



# Natural Gas Vehicle (NGV) Marketing Program

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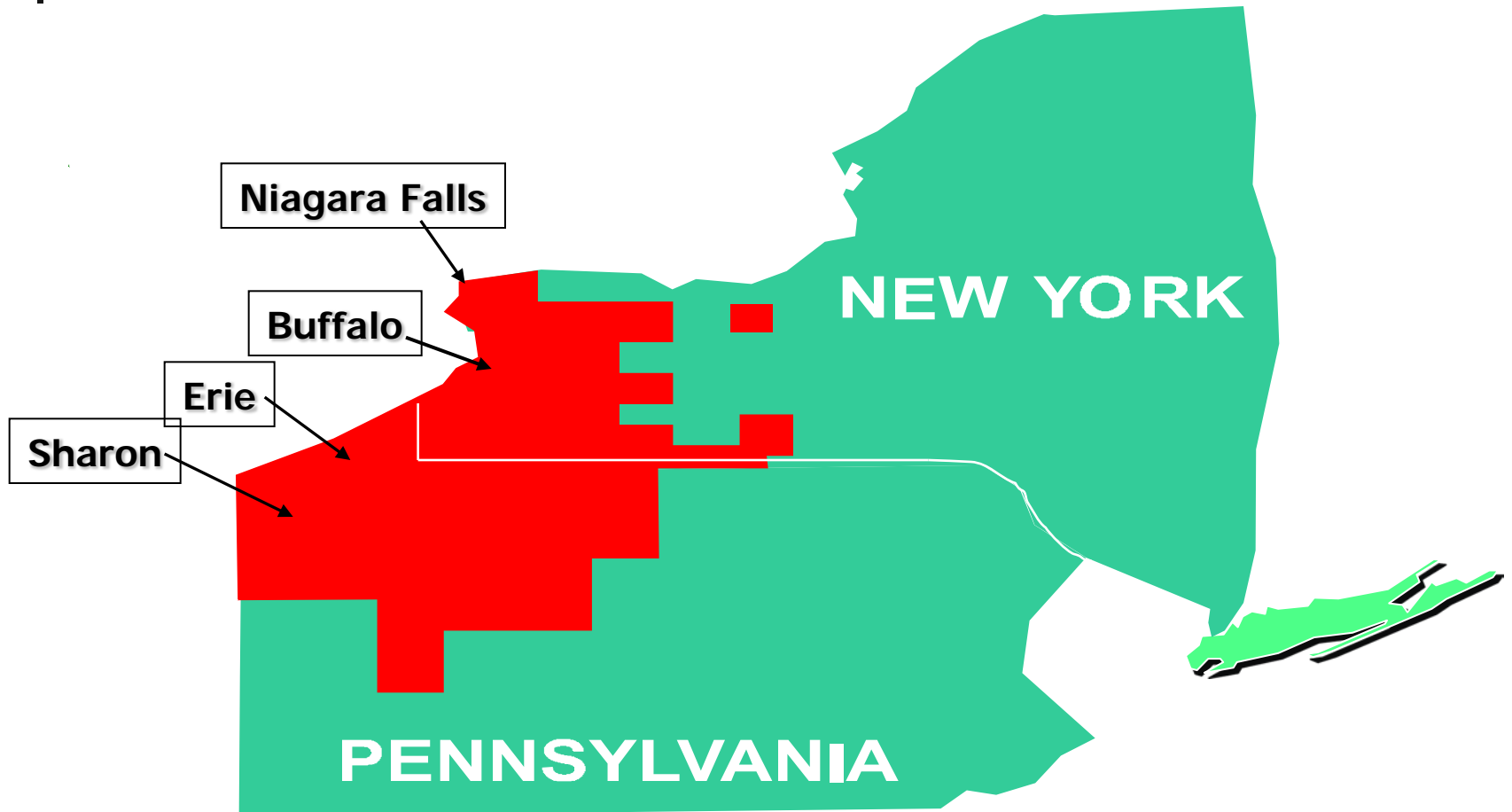


