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Vale guarantees the use of natural gas for 100% of its pelletizing in 2024

With a 28% reduction in emissions, Usina de São Luís, in Maranhão, consolidates the use of less emitting fuel in the production of pellets

Vale entered into a contract to enable the supply of natural gas to the São Luís Plant, in Maranhão, starting in 2024, thus consolidating the use of this fuel in all its pellet plants. The initiative contributes to the goal of reducing its direct and indirect carbon emissions by 33% by 2030.

In addition to São Luís, the company operates pellet plants in Espírito Santo, Minas Gerais and Sohar (Oman). With the contracts signed on Thursday with Eneva, a supplier of natural gas, and Companhia Maranhense de Gás (Gasmar), the distributor that will take the fuel to the plant, the São Luís plant will stop using fuel oil in its furnace, with an estimated reduction in greenhouse gas (GHG) emissions, as a result of the exchange, of up to 28%.



São Luís Pellet Plant. Credit: Vale

This initiative will additionally represent a reduction in fuel costs, considering that natural gas is cheaper than fuel oil. Another relevant aspect is that the recent regulation implemented by the gas law, as part of the sector's unbundling movement, makes it possible for this contract to be carried out within the scope of the Free Market. This action, therefore, signals adherence to the national movement to open up the natural gas market, which advocates a more dynamic and competitive environment.

The contracting of natural gas also brings an important social bias to Maranhão. This is because it is part of Vale's Share Program, which provides for social investments by the supply chain, creating an integrated network committed to sustainable socio-economic development in the region. The initiative is in line with the company's commitment to the 2030 Agenda, aimed at communities and promoting social progress in the locations where it operates.

"This contract is a very important milestone for Vale. It represents another big step in the transition of the energy matrix of our pellet plants, giving consistency to the zero-carbon agenda and enabling an unprecedented gas distribution network, which, in addition to serving Vale, may also be extended to other industries in the region," said Alexandre Pereira, executive vice president of Global Business Solutions at Vale. "Finally, the relevance of this process is mainly due to the contribution to the development of Maranhão and our communities. These fronts are fully aligned with our purpose of improving life and transforming the future. Together."

Distributor Gasmar will implement an unprecedented natural gas distribution network in the state of Maranhão, connecting the port of Itaqui to the company's area, in the Itaqui-Bacanga region. The new network can create conditions for the use of gas by other industries and segments in the region. The supply is expected to start in 2024.

Natural gas is a cleaner fuel compared to other sources such as fuel oil. It has fewer contaminants and produces a cleaner combustion, with a lower amount of greenhouse gas emissions, being, for this reason, considered a transition fuel in the decarbonization process.

Reducing emissions from pelletizing is one of Vale's biggest challenges. Today, it represents approximately 30% of the company's GHG emissions, ahead of mining and rail transport. In addition to using natural gas, the company seeks to develop other alternative sources. Vale started testing, also at the São Luís plant, with biocarbon in the production of pellets. Biocarbon is a renewable product, obtained through the carbonization of biomass.

To achieve the goal of reducing direct and indirect emissions (scope 1 and 2), Vale is investing between USD 4 billion and US\$D 6 billion, reinforcing its pact with society and the best sustainability practices worldwide. The company has also committed to cutting emissions from its value chain by 15% by 2035 and being carbon zero by 2050.

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