Contents

EXECUTIVE SUMMARY 14

PART ONE – TECHNOLOGY AND DRIVERS FOR LNG AS A TRANSPORT FUEL 16

1.0 THE GLOBAL LNG SUPPLY CHAIN 17

1.1 Introduction 17

1.1.1 The LNG supply chain 17

1.1.2 FLNG and FSRUs 20

1.1.3 LNG producers and supplies 21

1.1.4 LNG markets 24

1.1.5 LNG trading and diversion 30

1.1.6 Regional variation of LNG price structure and levels 31

1.1.7 LNG peak-shaving facilities and other small-scale liquefaction 33

1.1.8 Interactions between the global LNG supply chain and LNG as a transport fuel 34

1.1.9 Future LNG supply and demand 34

2.0 LNG AS MARINE TRANSPORT FUEL 37

2.1 Introduction to the sector 37

2.2 Marine regulatory overview 38

2.2.1 The MARPOL Treaty 38

2.2.2 Emission Control Areas under MARPOL 40

2.2.3 Emissions limits under MARPOL and the ECAs 42

2.2.4 Implications of MARPOL for the global marine bunker fuels market and LNG 44

2.3 Technology and Infrastructure Overview 47

2.3.1 Engine and vessel design 47

2.3.2 Refuelling infrastructure 51

2.4 Overview of the economic and environmental advantages of LNG in marine 54

2.4.1 The economic advantages 55

2.4.2 The environmental advantages 58

2.5 Current size of the market 62

2.5.1 The global shipping fleet 62

2.5.2 Global shipping movements and fuel demand. 66

2.5.3 Current pattern of bunkerage facilities 69

2.6 Key drivers in the marine and inland waterway transport sector 70

2.6.1 Key stakeholder perspectives 70

2.6.2 Ship-owners and operators 71

2.6.3 Shipbuilders and engine manufacturers 72

2.6.4 Fuelling infrastructure and fuel suppliers 72

2.6.5 National and international policy makers 73

2.7 Key challenges in the marine/IWT sector 74

2.7.1 Logistical and operational challenges 74

2.7.2 Costs 75

2.7.3 Safety concerns and Standards 75

2.8 Conclusions for the marine sector 76

3.0 LNG AS A ROAD TRANSPORT FUEL 77

3.1 Introduction to the sector 77

3.2 Technology and Infrastructure Overview 77

3.2.1 Engine and vehicle design 77

3.2.2 Refuelling infrastructure 79

3.3 Overview of the economic and environmental advantages of LNG in road transport 82

3.3.1 The economic advantages 83

3.3.2 The environmental advantages 88

3.4 Current size of the market 92

3.4.1 The global HDV fleet 92

3.4.2 Current HDV re-fuelling facilities 95

3.5 Key drivers in the HDV sector 96

3.5.1 Key stakeholder perspective 96

3.5.2 Vehicle owners and operators 99

3.5.3 Vehicle and engine manufacturers 100

3.5.4 Fuelling infrastructure and fuel suppliers 102

3.5.5 National and international policy makers 103

3.6 Key challenges in the HDV sector 105

3.6.1 Logistical and operational challenges 105

3.6.2 Capital expenditure and other costs 106

3.6.3 Reliability of fuel price differentials 106
3.6.4 Competition from other fuels 107
3.6.5 Standards 107

3.7 Conclusions for LNG in the HDV Sector 107

4.0 LNG IN THE RAIL SECTOR 110

4.1 Introduction to the sector 110

4.2 Technology and Infrastructure Overview 110

4.2.1 Locomotive design 110
4.2.2 Refuelling infrastructure 111

4.3 Overview of the economic and environmental advantages of LNG in rail transport 111

4.3.1 The economic advantages 111
4.3.2 The environmental advantages 114

4.4 Current size of the market 114

4.4.1 The global rail industry 114
4.4.2 Global rail movements and fuel demand 115
4.4.3 Current rail fuelling facilities 116

