

Southeast LNG

Mission and Vision for the Future of LNG

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Presentation Agenda

- The Southeast LNG (SELNG) Partnership
- LNG in the Southeast
- Is LNG a Viable Fuel for the Transportation Sector?
- Key Takeaways
- Current Challenges

The SELNG Partnership

Combining more than two centuries of natural gas expertise to drive transportation in the Southeast



- Largest interstate natural gas pipeline network in the U.S. (over 42,000 miles)
- 11.5 Bcf of LNG storage capacity at the Elba Island receiving terminal
- 6.6 Bcf LNG terminal under construction in Pascagoula, MS (to be commissioned in 2011)
- \$9.5 Billion market cap
- 5000 Employees
- Six natural gas utilities serving over 2.3 million customers
- Long-standing experience with retail energy operations
- 7.2 Bcf of regional LNG peak shaving capacity
 - 4 plants located in GA and TN
- \$2.8 Billion market cap
- 2400 Employees

SOUTHEAST LNG 

Corporate LNG Resources

Elba Island – Savannah, GA

- Originally commissioned in 1979
- 11.5 Bcf of LNG storage capacity
- Capacity held by BG and Shell



Gulf LNG – Pascagoula, MS

- To be commissioned in 2011
- 6.6 Bcf of LNG storage capacity
- Capacity held by Eni, Chevron, Sonagas, Total, and BP



AGL Peak Shaving Units

- 3 in Georgia
 - Cherokee, Riverdale, & Macon
- 1 in Tennessee
 - Chattanooga
- Total 7.5 Bcf of storage



