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Natural Gas Vehicles for America

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MEDIA RELEASE

Advocating the increasing use of NGVs where they benefit most.
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NGVAmerica Responds to Wall Street Journal's "Slow Going for Natural-Gas-Powered Trucks"

WASHINGTON, D.C. — NGVAmerica responded to the Aug. 25, 2014, Wall Street Journal article "Slow Going for Natural-Gas-Powered Trucks" by Bob Tita. The article states that North American sales of natural-gas-powered trucks "are just crawling along," but many of the arguments contained in the article are inaccurate or confusing.

The article reports that the market is expected to grow by 20 percent in 2014. That's hardly crawling. In fact, it is extraordinary in a market where change generally comes slowly and the vehicles have a long service life. Some analysts did forecast even faster growth, but their exuberance shouldn't detract from the real, solid expansion of natural gas trucking. It also is important to note that many of those more optimistic forecasts were done two or more years ago, at which time the natural gas engine that represents the vast majority of the heavy-duty market in 2014 (the Cummins Westport ISX12 G 11.9 liter engine) was expected to be introduced in 2012. In fact, trucks with bigger version of that engine did not begin entering the market until the fall of 2013—less than one year ago.

The author's math also is confusing. He states, "A big roadblock remains the premium for a heavy-duty gas truck—$50,000 more than the about $150,000 for a new diesel-powered truck. In theory, the payback for that higher price is recovered from fuel savings of between $1.60 and $1.70 for the gas equivalent of a gallon of diesel. Paybacks can average four years considering the average truck travels 125,000

miles a year." Using seven miles per gallon (which is generous for heavy-duty trucks) and 125,000 miles a year, a truck would use roughly 17,800 gallons of fuel each year. At $1.60 savings per gallon, that's a savings of almost $28,500 per year, or a payback of the $50,000 added cost in less than two years. Truck duty-cycles vary, and not every truck will see this fast a payback, but where they do apply, natural gas vehicle market penetration is expanding rapidly. For example, about 55 percent of all trash trucks purchased in the U.S. last year were natural gas powered, and this year that number is expected to grow to 60 or 65 percent. Similarly, 25 to 30 percent of all public transportation buses on order today are natural gas powered.

The author also uses some questionable facts to make his case. For example, he says that natural gas trucks make up only 2 percent of UPS' 100,000 truck fleet. That 100,000 vehicles represents their *worldwide* fleet of *all* trucks. In the U.S., UPS has only 17,000 heavy-duty trucks (the focus of this article), of which 1,000 will be natural gas powered by the end of the year. That will be almost 6 percent of its fleet in 2014—an extraordinary penetration in a few short years.

The author also states, "Mileage from a natural-gas-powered truck is about 20 percent less per energy equivalent than a diesel truck…" Spark-ignition natural gas trucks do experience efficiency losses compared to compression-ignition diesel trucks, but, from all reports we have seen, the efficiency loss is between 5 and 15 percent depending on a truck's duty-cycle. In some heavy-duty applications, such as refuse, performance is on par with diesel. It also is important to remember that advances in natural gas engine technology lags slightly behind advances in diesel technology. As diesel engine advances are incorporated into natural gas engines, the efficiency gap will narrow.

The article closes with a quote from Freightliner: "Long-haul, over-the-road trucking is not going to adopt natural gas for a long time." Unless you are in the business, this statement is deceptive. "Long-haul, over-the-road trucking" does not mean all interstate, over-the-road trucks. The Freightliner representative was referring to those interstate sleeper trucks where the same driver may travel to a different city from one day to the next—even across the country. These vehicles, which may represent 50 percent of the heavy-duty interstate truck market, would need a national interstate highway natural gas fueling network to be comfortable shifting to natural gas. This network is currently being built by numerous companies announcing new truck stations weekly. In the meantime, the natural gas vehicle industry is seeing significant interest from heavy-duty regional, super-regional and the other truck fleets representing the other half of the heavy-duty truck market.

The author states that 10,480 new heavy-duty natural-gas-powered trucks are expected to enter the U.S. market this year. Assuming each truck will use 15,000

diesel gallon equivalents of natural gas per year, this would represent over 157 million diesel gallon equivalents per year—for heavy-duty trucks alone. When you also consider the growing market for natural gas in medium- and light-duty trucks, light-duty vans, SUVs and cars, and now heavy-duty off-road equipment, rail, and marine applications, it may be more accurate to refer to the natural gas vehicle market as "galloping along."

About NGVAmerica

NGVAmerica is a national organization dedicated to the development of a growing, profitable, and sustainable market for vehicles powered by natural gas or biomethane. NGVAmerica represents more than 200 companies, environmental groups, and government organizations interested in the promotion and use of natural gas and biomethane as transportation fuels. Our member companies are those that produce, distribute, and market natural gas and biomethane across the country; manufacture and service natural gas vehicles, engines, and equipment; and operate fleets powered by clean-burning gaseous fuels. For more information about NGVAmerica, visit www.ngvamerica.org.