LNG Industry Update

Erik Neandross

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GNA Overview

- North America’s Leading Full Service Alternative Fuel Vehicle Consulting Firm
- Southern California & NYC
- Founded Dec. 1993
- Diverse Staff of 35
  1. Technical Team
  2. Programs
  3. Public Affairs
  4. Events & Marketing

CLEAN TRANSPORTATION & ENERGY CONSULTANTS
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GNA: Heavy-Duty Commercial Transport
**What We Do**

- **Fleet Planning Analysis**
  Evaluate the best clean technology options for your fleet operations.

- **Fuel Procurement & Infrastructure Development**
  Ensure fueling is cost-effective, reliable, and safe.

- **Maintenance Facility Modifications**
  Maintain your fleet safely and cost effectively.

- **Market Analysis & Development**
  Identify market barriers and opportunities for your product.

- **Government & Public Affairs**
  Reach the stakeholders and decision-makers who matter.

- **Creative Marketing Services**
  Stand out from the competition.

- **Regulatory Compliance**
  Stay ahead of evolving regulatory requirements.

- **Grant Writing & Funding Procurement**
  Secure and manage grants and incentives.

- **New Vehicle & Engine Certification**
  Forge a path toward commercialization.

- **Event Production**
  Engage directly with your target audience.

- **Education & Training**
  Gain more information before launching your project.

- **Investor Guidance**
  Gain on-the-ground insight for your clean tech investment.
GNA HHP NG Projects

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Stakeholder Engagement & Communications

LNG CANADA
Opportunities for Whistler's Natural Gas Industry

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Engagement, Education & Training

- LNG 101 & Familiarity
- Safety Demonstrations
- LNG Safety & Handling
- Permitting Officials
- Fire Department
- First Responders
- Community Outreach
- All Project Personnel
It’s the same natural gas we use in our homes

- Kitchen appliances
- Fireplaces
- Domestic heating
- Barbecues
- Garage or space heating
- Pool heaters
- Fire pits
- Gas lights
- Clothes dryer
- Domestic heating
- Kitchen appliances
Natural Gas Physical Properties

-160°C
LNG

0°C
Natural gas (vapor)

+100°C
Ice
Water
Steam
Natural Gas Physical Properties

24” Beach ball > 3” Baseball
**Natural Gas Physical Properties**

**Lower Flammability Limit (LFL)**
5% natural gas = where natural gas will **START** burning

**Upper Flammability Limit (UFL)**
15% natural gas = where natural gas will **STOP** burning
Natural Gas Supply Chain

- Exploration + Development
- Processing
- Transport
- Liquefaction to LNG
- Transport
- Regassification
- Distribution + Transport
- Marketing + Sell

Vapor → LNG → Vapor

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LNG Tanker Safety Record
LNG in Northwestern B.C.

Although a bit longer than other videos we've posted, this fun clip details LNG Canada's live demonstrations of liquefied natural gas in Kitimat, Kitimat Village and Terrace. Erik Nenfordt, known as our "LNG guy," undertook demonstrations at the Mount Elizabeth Theatre in Kitimat, Kitimat Village School and at the SLJUC Regional Skills Competition and Trades Day in Terrace, B.C.

Engaged students and residents participated in the demonstrations that were not only to explain the science behind turning natural gas into a liquid. Not only did the demonstrations prove to be a great opportunity to interact and meet more residents, it also increased local knowledge about LNG and the LNG industry and helped to address some concerns we have heard.