# Presentation Outline

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- **National Fuel Overview**
- **NGV Market Summary**
  - NGV Refueling Stations
  - Target Market & Market Barriers
- **NGV Marketing Program**
  - Outreach & Education Plan
  - Sales Plan & Results
  - Regulatory Plan
  - NGV Partnership Pilot Program
- **Q&A**

# National Fuel Gas Distribution Corporation Service Territory





# National Fuel Gas Distribution Corp.

## Market Size – FY 2012

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<u>Market Segment</u>	<u>No. of Customers</u>			<u>Usage (Bcf)</u>		
	<u>NY</u>	<u>PA</u>	<u>Total</u>	<u>NY</u>	<u>PA</u>	<u>Total</u>
Residential	<b>483,420</b>	198,324	681,744	<b>52.5</b>	20.7	73.2
Non-Residential	<b><u>33,009</u></b>	<u>16,180</u>	<u>49,189</u>	<b><u>43.4</u></b>	<u>22.9</u>	<u>66.3</u>
Total	<b>516,429</b>	214,504	730,933	<b>95.9</b>	43.9	139.5



# NGV Refueling Station Types

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- **Time-Fill Station**

- Fueling time usually 6-8 hours
- Typical cost range of \$100,000 - \$1 Million
- Usually recommended for Private Fleets with vehicles that return to a central location overnight

- **Fast-Fill Station**

- Fueling time is usually 3-7 minutes
- Typical cost range of \$500,000 - \$1.5 Million
- Required type of station for Public Refueling



# Current NGV Refueling Stations

## Public Access

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<u>Name</u>	<u>Location</u>
1. National Fuel SC	West Seneca, NY
2. National Fuel SC	Niagara Falls, NY
3. Waste Management	West Seneca, NY
4. HPW Energy	Westfield, NY
5. Cotton Well Drilling	Sheridan, NY
6. Clean Energy	Rush, NY

