

## Brazil's Natural Gas Fleet Close to 1 Million

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Prior to the end of 2005, it is possible that the target set by the Brazilian Petroleum and Gas Institute (IBP) of 1 million vehicles running on natural gas will be met.

This forecast was made by the coordinator of the Institute's VNG (Vehicular Natural Gas) Committee, Rosalino Fernandes, based on the new record set in January for engines converted to VNG.

In January, 25,215 vehicles were added to Brazil's VNG fleet, which now totals 863,841 units.

"We believe that, if the number of conversions remains between 24 and 25 thousand each month, the target of 1 million converted vehicles may be reached in any month from May to October," Fernandes said.

The leader in monthly conversions continues to be the state of Rio de Janeiro, with 9,184, followed by São Paulo, 5,485, and Santa Catarina, 2,057.

According to Fernandes, price stability constitutes an important element in January's result. While the current price of natural gas stands at US\$ 0.42 (1.088 reais), gasoline prices rose over 20% in a year, from US\$ 0.776 (2 reais) to US\$ 0.881 (2.27 reais).

In some cities in São Paulo and Santa Catarina, the price of VNG is less than US\$ 0.388 (1 real)

In addition to being around 40% less expensive than gasoline, VNG cannot be adulterated and is considered an environmentally clean fuel, with only one molecule of carbon, reducing the emission of greenhouse gases by 20-25%. According to the IBP, Brazil has proven reserves for 20 years of consumption.

Conversions of vehicles to natural gas surged ahead in 1998, with annual sales increasing at an average rate of 35%.

In 2004, consumption of VNG amounted to 1.584 billion cubic meters, corresponding to average monthly sales of 152 thousand cubic meters in the country's approximately one thousand fueling stations.

Again according to information from the IBP, Brazil has the world's second largest fleet of vehicles run on natural gas, after Argentina, which has 1.5 million. And VNG currently accounts for 3.5% of fuel consumption, which represents 7% of the Brazilian energy matrix.

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