

Shale Gas and the Road Fuel Market

All Party Parliamentary Group on Peak Oil and Gas

CNG Services Ltd Managing Director, John Baldwin, was invited by the All Party Parliamentary Group on Peak oil and Gas (APPGOPO) to give a presentation on Shale Gas and the Road Fuel Market. The presentation, given on the 17th January 2012, at the House of Commons explained how Compressed Natural Gas (CNG) can reduce oil dependence in UK heavy goods transport whilst delivering 30% reduction in CO₂ emissions.

The model put forward is for the UK to develop a network of 50 CNG stations supplied with gas from the high pressure local transmission system (LTS) with easy access for vehicles along haulage routes, for example close to motorway junctions. Each station would cost around £3 million for 4 compressors at each site, providing CNG to around 1,000 trucks per day so the network could fill a total of 50,000 trucks per day. This equates to a total CNG use of 1 billion kg per annum which is a saving of 3 million litres per day of diesel (60 litres per day, per truck) or 1 billion litres of diesel per annum. The saving in oil imports is estimated at £600 million per year, with UK hauliers also benefiting from this fuel compared to foreign hauliers who bring lower cost diesel to UK.

The trucks would run on a blend of diesel and CNG, known as dual fuel. This retains the efficiency of the diesel engine but by displacing diesel molecules with methane, gives around 15% reduction in CO₂.

Using the LTS offers significant CO₂ benefits due to 80% less electricity needed for compression, no need to dry the gas and because there is no methane leakage. This gives a total CO₂ reduction from Dual Fuel trucks supplied via LTS in the range 25 – 40%. If the gas was sourced in the UK, for example from shale gas reserves, the CO₂ savings would be even greater, compared to imported oil and gas.

Cuadrilla estimates their reserves to be about 200 tcf. UK gas consumption is around 90 bcm so if 20% of the reserves are recoverable, this would meet domestic consumer demand for around 25 years. This gas is worth around £350 billion of imported gas from abroad which could instead be invested into the renewables sector

John Baldwin said: *“Political engagement is key to developing this sector with more support for UK manufacturers of dual fuel trucks who are world leaders in this technology. The request is for the Government to create a CNG-diesel fuel duty differential that is fixed for 10 years in order for the market to fund the investment in the CNG stations and the trucks.”*

The presentation can be downloaded here: <http://www.cngservices.co.uk/presentations-2/>

Notes to editors:

About CNG Services Ltd

CNG Services Ltd (“CSL”) supports the development of CNG and LNG as vehicle fuels in the UK with a range of services including:

- Feasibility studies in relation to CNG and LNG fuelled vehicles and infrastructure
- Independent ‘Owners Engineer’ service
- CNG and LNG virtual pipelines
- Production and use of biomethane as a vehicle fuel

About the All Party Parliamentary Group on Peak Oil (and Gas)

Founded in 2007, the All Party Parliamentary Group on Peak Oil (APPGOPO) seeks to discuss and investigate the debate regarding the date of global peak oil production, and also look at the range of impacts, mitigations and solutions.