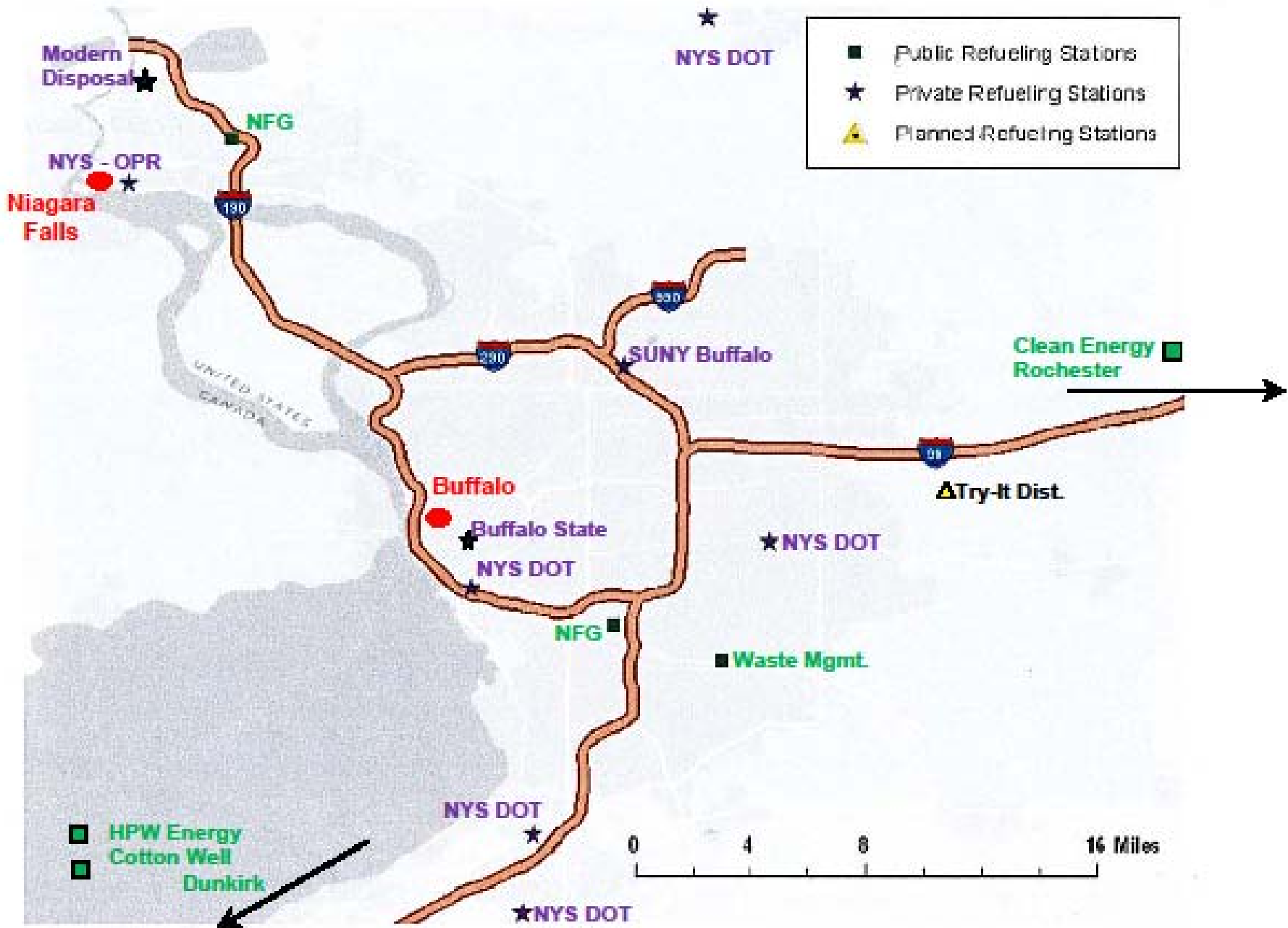


# Current NGV Refueling Stations

## Private Access

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<u>Name</u>	<u>Location</u>
1. Waste Management	West Seneca, NY
2. Modern Disposal	Model City, NY
3. NYS Office of Parks & Recreation	Niagara Falls, NY
4. NYS Dept. of Transportation	6 Locations
5. SUNY at Buffalo	Amherst, NY
6. Buffalo State College	Buffalo, NY







# NGV Target Market – Vehicle Types

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- **Light Duty**

- Passenger Cars, Taxi Cars & Service Vans
- Added cost of \$7,000 - \$14,000 vs. gasoline vehicles

- **Medium Duty**

- Short Haul Delivery Trucks, Transit Buses & Shuttle Buses
- Added cost of \$15,000 - \$20,000 vs. gasoline vehicles

- **Heavy Duty**

- Transit, Shuttle & School Buses, Long Haul Tractor/Trailer Trucks & Garbage Trucks
- Added cost of \$25,000 or more vs. gasoline vehicles



# **NGV Target Market - Fleet Types**

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- **Food/Beverage Distribution Companies**
- **Taxi/Limousine Services**
- **Colleges/Universities/School Districts**
- **Contractor/Service Companies**
- **Transit Authorities**
- **Garbage/Refuse Companies**
- **Local/State/Federal Government**



# NGV Target Market Size

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-----*Private Fleets > 10 Vehicles*-----

<b>Customer Type</b>	<b><u># of Companies</u></b>	<b><u># of Vehicles</u></b>
Food Processing	65	3,619
Construction	95	2,924
Manufacturing	17	1,725
Retail/Wholesale	46	853
All Others	<u>53</u>	<u>2,452</u>
<b>TOTAL</b>	<b>276</b>	<b>11,573</b>



# NGV Market Barriers

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- **Refueling Stations**

- Limited availability/lack of infrastructure
- High capital cost of Refueling Station equipment and installation

- **NGV's**

- Limited availability of OEM dedicated vehicles
- Higher premium cost for NGV's vs. gasoline/diesel vehicles
- Customer concerns about driving range, reliability, maintenance, etc.