Watch the video for a glimpse of the demonstrations and to learn more about LNG.
Proposed LNG Export Terminals

LNG Export Terminals in the US: Under Review

- Magnolia LNG
  - Size: 8 mtpa
  - Partners: LNG Ltd
  - Capex: US$3.7 billion
  - Offtake Agreement: 1.7 mtpa, West face capital (1.7)

- Venture Global LNG
  - Size: 5.1 mtpa
  - Partners: Venture Global LLC
  - Capex: NA
  - Offtake Agreement: No agreement

- Louisiana LNG
  - Size: 2 mtpa
  - Partners: Louisiana LNG Energy
  - Capex: NA
  - Offtake Agreement: No agreement

- Gulf LNG
  - Size: 11.5 mtpa
  - Partners: GE Energy, Kinder Morgan
  - Capex: US$6.9 billion
  - Offtake Agreement: No agreement

- Gasfin LNG
  - Size: 1.5 mtpa
  - Partners: Gasfin Development
  - Capex: NA
  - Offtake Agreement: No agreement

- Waller LNG
  - Size: 1.5 mtpa
  - Partners: Waller LNG Services
  - Capex: NA
  - Offtake Agreement: No agreement

- Golden Pass
  - Size: 15.6 mtpa
  - Partners: Exxon Mobil / Qatar Petroleum
  - Capex: US$10 billion
  - Offtake Agreement: No agreement

- Oregon LNG
  - Size: 9.8 mtpa
  - Partners: LNG Development Company
  - Capex: US$6.3 billion
  - Offtake Agreement: No agreement

- South Texas LNG
  - Size: 8 mtpa
  - Partners: Pangea LNG, Statoil NA
  - Capex: US$6.6 billion
  - Offtake Agreement: No agreement

- Eos LNG LLC and Barca
  - Size: 12 mtpa, 12 mtpa
  - Partners: Eos & Barca LLC
  - Capex: US$3 billion
  - Offtake Agreement: No agreement

- Corpus Christi LNG
  - Size: 13.5 mtpa
  - Partners: Cheniere Energy
  - Capex: NA
  - Offtake Agreement: No agreement

- Texas LNG
  - Size: 2 mtpa
  - Partners: Texas LNG LLC
  - Capex: NA
  - Offtake Agreement: No agreement

- Elba Island LNG
  - Size: 2.5 mtpa
  - Partners: Southern LNG/Kinder Morgan
  - Capex: US$1.4-2 billion
  - Offtake Agreement: No agreement

- Lavaca Bay FLNG
  - Size: 4.4 mtpa
  - Partners: Excelerate Energy, United LNG
  - Capex: NA
  - Offtake Agreement: No agreement

- Main Pass Energy Hub
  - Size: 24 mtpa
  - Partners: Freeport-McMoran Energy, United LNG
  - Capex: NA
  - Offtake Agreement: 4 mtpa, Petronet LNG Limited (4)

Source: FERC, API
Proposed LNG Export Terminals

LNG Export Terminal in Canada: Operating & Planned

- Kenai LNG
  - Size: 0.4 mt/a
  - Partners: ConocoPhillips
  - Capex: NA
  - Start date: Operating
  - Offtake Agreement: No agreement

- Alaska LNG
  - Size: 15-18 mt/a
  - Partners: ConocoPhillips, ExxonMobil, BP, Transcanada
  - Capex: US$11 billion
  - Offtake Agreement: No agreement

- Pacific Northwest
  - Size: 12-18 mt/a
  - Partners: Petronas, Japex, Indian Oil, Petroleum Brunel, Sinopec
  - Capex: US$11 billion
  - Offtake Agreement: 3 mt/a, Indian Oil (1.2), Sinopec (1.8)

- Prince Rupert LNG
  - Size: 14-22 mt/a
  - Partners: BG Group
  - Capex: US$11 billion
  - Offtake Agreement: No agreement

- Kitimat LNG
  - Size: 10 mt/a
  - Partners: Chevron, Apache
  - Capex: US$4.5 billion
  - Offtake Agreement: 2 mt/a, Kogas (2)
  - Offtake Agreement: Partners are LNG buyers

- LNG Canada
  - Size: 12-24 mt/a
  - Partners: Shell, PetroChina, KOGAS, Mitsubishi
  - Capex: US$12 billion
  - Offtake Agreement: Signed, details not available