LNG in the SE: Current Market

Utilities must store natural gas for use during periods of peak energy demand

Essential to meeting weather condition
extremities

Provides a secure, uninterrupted
back-up source of supply

Some LNG deliveries can be more
economical than new pipelines

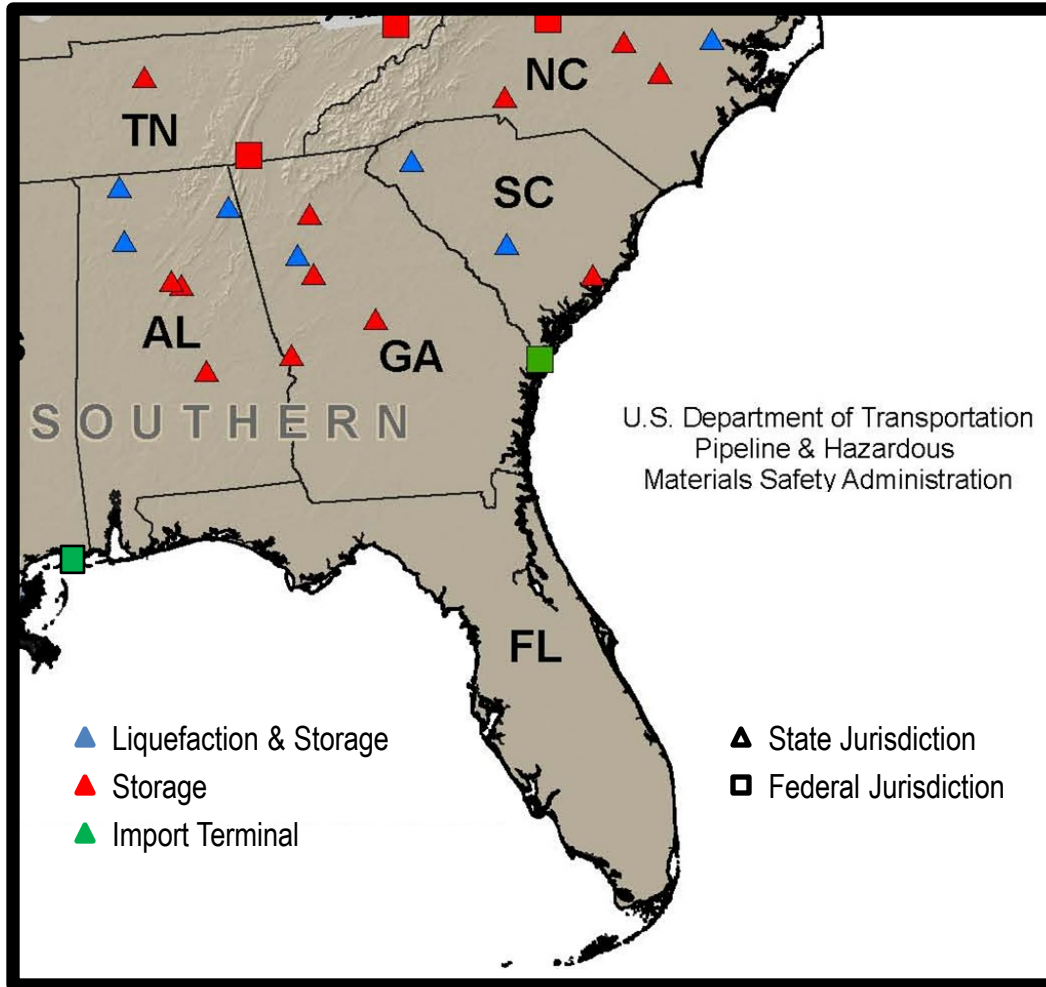


LNG peak-shaving facilities provide market area storage



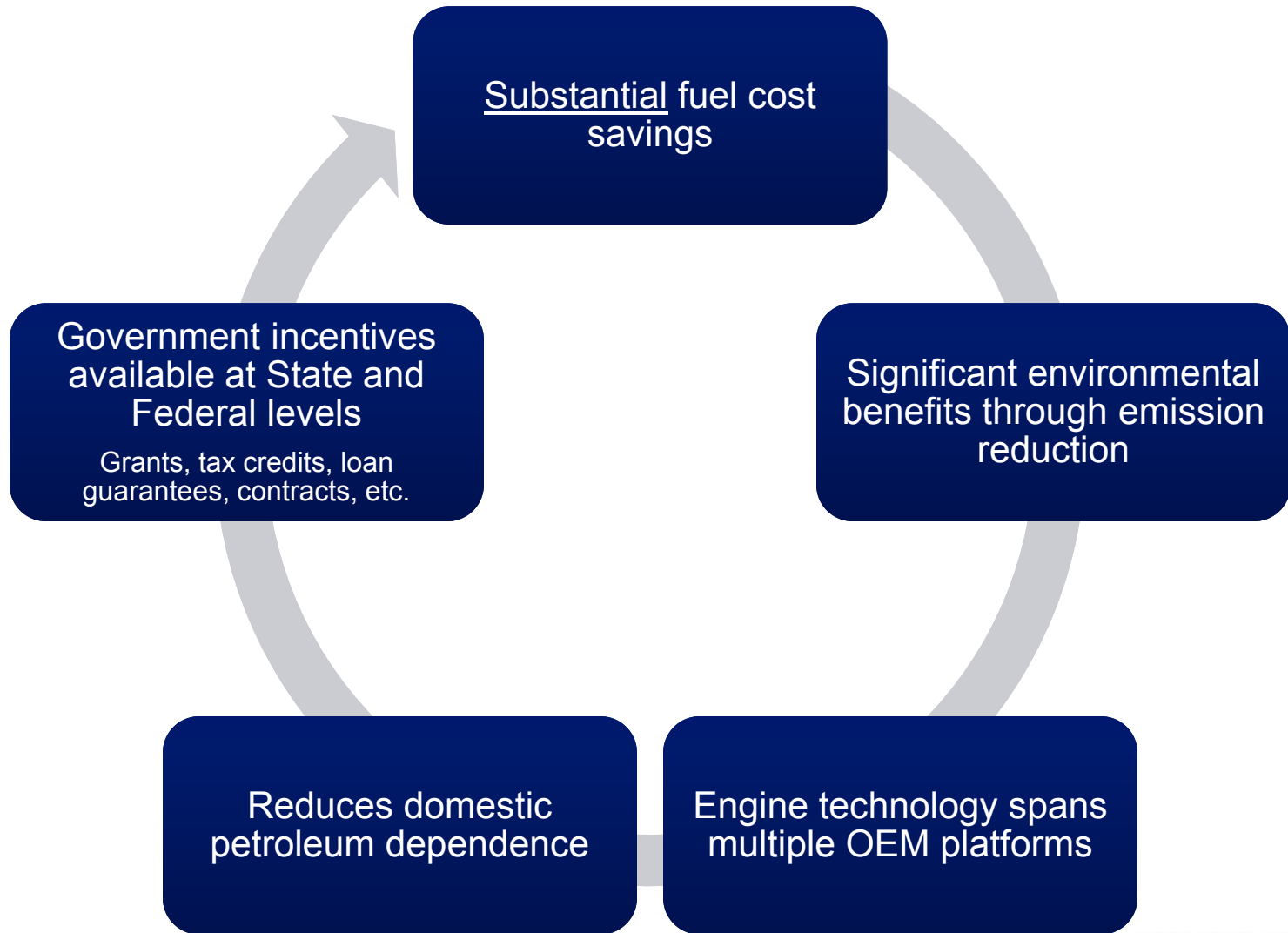
LNG import terminals were developed to diversify supply and mitigate price spikes

