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For Immediate Release

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Report Finds Growth of Natural Gas Vehicles (NGVs) Would Not Cause Spike in Natural Gas Prices

Washington, D.C – A new study from the American Clean Skies Foundation (ACSF) finds that a transition to natural gas-fueled heavy duty and light duty vehicles over the next decade will have a minimal impact on natural gas prices.

The report, "Driving on Natural Gas: Fuel Price and Demand Scenarios for Natural Gas Vehicles to 2025," used three scenarios to calculate potential natural gas demand and price impacts attributable to natural gas vehicles (NGVs).

"We found that the estimated level of natural gas demand from NGVs, even under the most optimistic scenario, accounted for only about 2 percent of the overall market by 2025," said Gregory C. Staple, ACSF's CEO and co-author of the report. "And the incremental rise in fuel prices for this high growth scenario was only approximately 25 cents per MMBtu, or 5 percent."

"That's largely because we expect the growth in natural gas vehicles over the next decade to provide adequate time for supply and infrastructure developments to keep pace with demand, and thus to moderate any incremental natural gas price impact," Staple added.

ACSF's optimistic growth scenario included high adoption rates of both light duty and heavy duty NGVs. In this scenario, the transportation sector's natural gas demand grew from 57 billion cubic feet (Bcf) in 2013 to 711 Bcf in 2025, which equates to roughly 2.3 percent of total demand that year. The scenario estimated roughly 2.4 million NGVs on the road by 2025, of which 480,000 are heavy duty trucks. The effect on 2025 natural gas prices across the scenarios ranged from an additional 3 cents to 27 cents per MMBtu.

The report highlights the opportunity to diversify America's transportation sector away from petroleum-based fuels. Currently, 93 percent of country's transportation fuel is petroleum based, leaving the economy susceptible to oil price shocks. In the report's highest NGV growth scenario, more than 180 million barrels of petroleum fuels are displaced by natural gas in 2025 and almost 1 billion barrels of oil consumption avoided cumulatively from 2013-2025.

Report co-author Patrick Bean said, "Our analysis should give businesses, consumers, regulators and political leaders confidence that a plausible transition to NGVs can achieve energy security objectives while having minimal impact on natural gas prices and competition for the fuel."

The report also found that retail prices for compressed natural gas (CNG) and liquefied natural gas (LNG) will remain attractive compared to diesel and gasoline even if natural gas prices increase significantly. Currently, about 20 percent of the retail CNG price is attributable to the raw natural gas cost. Even if natural gas prices double from $4/MMBtu to $8/MMBtu, the commodity component of retail CNG prices will be about 40 percent, and CNG will cost about $2.20 per gallon of gasoline equivalent.

ACSF retained Navigant Consulting, Inc. to partner in the scenario development and to conduct some of the analysis. The report includes data tables with assumptions and results.

Copies of the report can be downloaded here: http://www.cleanskies.org/natural-gas-pricing

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Established in 2007, the American Clean Skies Foundation seeks to advance America's energy independence and a cleaner, low- carbon environment through expanded use of natural gas, renewables and efficiency. The Foundation is a not-for-profit organization.

For more information, contact Jack Deutsch, ACSF communications director: jdeutsch@cleanskies.org.

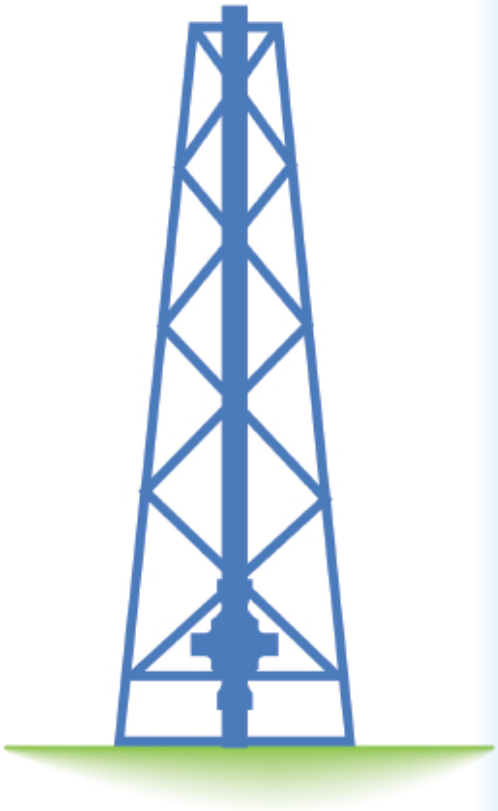
NATURAL GAS DEMAND

TRANSPORTATION VS. POWER GENERATION

ROUGHLY

SIX HOURS

OF U.S. NATURAL GAS PRODUCTION

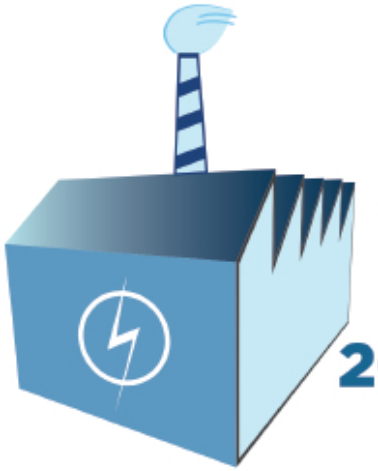


approximately

17 BILLION

CUBIC FEET (bcf)

CAN PROVIDE ONE YEAR'S ENERGY FOR:



1 ELECTRIC PLANT

SERVING **200,000** HOMES

-OR-

8650 LONG HAUL TRUCKS

-OR-

304,000 HONDA CIVICS

AMERICAN CLEAN SKIES FOUNDATION

ASSUMING:

Long-haul trucks get 5.9 mpg of diesel equivalent and travel 90,000 miles a year.
A NGV Honda Civic has a fuel economy of 31 mpg of gasoline equivalent and travels 15,000 miles a year.
A 400 megawatt combined cycle natural gas fired power plant @ 65% capacity factor, with 7.5 MMBTU/MWh heat rate.
For comparison, the average home consumes roughly 1 megawatt-hour per month.

Price Components of Retail CNG