- Douglas Channel LNG
  - Size: 1.8 mt/a
  - Partners: Hasila Nation, LNG Partners, Gojar LNG
  - Capex: US$0.5 billion
  - Offtake Agreement: Signed, details not available

- Woodfibre LNG
  - Size: 2.1 mt/a
  - Partners: Pacific oil & gas
  - Capex: US$1.7 billion
  - Offtake Agreement: No agreement

- Aurora LNG
  - Size: 24 mt/a
  - Partners: CNOOC, Inpex, JGC
  - Capex: NA
  - Offtake Agreement: No agreement

- WCC LNG
  - Size: 10-30 mt/a
  - Partners: ExxonMobil, Esso, Imperial Oil
  - Capex: NA
  - Offtake Agreement: No agreement

- Great Point BC
  - To be decided

- Prince Rupert BC
  - To be decided

- Kitimat BC
  - To be decided

- Kitimat, BC
  - To be decided

- Squamish BC
  - To be decided

- Metford, Nova Scotia
  - To be decided

- Goldboro, Nova Scotia
  - To be decided

- Woodside Petroleum
  - Size: TBD
  - Partners: TBD
  - Capex: TBD
  - Offtake Agreement: No agreement

- Triton LNG
  - Size: 2.3 mt/a
  - Partners: Atlas Gas, Idemitsu Kosan Co Ltd
  - Capex: NA
  - Offtake Agreement: No agreement

- H-Energy LNG
  - Size: 4.5 mt/a
  - Partners: H-Energy
  - Capex: US$3 billion
  - Offtake Agreement: No agreement

- Goldboro LNG
  - Size: 10 mt/a
  - Partners: Pieridae Energy
  - Capex: CAD$5-10 billion
  - Offtake Agreement: E.ON Global Commodities (5 mt/a)

Source: FERC, API, RBC Capital Markets
LNG Export Terminals: Current Status

• Long term permitting and approval process
• Competitive global market
• Slowed global demand for energy (especially in Asia)
• Very few approved
• Very few LNG export terminals will be constructed
• Long term, stable and low prices for North American natural gas customers
Small Scale Domestic LNG Production
Small Scale Domestic LNG Production
Growing HHP Market for LNG
Tremendous Growth of LNG Marine in N.A.
Carnival Cruise Lines LNG Commitment
LNG for Freight Locomotives
LNG for Freight Locomotives
HHP Summit – Oct. 11 – 13; Chicago

Value Registration Is Open

Save through October 7 and join us in Chicago.
### Table ES.2: 2015 Maritime Industry-related Emissions by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>PM$_{10}$</th>
<th>PM$_{2.5}$</th>
<th>DPM</th>
<th>NO$_x$</th>
<th>SO$_x$</th>
<th>CO</th>
<th>HC</th>
<th>CO$_{2e}$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>tons</td>
<td>tons</td>
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<td>tons</td>
<td>tonnes</td>
<td>tons</td>
<td>tonnes</td>
<td>tonnes</td>
</tr>
<tr>
<td>Ocean-going vessels</td>
<td>74.7</td>
<td>69.4</td>
<td>59.3</td>
<td>3,779.7</td>
<td>124.6</td>
<td>320.7</td>
<td>146.2</td>
<td>248,431</td>
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<tr>
<td>Harbor craft</td>
<td>30.5</td>
<td>28.1</td>
<td>30.5</td>
<td>825.5</td>
<td>0.7</td>
<td>487.4</td>
<td>80.9</td>
<td>61,013</td>
</tr>
<tr>
<td>Cargo handling equipment</td>
<td>9.1</td>
<td>8.5</td>
<td>7.2</td>
<td>557.3</td>
<td>1.8</td>
<td>760.3</td>
<td>84.9</td>
<td>170,710</td>
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<tr>
<td>Locomotives</td>
<td>30.2</td>
<td>27.5</td>
<td>30.2</td>
<td>819.0</td>
<td>0.8</td>
<td>194.3</td>
<td>45.8</td>
<td>68,432</td>
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<tr>
<td><strong>Heavy-duty vehicles</strong></td>
<td><strong>8.3</strong></td>
<td><strong>8.0</strong></td>
<td><strong>7.7</strong></td>
<td><strong>1,895.9</strong></td>
<td><strong>4.2</strong></td>
<td><strong>134.6</strong></td>
<td><strong>36.2</strong></td>
<td><strong>381,737</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>152.9</strong></td>
<td><strong>141.4</strong></td>
<td><strong>134.9</strong></td>
<td><strong>7,877.3</strong></td>
<td><strong>132.1</strong></td>
<td><strong>1,897.3</strong></td>
<td><strong>394.0</strong></td>
<td><strong>930,324</strong></td>
</tr>
</tbody>
</table>

