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The CNG Dilemma Unscrambled

In my last column, I presented a brief summary of the current alternative-fuels landscape, and I suggested that the clear winner as a successful transportation fuel in the future is compressed natural gas (CNG). With its supply abundance, significant price advantage and gasoline-like energy content to power readily available engine technology, how could it not become a dominant alternative to diesel fuel and gasoline?

Well, as many of you know, CNG-fueled vehicles are currently very limited (less than 120,000 nationwide), and the number of public-access refueling facilities barely shows up on a Google map of the United States. You would, in fact, have a better chance of finding a taxi in New York City on New Year's Eve than you would finding a retail gas station with CNG for sale.

Many writers before me have placed this natural resource and its future, mainstream usage into the category of, "Which comes first, the chicken or the egg?" Because the infrastructure of refueling stations does not presently exist, it is a serious challenge for fleet owners and other consumers to decide to purchase vehicles fueled by CNG despite the overwhelming advantages. The transformation from conventional to alternative fuels was in fact specifically argued as a "chicken and egg" problem by the U.S. Congress Office of Technology Assessment in its 1994 report "Saving Energy in U.S. Transportation": "It is not economical for individuals/(fleets added) to purchase alternative fuels absent sufficient refueling stations, and it is not economical for fuel dealers to open sta-



tions absent alternative fuel vehicles."

A similar circular logic could also be termed a "Catch-22," so coined in the 1961 book of the same name. It actually became part of popular American culture and our English language. As defined in Webster's, a Catch-22 is "a problematic situation for which the only solution is denied by a circumstance inherent in the problem or by a rule." While the term may apply to the CNG dilemma, the book was absurdist fictional satire set during wartime. So, for now, let us take a very brief historical dive into the origins of and scientific answers to the chicken/egg hypothesis, but without the normally accompanying religious or evolutionary theories.

Which Came First?

Classic philosopher Aristotle was puzzled by the conundrum about whether the egg or the bird was first; in the end, he concluded that the bird and egg must have always co-existed. He is quoted as having said, "For there could not have been a

first egg to give a beginning to birds, or there should have been a first bird which gave a beginning to eggs; for a bird comes from an egg."

Stephen Hawking, the oft-referenced theoretical physicist, cosmologist and modern-day scientific philosopher, states that it is unequivocally the egg that came first, for it is this DNA material that gave birth to what is now known as the present-day chicken.

So, for the purpose of this discussion, let us assume for the moment that you agree as I do with Hawking. And I doubt there are many among us who could put forth a successful counterpoint argument. Given this assumption, you are probably thinking (as I did) that we are on our way to having a clear direction about CNG.

Not so. First we need to identify the "egg" in our CNG industry equation. Is it the CNG-fueled vehicle, or is it the retail facility with its hardware to conveniently dispense CNG product for consumption? For those of us in the fuels distribution business, this is our eternal question.

But must we be as brilliant as a leading modern-day philosopher or scientist to come up with an answer? Or should we form a think tank for an answer, composed of the greatest intellectual minds of our times, including the likes of Bill Gates and Hawking? I think not. It is not a philosophical dilemma for which we are seeking a solution. There is a moment in time where the CNG usage curve will hit an inflection point upward, and I believe that moment will soon arrive in our fuels evolution.

What we all need to do is embrace the

fact that some risk will have to be taken to invest in the future of CNG by adding this into the fuel lineup at existing retail gas stations. This is the “egg” in our equation, the availability of convenient infrastructure material that will give birth to a larger and growing population of CNG vehicles. This is the focus that should be at the center, or yolk, of our decision making (pun intended). But the story does not end here.

Decision-Making Criteria

Once a decision is made to install CNG equipment at your gas stations, how do you decide which two or three? Well, you must study many criteria to determine which sites have the best opportunity for success as a CNG supply location. To optimize sales and returns, consider:

► **Natural Gas Location and Pres-**

sure: Where is the natural-gas utility connection, and does the natural gas available have the right pressure and other characteristics to support CNG-powered vehicle engines?

► **Demographics:** Does the facil-

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ity attract the right mix of consumer, wholesale and industrial customers?

► **Product:** Does the trade area already support a robust diesel business?

► **Customers:** What type and size of businesses are available as potential customers, and what types of vehicles do they use? Are they aware of and/or have

any plans to migrate to an alternative fuel such as CNG?

► **Space Requirements:** Does the property lend itself to accommodating a CNG installation? You want to make certain that any format changes do not interfere with existing business.

► **Signage:** Will there be sufficient space to identify and advertise CNG?

► **Hire a Specialist:** Very important. Use an industry veteran who is familiar with the fuels market and can help navigate through the maze of contacts at utilities, zoning boards, equipment makers, project managers, fleet operators and suppliers. If you need a reference, please email me.

These are the key areas to look at when deciding on where to invest your CNG dollars. ■