

# Gassing Up

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Due to a confluence of regulatory, technological, and economic factors, liquefied natural gas (“LNG”) is quickly gaining traction as a viable alternative marine fuel, particularly in the U.S. domestic sector. At a time when stringent new regulations regarding vessel air emission standards for the U.S. Emission Control Area (“ECA”) are coming into effect, U.S. domestic gas production has exploded and LNG prices have dropped relative to traditional marine fuels, making clean-burning LNG marine fuel a realistic alternative to traditional marine fuels. Operators are required to outfit their vessels to burn low sulfur fuels in order to comply with the most stringent emissions requirements by 2016. LNG fuel presents one path to emissions well below U.S. and international emissions requirements. When compared to Heavy Fuel Oil (“HFO”), LNG emits 85% less nitrogen oxide (“NOx”) and sulfur dioxides, 90% less particulate matter (“PM”), and 30% less carbon dioxide. Thanks to the advent of shale gas and new drilling technologies, U.S. operators now have access to bountiful, and relatively cheap, LNG supplies: According to U.S. Energy Information Administration data, natural gas delivered for production is 75% less expensive on an energy equivalent basis than marine residual fuel, and 85% less expensive than marine distillate fuel, with the price advantage predicted to increase through 2035.

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