Source: Port of Los Angeles 2015 Air Emissions Inventory
U.S. Federal Ozone Standards Just Got Tighter!

COUNTIES IN NONATTAINMENT FOR POTENTIAL 8-HOUR OZONE STANDARD (0.07 PPM)
National Ambient Air Quality Standards

Concentration > 0.07 ppm
Non-Attainment Counties: 460
Non-Attainment Population: 129,002,717

Source – United States EPA <http://www.epa.gov/airtrends/values.html>
Map © Gladstein, Neandross & Associates / June 2014 / gladstein.org
HDDTs are the Key Source of NOx & Ozone

**South Coast Air Basin**

<table>
<thead>
<tr>
<th>Source</th>
<th>Tons/day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavy-Duty Diesel Trucks</td>
<td>49.31</td>
</tr>
<tr>
<td>Off-Road Equipment</td>
<td>42.78</td>
</tr>
<tr>
<td>Oceangoing Vessels</td>
<td>32.05</td>
</tr>
<tr>
<td>Reclaim (Large Stationary)</td>
<td>27.23</td>
</tr>
<tr>
<td>Locomotives</td>
<td>22.23</td>
</tr>
<tr>
<td>Aircraft</td>
<td>15.62</td>
</tr>
<tr>
<td>Heavy-Duty Buses</td>
<td>14.28</td>
</tr>
<tr>
<td>Manufacturing and Industrial</td>
<td>13.97</td>
</tr>
<tr>
<td>Heavy-Duty Gasoline Trucks</td>
<td>13.87</td>
</tr>
<tr>
<td>Light-Duty Cars</td>
<td>12.34</td>
</tr>
</tbody>
</table>

**San Joaquin Valley Air Basin**

<table>
<thead>
<tr>
<th>Source</th>
<th>Tons/day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavy-Duty Diesel Trucks</td>
<td>46.91</td>
</tr>
<tr>
<td>Manufacturing and Industrial</td>
<td>46.29</td>
</tr>
<tr>
<td>Locomotives</td>
<td>21.98</td>
</tr>
<tr>
<td>Off-Road Equipment</td>
<td>21.76</td>
</tr>
<tr>
<td>Farm Equipment</td>
<td>17.92</td>
</tr>
<tr>
<td>Glass and Related Products</td>
<td>10.38</td>
</tr>
<tr>
<td>Oil and Gas Production (Combustion)</td>
<td>9.49</td>
</tr>
<tr>
<td>Food Agriculture</td>
<td>8.52</td>
</tr>
<tr>
<td>Cogeneration</td>
<td>8.15</td>
</tr>
<tr>
<td>Managed Burning and Disposal</td>
<td>7.81</td>
</tr>
</tbody>
</table>

Top 10 NOx Emission Sources, tons/day in 2023
(Assumes all Existing Regulations are Implemented)
Cummins Westport Product Lineup

Low-NOx Heavy-Duty NG Engines

**ISL-G NZ (9L)**
Now CARB & EPA CERTIFIED to 90% below existing standard

**ISB-G (7L)**
To be CARB & EPA CERTIFIED to 50% below existing standard

**ISX-G NZ (12L)**
To be CARB & EPA CERTIFIED to 90% below existing standard

Deployment Begins

------------------- 2016- ------------------- 2017 ------------------- 2018 -------------------
HD 0.02g NOx Natural Gas Engines

