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IS.PGC D 2

THE 7 GOLDEN RULES TO ESTABLISHING AN *LNG IN ROAD TRANSPORT* SECTOR

Nick Allen

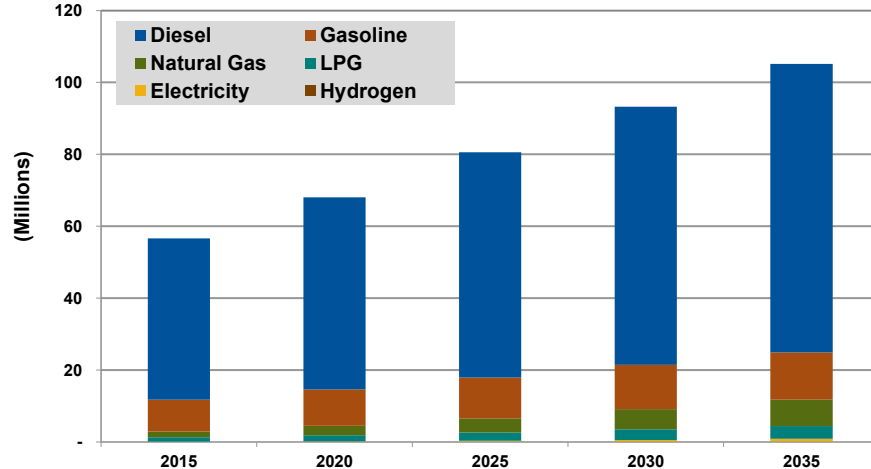
Navigant Consulting, Europe



MOBILITY - A WORLD OF INCREASED COMPLEXITY

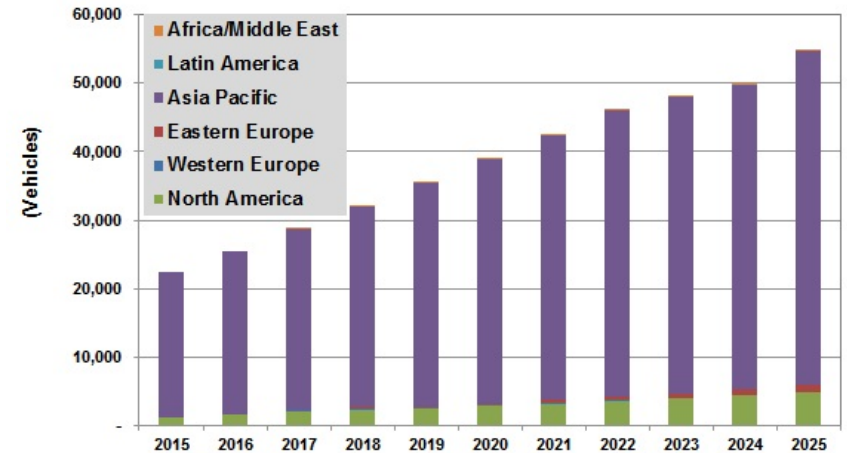
- Road transport solutions have been stable for 100 years
- Road transport is now in *transition* – increasing fragmentation
- LNG MHD vehicles risk remaining a *niche of a niche*