LNG in the SE: Peak Shaving



Peak Shaving Unit	Capacity (LNG gal)
AGL – Riverdale	31,000,000
AGL – Cherokee	25,200,000
AGL – Macon	18,900,000
AGL – Chattanooga	14,616,000
Atmos – Columbus	6,090,000
Energen – Pinson	14,700,000
Energen – Coosada	7,350,000
Piedmont – Bentonville	12,180,000
Piedmont – Charlotte	12,180,000
SCANA – Cary	12,180,000
SCANA – Goose Creek	12,180,000
Austell, GA	978,600
Easley, SC	420,000
Trussville, AL	4,788,000
Total:	170+ MM Gallons

LNG: The Value Proposition



Are the Stars Aligned?

A Viable Alternative to Diesel

- Technology to employ LNG as a vehicle fuel has existed for decades, but recent developments have reshaped the fuel's proposition
 - Rising prices and increased volatility of crude oil and its refined products
 - New LNG engine technologies offer performance characteristics comparable to diesel engines
 - Multiple engine manufacturers have begun to enter the market, presenting customers with more product choices

GHG Emissions

- LNG vehicles release fewer GHGs than their diesel counterparts
 - Emission reductions up to 25% of carbon dioxide, 85% of particulate matter, 80% of nitrous oxides, 60% of non-methane hydrocarbons, and 95% of carbon monoxide

Government Initiatives

- Sustained efforts to reduce GHG emissions and to decrease domestic dependence on petroleum
 - 2007, 2010, and 2014-2018 EPA GHG emission mandates
 - Additional voluntary programs e.g. SmartWay, Clean Cities
 - Government incentives to reduce petroleum consumption through the use of alternative fuels

Establishing a Track Record

- Fleets of LNG vehicles in states like Arizona, California, Colorado, Texas, and Utah have demonstrated the viability of LNG as a vehicle fuel
 - An increasing number of pilot projects are being undertaken by large corporations

Southeast Market for LNG NGVs

Market Size

- United States ~ 2 million HD tractor trailers registered
- Alabama ~ 115,000
- Florida ~ 240,000
- Georgia ~ 80,000
- North Carolina ~ 75,000
- South Carolina ~ 25,000