0.01 g NOx & 0.001 g PM
Near Zero Emission Technology

“NEAR ZERO EMISSION”

• 0.02 g/bhp-hr NOx
• Same as a battery electric truck plugged into a brand new modern combined cycle natural gas power plant in Southern California (i.e. “power plant equivalent”)

“ZERO EMISSION EQUIVALENT”

• 0.07 g/bhp-hr NOx
• Same as a battery electric truck plugged into the California grid (~30% carbon free, very clean)
• What about other states with coal heavy power grids?
Grid Cleanliness

Percent Coal-Fire Generation by State

Baseline Analysis

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Game Changing Opportunity

NATURAL GAS ENGINES + RENEWABLE NATURAL GAS

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Sources of Low Carbon RNG

- Landfills
- Organic Waste Digestion
- Dairy Waste
- Waste Water Treatment Plants
EER-Adjusted Carbon Intensity Values
(Illustrative Only - ARB November 2015, CA-GREET 2.0)

- Baseline Diesel (ULSD): 102.0 gCO2e per Megajoule
- Fossil LNG: N. American (90% liquefaction efficiency): 94.0 gCO2e per Megajoule
- Fossil CNG: N. American: 87.1 gCO2e per Megajoule
- Renewable Diesel: Tallow: 28.4 gCO2e per Megajoule
- Renewable LNG: Landfill Gas (90% liquefaction efficiency): 26.2 gCO2e per Megajoule
- Renewable CNG: Landfill Gas: 20.1 gCO2e per Megajoule
- Renewable CNG: Anaerobic Digestion (Wastewater Sludge): 8.6 gCO2e per Megajoule
- *Renewable CNG: High Solids Anaerobic Digestion (Food/Waste): -30.8 gCO2e per Megajoule

Hydrogen (33% Renewable CH2) = 35.3 gCO2e per Megajoule
Average California Electricity = 31.0 gCO2e per Megajoule

Source: California Air Resources Board, "LCFS Illustrative Fuel Pathway Carbon Intensity Determined using CA-GREET2.0, "discussion presented by staff on 9/17/15, except*, which is from "CA-GREET 1.8b versus 2.0 CI Comparison Table." 4/15/15.
RNG in the California LCFS

57% of 34M DGE = 19.4 M DGE as RNG

Source: ARB LCFS Quarterly Data. Available at [http://www.arb.ca.gov/fuels/lcfs/dashboard/quarterlysummary/media_request_041516.xlsx](http://www.arb.ca.gov/fuels/lcfs/dashboard/quarterlysummary/media_request_041516.xlsx)

- **Black line**: total NG volume (millions of DGE) reported under CA’s LCFS program
- **Blue bars**: percentage that was RNG
- **Take-away**: well over half (57%) was RNG in latest reporting (Q4, 2015)
Investment in Low Carbon RNG

Trash to Gas

Renewable Natural Gas

- Methane gas is captured before it is released into the atmosphere as a greenhouse gas emission.
- Methane is purified and processed into Renewable Natural Gas (RNG).
- RNG reduces harm to the environment because it captures naturally occurring methane before it is released into the atmosphere as a greenhouse gas emission, turning that methane into a safe, usable fuel that displaces the conventional fuel (and its carbon emissions) that we would otherwise use.
- The total production cycle of RNG results in GHG emissions that are up to 90% less than diesel.

The RNG is distributed across the country through natural gas pipelines.

The RNG is captured from sources of buried waste.

By 2017, our alternative fuel and advanced technology fleet will enable us to avoid as much as 12% of our annual conventional gasoline and diesel fuel use.

GreenBiz

UPPS is working toward its goal of driving 1 billion miles with its alternative fuel and advanced technology fleet by the end of 2017.

