A leading shipbroker remarked to a recent conference panel session that for more shipowners to commit to LNG as fuel required much more support from the energy majors whose cargoes they might carry.

In fact, the majors have already come out in support of LNG as fuel; it forms a major plank of their energy transition strategies with strong messages around lower emissions.

But perhaps the real reason why shipowners are hesitating before jumping into ordering LNG fuelled vessels has less to do with methane slip and more to do with the vast expense and complexity of implementation that LNG as fuel represents. For the major owners, money may not be a problem, but many LNG as fuel projects have struggled for commercial viability without subsidies; its availability is intermittent and quality varies by region, with little or no price fungibility.

The costs of constructing an LNG fuelled ship are considerably higher than the next most commercially-efficient alternative and while some yards would be happy to get the work, there are limits to which ones could build such complex tonnage in any volume. Others have decided that the additional requirements means tying up berth space when there is still plenty of conventional tonnage to be built.

At another recent industry event, a working with building low and zero carbon ships pointed out that adoption of LNG as fuel is still challenged by safety risks and cost issues. Fueling a large LNG powered ship is more akin to lightering than bunkering, given the volumes required, while ordering a 50,000dwt LNG-fuelled MR tanker could put $9m on the order price and would still require exhaust after treatment for NOx emission compliance.

Not surprising then that some banks are hesitating too. At least one institution currently outside the Poseidon Principles remarked recently that environmental sustainability needs to go hand in hand with financial and economic sustainability, creating a big question mark on alternative fuels.

For the oil majors or shipowners to sink billions into LNG as fuel would be a colossal risk, which is why so far, though there are planned investments in the fuel for larger tonnage, the numbers so far are small. LNG’s unsuitability as a mass-market transport fuel creates a number of problems for an industry seeking the means to comply with the first IMO carbon intensity reduction target in 2030. The first is that the zero carbon alternatives we hear so much
about are, while promising, decades from commercial availability and regulatory approval. The growing attention being paid to hydrogen and ammonia in particular belies this. Doesn’t mean they won’t eventually take their place in the future fuels mix but for the moment, the industry needs to put the alternatives in context and understand what is possible in the next 10 and 25 years.

to incur the risk and expense of building LNG-powered tonnage. Because shipping needs an interim fuel with a pathway to full sustainability, it would make more sense for those oil majors and tanker owners to look at Methanol.

For compliance with 2020 as well as a pathway fuel for 2030, Methanol provides a safe, cost efficient and regulated alternative, with no SOx or PM liquid fuel that it can use to replace fuel oil, but for the moment, that alternative is already within reach.

Investors and asset owners in shipping are traditionally driven by ROI but in the near future they will be driven by environmental performance too. This combination makes LNG a very short ‘bridge’ fuel for SOx, NOx, CO2, NOx and PM, as methane slip negates all such gains. The fact that like most alternative fuels, they are derived from fossil fuels, in the case of ammonia, normally as a by-product of Methanol, with any experience as a fuel existing on paper only. The truth is that the industry can’t afford to sit and wait for a zero carbon fuel but neither does it have emissions, very low CO2 emissions during combustion and NOx Tier III compliance without an expensive SCR.

As we move into the 2020s, more renewable Methanol will become available, meaning that owners can progressively reduce their carbon footprint at reasonable cost, without the need for technical or operational measures such as speed reduction or lower installed power.

It has been said that the shipping industry will wait a long time for a