG as well as natural gas, fuels that have seen a fast expansion since they became widely available a decade ago after energy from the gas field of Camisea in the Amazon reached Lima, the capital.**

The number of natural gas service stations and other sales points is expected to continue its fast growth seen throughout the past decade and expand by at least 18% by the end of next year from 227 at the start of this year, said recently by telephone Jorge Garcia, general manager of the Peruvian Association of Fuel Dispensers and Service Stations.

As for LPG, the number of service stations, dispenser or other sales points of this fuel is projected to expand by at least 8% by the end of next year from 733 at the start of this year, he added.

"The expansion in LPG and natural gas service stations is growing faster" than that for diesel and gasoline, Garcia said.

Peruvian taxi drivers have recently told PetrolPlaza that units running on natural gas or LPG can save nearly half of their costs on fuel expenses compared with gasoline. Costs to modify cars so that they can run on LPG or natural gas are relatively low and are often financed by both natural gas and LPG retailers, they said.

Both LPG and natural gas started to become available to drivers in Lima only in recent years following the development of Camisea as well as the completion in 2004 of the construction of a gas pipeline across the Andes to the Ocean Pacific coast where the country biggest market of Lima is located.

LPG was available in Peru before Camisea, when it was only produced by crude oil refineries and not yet fractionated from natural gas liquids. Before Camisea's development, the LPG fuel was predominantly used just for cooking and sold in canisters. LPG is still widely used for cooking but when marketed for that purpose it is sold separately by LPG canister and other distributors that make home deliveries. LPG canisters for cooking are not normally sold by vehicle service stations.

As of July there were a total 4,018 fuel sales locations in Peru including not just full service stations, but also much smaller sales points such as remote floating platforms in the Amazon River or very small fuel storage locations high in the Andes that also sell fuel. That total is projected to rise to 4,074

by next year, Garcia added.

Some service stations in Peru provide only liquid fuels while others sell only natural gas or just LPG. Some of those stations and other sales points are “mixed” as they have dispensers for all fuels or for a mix of some of those fuels, Garcia said.

Nearly 60% of all stations are independent or “white” while the rest operate using the brands of four distribution companies, he said. Some of those companies also own service stations, Garcia said.

About 13% of all service stations in Peru operate under the flagship brand Petroperu, which is the state-owned, crude oil refining company and which does not own any of station directly. Roughly 10% operate under the Spain-based Repsol brand and another 10% under the locally owned Primax brand. The also locally-owned Pecsca brand represents about 8%, Garcia said.

The most consumed liquid fuels in Peru are gasohol, which is a mix of gasoline and 7.8% ethanol, as well as diesel, which includes 5% biodiesel.

The total consumption of gasohol (gasoline and ethanol mix) in Peru at the start of this year was 1,239,227 gallons/day while consumption of pure gasoline was just 218,330 gallons/day, Garcia said.

Total sales of diesel with maximum 50 ppm of sulfur, also as of the start of the year, were 1,518,829 gallons/day while that of diesel with higher sulfur contents reached 1,129,906 gallons/day.

Sales of LPG for vehicle use, as measured in their equivalent in gallons/day, were 487,520 while sales of natural gas reached the equivalent of 429,051 gallons/day, also as of the start of the year, Garcia said.