MHDVs in Use by Primary Fuel, World Markets: 2015-2035



Source: Navigant Research

LNG MHDV sales projects, World Markets: 2015-2025



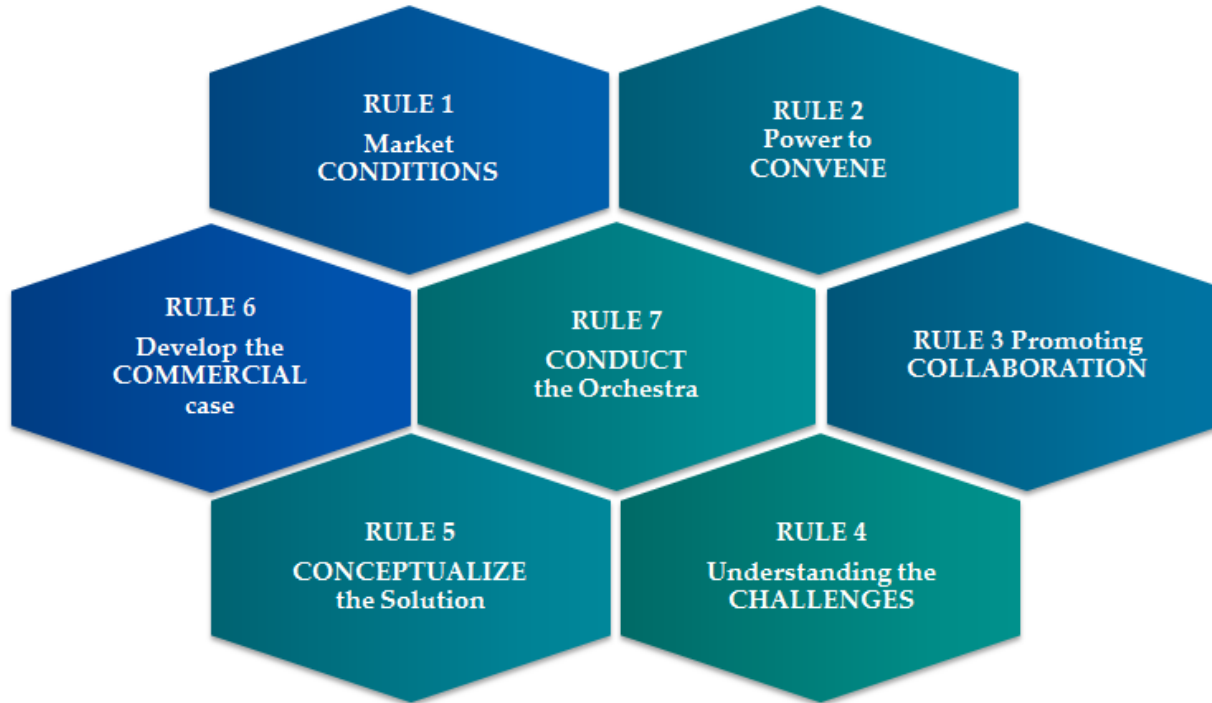
Source: Navigant Research

THE CHALLENGE TO BREAK THE PARADIGM

- Accelerating *LNG-in-road transport* needs a new approach
- Developing a new end-to-end value chain of multiple players
- For all players, how do you achieve...
 - *100% committed, 100% of the time to sustain progress?*
 - *A consistent & coherent view of the final solution?*
 - *Sufficient value sharing to support required investments?*
 - *Sufficient understanding of each others challenges?*
 - *Alignment on timings to market?*

7 RULES OF SUCCESS (7C's)

- Apply 7 rules to give greater chance of success



**“All win
when each
win”**

UNDERSTANDING MARKET *CONDITIONS* (RULE 1)



RULE 1
Market
CONDITIONS

- Do the 3 *fundamentals* exist in a geography to support initiating the opportunity?

1. *Stimulants* – technology, industry capability, legislation

2. *Economics* – scale & materiality, market pricing

3. *Product availability* – access across the LNG supply chain

BUILDING MOMENTUM (RULES 2-4)

RULE 2 Power to CONVENE

- 3rd party *catalyser* to convene key supply chain players
 - *Ultimately this requires a “federation of players”*
 - Ability to establish senior level commitment
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RULE 3 Promoting COLLABORATION

- Early stage engagement/understanding the \$ prize
 - Build commitment – shared success
 - Ensure no player exerts preferential power
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RULE 4 Understanding the CHALLENGES


- All players understand each others challenges:
 - *Technical, financial, commercial, operational*
- Understand the inter-relationships between these

DEFINING THE OPPORTUNITY (RULES 5-7)



RULE 5
CONCEPTUALIZE
the Solution

- Articulation of the overall LNG transport offer
 - Understand the sub-offers to different *customers*
 - *Truck owners, leasing, operators etc.*
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RULE 6
Develop the
COMMERCIAL
case

- Continuous confirmation of sufficient end-to-end value
 - Brokered negotiations on value sharing
 - Regulator engagement for incentives/mandates
-



RULE 7
CONDUCT
the Orchestra

- Sustaining momentum to the end goal
- Addressing inter-player challenges
- Maintaining confidence across players

CONCLUSION – PRACTICAL CONSIDERATIONS

Breaking the *LNG in HD transport niche*



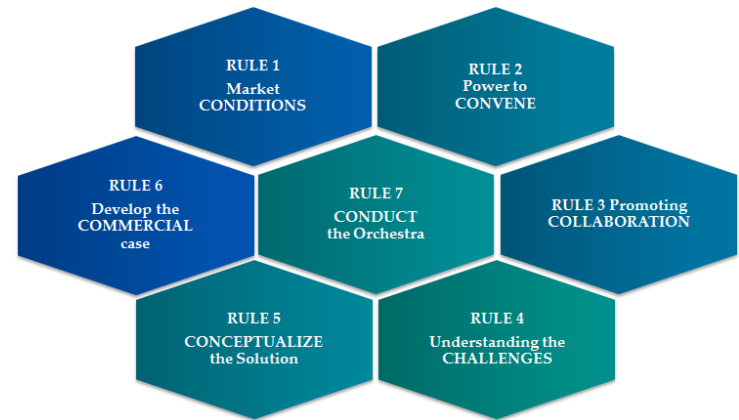
Requires a new paradigm of collaboration

LNG MHDV sales projects, World Markets: 2015-2025



Source: Navigant Research

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THANK-YOU



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