Target Industries

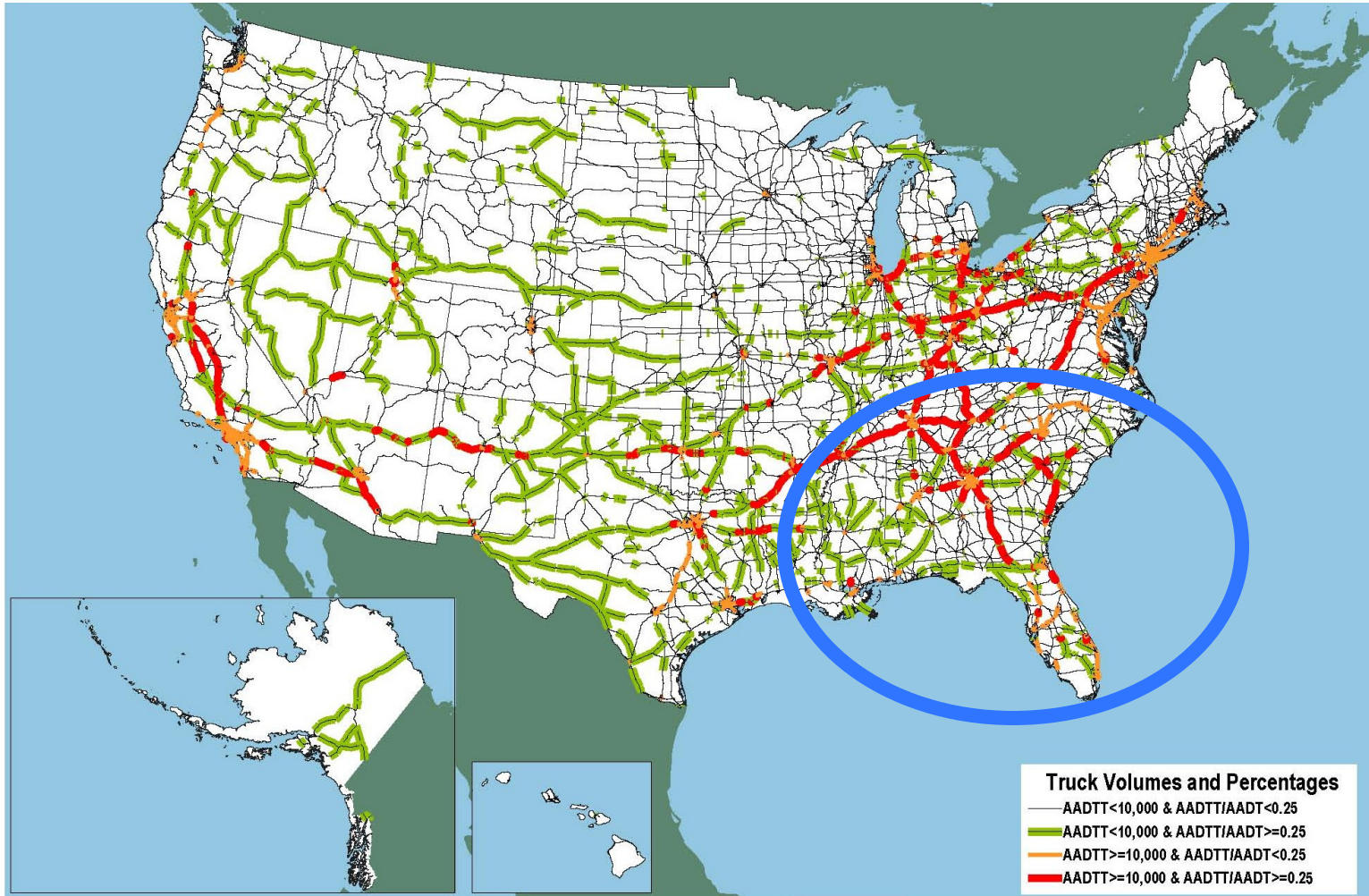
- Regional distribution centers
 - Focus on I-20, I-75, I-85, I-95 freight corridors
- Refuse companies
- Package delivery
- Municipalities
 - Counties in non-attainment zones

