



A Member of The Linde Group

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February 2012

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235.

[www.aemc.gov.au](http://www.aemc.gov.au)

### **EM00022 - Energy Market Arrangements for electric and natural gas vehicles.**

BOC is a domestic manufacturer and supplier of LNG to the heavy duty vehicle and stationary energy sector. We operate LNG plants at Dandenong Victoria and Westbury Tasmania. The company was a member of the Alternative Fuels Strategic Issues Group (AFSIG) co-ordinated by the Department of Resources, Energy and Tourism (RET). We offer the following comments in relation to the above paper.

#### **Natural gas vehicles**

The AEMC issues paper observes that

“the likely take up of natural gas vehicles will be low in the long term. Passenger and light commercial natural gas vehicles are competitive against electric vehicles and conventional vehicles only in the short term and only for large distances. They are not competitive against other vehicles in the long term. The take up for compressed natural gas buses and liquefied natural gas trucks is marginal at best.

Accordingly, we believe that it is unlikely for there to be any significant changes that need to be made to the gas market arrangements.”

While we are not in a position to comment on the Commission’s conclusions in relation to gas market infrastructure, we are however concerned at the comment that “the take up for liquefied natural gas trucks is marginal at best”

The data in Chapter 6, Figure 6.4 of the Report suggests that the Lifecycle costs of LNG trucks is more favourable than Diesel trucks until at least 2030, which appears to be reflected by the increasing LNG truck gas consumption set out in figure 6.7. While we consider the overall demand for LNG trucks may be small relative to the total truck market, we foresee significant growth as more LNG models become available, the cost of conversion reduces and refuelling infrastructure is expanded.

As such we consider the analysis contained in the 2011 AFSIG report (Chapter 14 appendix 1) is more reflective of the long term growth prospects for LNG vehicles.

Without the benefit of access to data used by AECOM to assess the takeup of NGVs we cannot comment on the methodology, however we would request that AEMC liaise with the Department of Resources Energy and Tourism to ensure that the data used for the AEMC analysis and the "Strategic Framework for Alternative Transport Fuels" provides a consistent view in relation to LNG heavy vehicles.

Should you require any additional information please contact Mr Alex Dronoff 02 8874 4572

Yours sincerely

A handwritten signature in black ink, appearing to be 'Alex Dronoff', written in a cursive style. The signature is located below the text 'Yours sincerely'.