# NGV Marketing Program

## Outreach & Education Plan

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- **Develop marketing materials**
  - Customer brochure, content on NFG web site
- **Conduct training events**
  - Customer meetings, NGV refueling station tours
  - Partner with Clean Communities of WNY
- **Participate in trade shows**
  - Buffalo Auto Show, CCWNY events, etc.
- **Investigate other O&E options**
  - Education & Training Center
  - Develop NGV Maintenance Course



# NGV Marketing Program

## Sales Plan

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- **Conduct market assessment**
  - Focus on fleets > 10 vehicles, returning to a central location
- **Identify best customer candidates**
  - Develop prospect list, conduct sales calls
- **Evaluate customer economics**
  - Conduct free feasibility assessments
- **Partner with 3<sup>rd</sup> parties for best applications**
  - NYSERDA, NGV Refueling Station Developers, etc.
- **Assist customer with financing where possible.**
  - Utilize NFG NGV Pilot Program, R&D program
- **Document NGV performance and economics**
  - Develop case studies and testimonials



# NGV Sales Results

## Current Significant NGV Customers

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<u>Customer</u>	<u># of Vehicles</u>	<u>Refueling Location</u>	<u>Incremental Usage (Mcf)</u>
Modern Disposal	45 over 5 yrs	At own Private Station	48,789
Waste Management	44 over 2 yrs	At own Private Station	46,971
Guard Contracting	2	At NFG Public Station	5,580
NYS Office of Parks & Recreation	10	At own Private Station	2,200
Sonwil Distribution	1	At NFG Public Station	1,388



# NGV Sales Results

## Current Significant NGV Sales Cycles

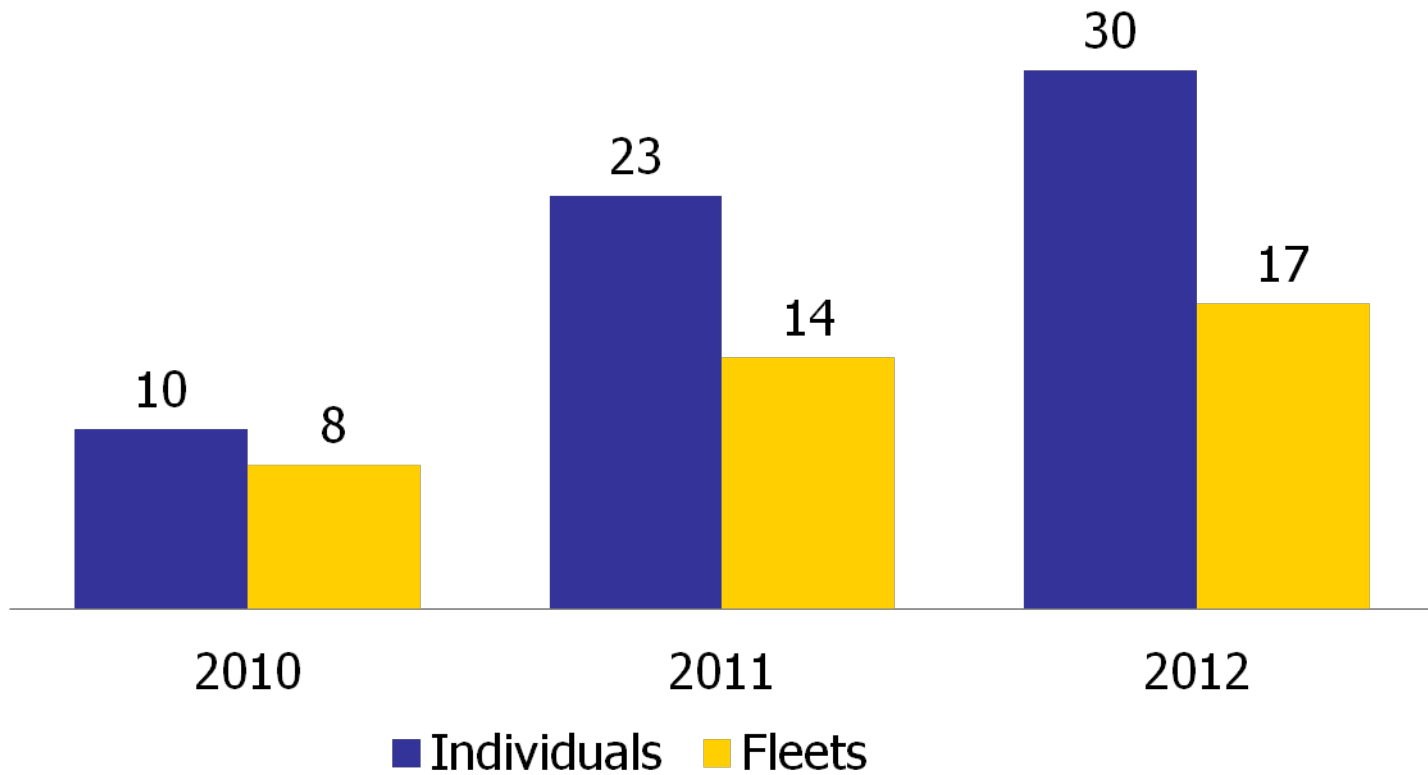
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<u>Customer</u>	<u># of Vehicles</u>	<u>Refueling Location</u>	<u>Incremental Usage (Mcf)</u>
Tops Markets	200	At own Private Station	163,000
Buffalo Fuel Corp.	70	At Public Station only	105,409
Niagara Frontier Transportation Authority (NFTA)	80	At own Private Station	35,116
Try-It Distributing	82	At own Public Station	20,437