Secondary Industries

- Public transit
- Port drayage
- Industrials
- Peak shaving

Urban Market	Miles from Elba Island
Charleston	107
Jacksonville	122
Atlanta	250
Charlotte	252
Greenville	257
Orlando	280
Tampa	338
Birmingham	400

SE Freight Corridors



Market Potential

Immense Fuel Consumption

- US freight trucks use more than 2 million barrels of diesel fuel each day, over 12% of all domestic petroleum consumption
 - 25% of these vehicles operate out of the SE

Freight Movement

- The region is home to many of the nation's key freight movement corridors
 - I-95, I-20, I-75, I-65, I-40, I-10, I-59, I-81, I-26
- Container shipments at the ten largest U.S. container ports have grown by 81 percent over the last decade
 - More traffic expected to occur in the SE with the 2014 expansion of the Panama Canal

Corporate Influence

- Many large and influential companies are based out of the SE
 - With a growing number of Non-Attainment Zones, the SE needs emission reductions to help facilitate continued economic growth
 - A problem exacerbated by the region's high rate of population growth
 - Provides new, green jobs; a cornerstone industry for job creation

Existing Infrastructure

- The SE is home to the most extensive LNG infrastructure in North America
 - Existing LNG resources will help to lower the cost of early adoption

Equipment for LNG NGVs

HD Long-Haul Trucks	Refuse Truck Manufacturers	Transit Buses	Yard "Hostlers"	Utility Vehicles	Retrofitters	Engine Manufacturers
<ul style="list-style-type: none"> •Freightliner •M2 and M2 112 Straight trucks 	<ul style="list-style-type: none"> •Autocar •Crane-Carrier 	<ul style="list-style-type: none"> •Bluebird •Collins Bus 	<ul style="list-style-type: none"> •Autocar •Capacity 	<ul style="list-style-type: none"> •Boom trucks •Cement mixers •Etc. 	<ul style="list-style-type: none"> •FAB Industries, •FuelTek Conversion Corp. •BAF •Baytech •Productive Concepts, Inc •Omnitek Engineering Corporation •APG International, Inc. 	<ul style="list-style-type: none"> •Clean Air Power •CWI •Doosan Infracore •DuraMaxx •Emission Solutions Inc. •Westport
<ul style="list-style-type: none"> •Kenworth •T440 and T8SH 	<ul style="list-style-type: none"> •International-Condor •Mack 	<ul style="list-style-type: none"> •El Dorado •NABI •New Flyer 	<ul style="list-style-type: none"> •Crane-Carrier •Kalmar-Ottawa (Sisu-Magnum) 			
<ul style="list-style-type: none"> •Navistar 	<ul style="list-style-type: none"> •McNeilus 	<ul style="list-style-type: none"> •Orion and Foton 	<ul style="list-style-type: none"> •TICO Tractor 			
<ul style="list-style-type: none"> •Peterbilt •365 and 384 	<ul style="list-style-type: none"> •Peterbilt 	<ul style="list-style-type: none"> •Thomas 				
<ul style="list-style-type: none"> •Volvo 		<ul style="list-style-type: none"> •Volvo 				

Key Takeaways

- The economics of LNG as a vehicle fuel are favorable
 - Extensive new supplies of natural gas can address the challenges of high, increasingly volatile oil prices
- LNG provides a significant reduction in GHG emissions while concurrently reducing domestic petroleum consumption
- Engine technology is available and continues to improve
 - New market entrants are starting to provide customers with additional options and drive down incremental cost
- The industry has the potential to develop and expand at a rapid pace
 - Year-to-year government programs may undermine long-term growth stability

Current Challenges

Engine
technology
and cost

Piecemeal
government
efforts

Attracting
early
adopters

Readily
available
supply

Questions?

For further questions, contact us at:

<http://www.southeastlng.com/contact-us.aspx>

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