4.5 Key drivers in the rail sector 116

4.6 Key challenges in the rail sector 117

4.7 Conclusion for the rail sector 118

PART TWO – GROWTH PROJECTIONS FOR LNG AS A TRANSPORT FUEL 119

5.0 INTRODUCTION 119

5.1 General introduction to LNG growth projections in marine, road and rail 119

5.2 Some key challenges 119

5.3 Projections not forecasts 119

5.4 Timeframe 120

5.5 Defining regions and identifying relevant countries 120

6.0 MODELLING THE FUTURE USAGE OF LNG IN THE GLOBAL MARINE BUNKER FUELS MARKET, 2015-2035 123

6.1 A brief introduction to the global marine bunker fuels market 123

6.1.1 General description of the global marine bunker fuels market 123

6.1.2 An overview of the fuels sold in the global marine bunker fuels market 124

6.1.3 An overview of the changing emissions regulation regime 125

6.1.4 A review of the fuel and technology choices open to ship owners following the introduction of MARPOL Annex VI 127

6.2 An overview of the modelling framework 129

6.2.1 A description of the type and role of scenarios used 129

6.2.2 Understanding and modelling the size of the global marine bunker fuels market 131

6.2.3 Understanding and modelling different types, sizes and ages of vessel 134

6.2.4 Understanding and modelling the impact of the change of regulatory regime 138

6.2.5 Understanding and modelling the impact of fuel prices on fuel and technology choices 142

6.3 A description of the modelling process 148

6.3.1 Preparatory work required 148

6.3.2 Steps required in running the model 149

6.3.3 Summary of results from model 150

6.4 Overview of stakeholder projections of LNG usage in the global marine bunker fuels market 151

6.4.1 Overall approach and methodology for developing comparible projections 151

6.4.2 Review of studies from a maritime perspective 152

6.4.3 Review of reports by international oil companies (IOCs) 155

6.4.4 Reports by international consultancies and academic institutes 157

6.4.5 Summary and analysis of stakeholder projections for the global marine bunker fuels market 158

6.5 Conclusions - an analysis of the combined results 161

7.0 MODELLING THE FUTURE USAGE OF LNG IN THE GLOBAL ROAD TRANSPORT FUELS MARKET, 2015-2035 163

7.1 A brief introduction to the global road transport fuels market 163

7.1.1 General description of the global road transport fuels market 163

7.1.2 An overview of the fuels sold in HDV sector 164

7.1.3 An overview of HDV emissions regulations 164

7.2 An overview of the modelling framework 165

7.2.1 A description of the type and role of scenarios used 165
7.2.2 Understanding and modelling the size of the road transport fuels market 167
7.2.3 Modelling the impact of LNG refuelling infrastructure coverage 169
7.2.4 Modelling replacement rates 170
7.2.5 Understanding and modelling the impact of fuel prices on fuel and technology choices 170

7.3 A description of the modelling process 173
7.3.1 Preparatory work required 173
7.3.2 Steps required in running the model 174
7.3.3 Summary of results from model 174

7.4 Overview of stakeholder projections of LNG usage in the global road transport fuels market 177
7.4.1 Review of global forecast - Shell 178
7.4.2 Review of regional forecasts 178
7.4.3 Regional projections 181
7.4.4 Conclusions drawn from analysis of reports 188

7.5 Conclusions - an analysis of the combined results 191

8.0 LNG AS RAIL TRANSPORT FUEL 195

8.1 Introduction 195

8.2 Defining fuels in the rail transport market 195

8.3 Review of LNG usage for rail transportation in the United States 195

8.4 Overview of the Cedigaz analysis 199
8.4.1 General issues 200
8.4.2 A description of the modelling process 200

8.5 Results from the model 212
8.5.1 Projections of global LNG demand from the rail transport liquid fuels market 212
8.5.2 Projections of LNG demand by country from the rail transport liquid fuels market 213

8.6 Conclusions 215

10.0 OVERVIEW OF DATA ANALYSIS 218

10.1 Defining regions and identifying relevant countries 218
10.1.1 Choice of countries 218

10.2 Country data – Summary 219
10.2.1 Key country statistics 219
10.2.2 The LNG suitability matrix 220
10.2.3 Bulk LNG supply data 222
10.2.4 LNG refuelling station data 222

