

Enbridge to expand Ontario CNG network

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Houston, 11 September (Argus) — Union Gas, a subsidiary of energy infrastructure company Enbridge, will build three new compressed natural gas (CNG) fueling stations this year as part of an effort to deploy truck fleets that run on natural gas.

Union plans to complete the CNG stations by October along Ontario's main transit corridors, Highway 401 and the Queen Elizabeth Way (QEW).

"We would love to build more," Jim Redford, vice-president of business development, storage and transmission at Union Gas, said at the Mid-continent LDC Gas Forum in Chicago, Illinois. "It is cheaper than diesel and you get less emissions, but we need trucking companies and manufacturing companies to embrace it as well."

Natural gas-fueled cars do not yet have the same distance range as gasoline and diesel-fueled vehicles. That leaves the current opportunities for expanded use of CNG vehicles with smaller truck fleets, buses, garbage trucks and like vehicles that largely stay within a city, said Redford.

In the US, the adoption of CNG-powered fleets is often driven by local government. In August, the mayors of 25 cities in California stated support for city buses transitioning to zero-emissions fuel by 2040, which would include a switch to renewable fuels for diesel and CNG buses when contracts are renewed in 2020.

It is difficult to sell auto-manufacturers on converting current fleets to run on CNG because an older fleet is not seen as worth the up-front cost of conversion, said Redford, even though the fuel economics are markedly better than petroleum-based road fuels.

The lack of CNG fueling stations available on major thoroughfares in Canada and the US also gives manufacturers pause.

But if more widely adopted, CNG as a road fuel could afford an important demand outlet for North American natural gas at a time when US and Canadian supply threaten to outstrip demand. Increasing pipeline capacity combined with record production growth in oil-rich formations such as the Permian basin, as well as in the Marcellus and Utica shales, is pushing supply to quickly catch up with current demand.