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Game Changer White Paper

• Released May 2016
• Documents Zero Emission Opportunity
  – Ultra Low NOx HD Engines
  – Renewable Natural Gas
• Opportunity for:
  – Air Quality Improvement and Federal Attainment
  – Economic Development
  – Climate Change Mitigation
Here Are Some Choices For Cleaning The Air

For the same level of investment, we can pick option A, B or C...
Which Choice Makes The Most Sense?

<table>
<thead>
<tr>
<th>Option</th>
<th>Number of Trucks Incentivized</th>
<th>Tailpipe Criteria Pollutant Reductions vs Baseline Diesel (weighted tons)</th>
<th>WTW GHG Reductions vs Baseline Diesel (thousand MT CO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>8,264</td>
<td>3,810</td>
<td>4,990</td>
</tr>
<tr>
<td>B</td>
<td>2,232</td>
<td>1,249</td>
<td>983</td>
</tr>
<tr>
<td>C</td>
<td>952</td>
<td>533</td>
<td>369</td>
</tr>
</tbody>
</table>
Short Haul Truck Incentives
What does $500 million buy?

Commercially available in 2016
Not yet commercially available in short haul applications

Number of Trucks Incentivized

<table>
<thead>
<tr>
<th>CNG NZ - LFG</th>
<th>EV Ca Grid</th>
<th>FCV - 33% RH2</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,264</td>
<td>2,232</td>
<td>952</td>
</tr>
</tbody>
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Tailpipe Criteria Pollutant Reductions vs Baseline Diesel (weighted tons)

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<td>1,249</td>
<td>533</td>
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</table>

WTW GHG Reductions vs Baseline Diesel (thousand MT CO2e)

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<tr>
<th>CNG NZ - LFG</th>
<th>EV Ca Grid</th>
<th>FCV - 33% RH2</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% LFG (1,126)</td>
<td>983</td>
<td>369</td>
</tr>
<tr>
<td>30% LFG (2,285)</td>
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<td></td>
</tr>
<tr>
<td>50% LFG (3,058)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100% LFG (4,990)</td>
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</tr>
</tbody>
</table>

Incentive amounts based on incremental purchase cost of advanced heavy-duty short haul trucks over baseline diesel truck
Based on emissions and vehicle activity data from CARB EMFAC 2014
Weighted emissions = NOx + 20*PM10 + ROG
GHG emissions based on illustrative fuel pathways calculated by ARB Staff using CA-GREET 2.0
Cost effectiveness uses Moyer program capital recover factors based on typical retention period of first owner
Cost Effectiveness
2015 – 2055 ($/ton)

<table>
<thead>
<tr>
<th></th>
<th>LNOx + RNG</th>
<th>ELECTRIC BUS</th>
<th>FUEL CELL BUS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Depot Charge</td>
<td>Depot &amp; In-route</td>
</tr>
<tr>
<td>Cost Increase</td>
<td>$161.3</td>
<td>$2,154.9</td>
<td>$1,224.5</td>
</tr>
<tr>
<td>(NPV $ million)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>GHG Reduction</td>
<td>11.4</td>
<td>8.3</td>
<td>8.4</td>
</tr>
<tr>
<td>(million tons)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-basin NOx</td>
<td>2.7</td>
<td>2.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Reduction</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>(tons x 000)</td>
<td></td>
<td></td>
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<tr>
<td>Cost Effectiveness</td>
<td>GHG</td>
<td>$14</td>
<td>$259</td>
</tr>
<tr>
<td>($/ton)¹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IB NOx</td>
<td>$59,000</td>
<td>$755,000</td>
<td>$427,000</td>
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</tbody>
</table>

¹ Assumes that 100% of cost increase attributed to each pollutant
Natural Gas Trucks Offer the Most Immediate and Cost-Effective Opportunity to Eliminate Emissions From Port Drayage Trucks (and likely yard hostlers) in North America.