11.0 EUROPE 224
11.1 Regional summary 224
11.2 COUNTRY SUMMARY – BELGIUM 226
11.3 COUNTRY SUMMARY – DENMARK 228
11.4 COUNTRY SUMMARY – ESTONIA 230
11.5 COUNTRY SUMMARY – FINLAND 232
11.6 COUNTRY SUMMARY – FRANCE 234
11.7 COUNTRY SUMMARY – GERMANY 237
11.8 COUNTRY SUMMARY – ITALY 240
11.9 COUNTRY SUMMARY – LATVIA 243
11.10 COUNTRY SUMMARY – LITHUANIA 245
11.11 COUNTRY SUMMARY – NETHERLANDS 247
11.12 COUNTRY SUMMARY – NORWAY 249
11.13 COUNTRY SUMMARY – POLAND 251
11.14 COUNTRY SUMMARY – PORTUGAL 253
11.15 COUNTRY SUMMARY – SPAIN 255
11.16 COUNTRY SUMMARY – SWEDEN 258
11.17 COUNTRY SUMMARY – TURKEY 261
11.18 COUNTRY SUMMARY – UNITED KINGDOM 263

12.0 NORTH AMERICA 267
12.1 Regional summary 267
12.2 COUNTRY SUMMARY – USA 268

12.3 COUNTRY SUMMARY – CANADA 278
12.4 COUNTRY SUMMARY – MEXICO 282

13.0 CENTRAL AND SOUTH AMERICA 285
13.1 Regional summary 285
13.2 COUNTRY SUMMARY – ARGENTINA 286
13.3 COUNTRY SUMMARY – BRAZIL 288
13.4 COUNTRY SUMMARY – TRINIDAD AND TOBAGO 290
13.5 COUNTRY SUMMARY – CHILE 292
13.6 COUNTRY SUMMARY – PERU 294
13.7 COUNTRY SUMMARY – PUERTO RICO 296
13.8 COUNTRY SUMMARY – ECUADOR 298

14.0 RUSSIA AND THE CIS 301
14.1 Regional summary 301
14.2 COUNTRY SUMMARY – RUSSIA 302
14.3 COUNTRY SUMMARY – UKRAINE 306

15.0 MIDDLE EAST 309
15.1 Regional summary 309
15.2 COUNTRY SUMMARY – IRAN 310
15.3 COUNTRY SUMMARY – ISRAEL 312
15.4 COUNTRY SUMMARY – KUWAIT 314
15.5 COUNTRY SUMMARY – OMAN 316
15.6 COUNTRY SUMMARY – QATAR 318
15.7 COUNTRY SUMMARY – UNITED ARAB EMIRATES (UAE) 320

16.0 ASIA OCEANIA 324
16.1 Regional summary 324
16.2 COUNTRY SUMMARY – AUSTRALIA 325

16.3 COUNTRY SUMMARY – CHINA 328
16.4 COUNTRY SUMMARY – INDIA 333
16.5 COUNTRY SUMMARY – INDONESIA 335
16.6 COUNTRY SUMMARY – JAPAN 337
16.7 COUNTRY SUMMARY – KOREA 340
16.8 COUNTRY SUMMARY – MALAYSIA 342
16.9 COUNTRY SUMMARY – SINGAPORE 344

17.0 AFRICA 347
17.1 Regional summary 347
17.2 COUNTRY SUMMARY – ALGERIA 348
17.3 COUNTRY SUMMARY – EGYPT 350
17.4 COUNTRY SUMMARY – NIGERIA 352

APPENDICES – STAKEHOLDER VIEWS ON LNG AS A MARINE BUNKER FUEL 354

APPENDIX I – VIEWS FROM THE MARINE INDUSTRY 354
Stakeholder 1 – The Danish Maritime Authority 354
Stakeholder 2 – Lloyd's Register 360
Stakeholder 3 – DNV (Det Norske Veritas) 364

APPENDIX II – VIEWS FROM INTERNATIONAL OIL COMPANY 372
Stakeholder 4 – Total Gas and Power (Total) 372
Stakeholder 5 – Shell 377
Stakeholder 6 – Gazprom 380

APPENDIX III – VIEWS FROM INTERNATIONAL CONSULTANCIES AND ACADEMIC INSTITUTES 382
Stakeholder 7 - IHS 383
Stakeholder 8 - Poten and Partners 385
Stakeholder 9 – The IEA 386

GLOSSARY 387

Abbreviations used in the report: 387

Definitions used in the report: 392

Different marine fuel types in comparison 394

BIBLIOGRAPHY 395

Published reports: 395

Conference papers/presentations: 398

Online articles: 400