

# LNG Conversion Summary

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## LNG Fuel, Transportation and Infrastructure

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## **Affordability of LNG Conversion Capital Costs For Lake Michigan Carferry**

### **Economic Recovery:**

The estimated capital cost of converting the Badger's fuel from coal to LNG is not currently feasible due primarily to the depressed economy in recent years. The recession has caused a reduction in passenger counts that are approximately twenty percent below the twenty-year average compiled during LMC's existence. With an improving economy it is likely that passenger counts will once again reach the 20-year average, and the resulting increased revenue would allow the company to afford the estimated \$7,500,000 cost of the LNG conversion.

### **LNG Technology:**

LNG is not currently being used in the maritime industry in the United States to fuel large ships like the Badger. Current capital cost estimates for the conversion are based on best available technology and information. As LNG expands as a fuel source in the industry, it is logical to assume that the related improvement in technology will lower the cost of converting ships like the Badger in the future.

### **LNG Conversion Grants:**

Currently there are no grants available to assist with the conversion of the Badger to LNG, although we recently received a \$70,000 grant from the state of Wisconsin to begin pursuing this option. Given the significant advantages of natural gas as a fuel for the maritime industry, including reduced emissions and reduced fuel costs, it is likely that in the future additional grant money will be made available through a variety of sources to encourage the conversion to this superior fuel source.

## Attempted Contacts for LNG

1. Tom Puracchio @ People's energy. (217) 897-7120 . Called and left message on 3/20/12 and 3/22/12 and no return response.
2. Ted Calvin @ Integrys Transportation LLC (832) 884-0335. Called on 3/22/12 and corresponded several times after. Although Integrys is not currently able to sell LNG commercially, they are exploring that option. Ted was able to give some rough estimates on potential pricing of LNG and delivery.
3. Sandra @ NIPSCO (888) 689-8665. Called and left message on 3/22/12. Return call on 4/2/12 from Mike Paske (219) 647-4947.
4. Kay @ BP Chicago Office (312) 594-7801. Called and left message on 3/22/12 and no return response.
5. Joni Zich @ Xcel Energy. Called and spoke on 3/22/12. Xcel is currently exploring the commercial LNG market but has yet to decide if they will get in. Contact info exchanged and will keep in touch.
6. Peter Hackett @ Vista Natural Gas (541) 231-5685. [pete.hackett@vista-naturalgas.com](mailto:pete.hackett@vista-naturalgas.com). Email correspondence between 3/20/12 and present. Vista deals in CNG and is interested in getting into the LNG market.
7. Rich Cowan @ Transcanada. Emailed several times and no response. Prior correspondence with Chuck L.