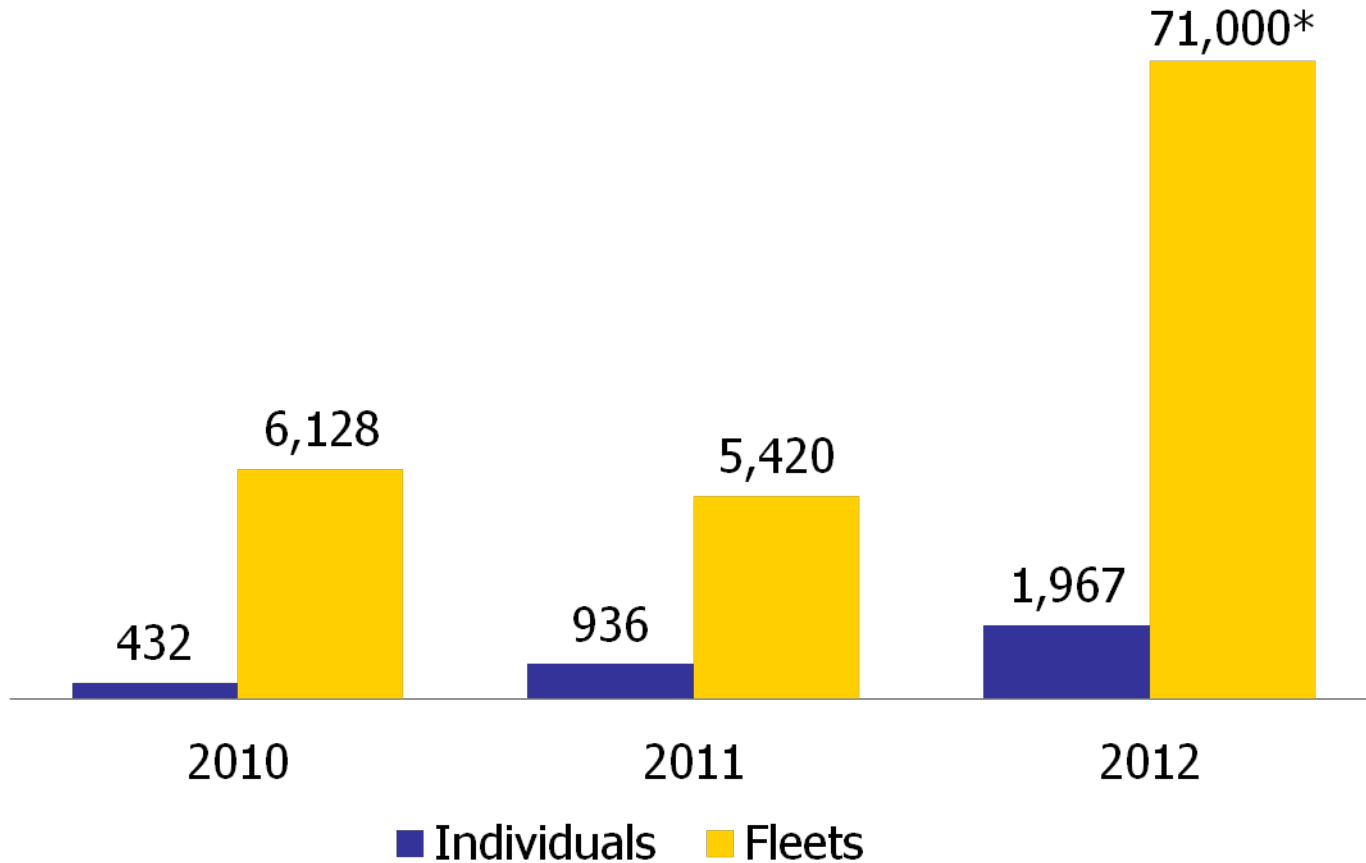
# NGV Sales Results

## Number of Customers



# NGV Sales Results

## Annual Usage (Mcf)



\* For illustration purposes only – not to scale



# NGV Sales Results

## Current R&D Demonstration Projects

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### ■ **EcoDual Fuel Conversion System**

- Target: Heavy duty tractor/trailer diesel trucks
- In lieu of LNG, use blend of diesel and CNG
- Benefits: no loss of power, reduced operating cost, emissions & noise, improved driving range
- Quick and inexpensive installation, short payback

### ■ **NGV Forklifts**

- Target: Industrial customers with warehouse lift trucks
- Replacement of propane and electric lift trucks with CNG
- Benefits: reduced operating cost, emissions and maintenance, easier refueling, increased safety
- Added cost for station & CNG lift trucks, longer payback



# NGV Marketing Program

## Regulatory Plan

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- **Reduce cost of gas for NGV applications**
  - Develop customized sales rates
  - NGV (1) - NFG owned refueling station
  - NGV (2) - Customer owned refueling station
  - SC-13 Transportation Rate
- **Develop incentives to reduce capital cost barriers with refueling stations/vehicles**
  - NGV Partnership Pilot Program



# NGV Partnership Pilot Program

## Overview

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- **Approved by NY PSC on November 18, 2011**
- **Permits NFG to give customer funding to buydown cost of NGV re-fueling station and/or vehicles, thereby lowering payback**
- **Ensure that program costs are borne entirely by each project through future incremental transportation/sales service charges paid by the customer**
- **Develop set of measurable deliverables to help NY PSC evaluate the effectiveness of the program**



# NGV Partnership Pilot Program

## Design

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- **Pilot program with initial term of 3 years.**
  - Annual cap of \$1 million/year, total of \$3 million
- **Proposed typical buydowns in range of \$10,000 - \$200,000. Actual buydown calculated based on incremental margin from each project**
- **Customer must sign a performance contract with term of up to 6 years. May also be required to provide security.**
- **Requires reporting of program results and individual project performance to NYPSC**



# **NGV Partnership Pilot Program**

## **Reporting Requirements to NY PSC**

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- **Documentation and verification of project economics**
- **Evaluation of performance and impact of NGV's on environment**
- **Demonstration of the reliability of NGV's**
- **Development of "Best Practices"**
- **Introduction of NGV's to interested parties**
- **Measurement of customer acceptance and awareness**
- **Collection of performance data**



# NGV Partnership Pilot Program

## Current Participants

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- **Total # of Customers** **3**
- **Total Annual Incremental Usage** **97,148 Mcf**
- **Total Incremental Margin** **\$109,121**
- **Total Buydown** **\$356,000**