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LNG fuelled vessels: The future is now



Peter Keller, TOTE
Photo: Gail Karlshoej



By [Barry Parker](#) from New York

The Connecticut Maritime Association's monthly luncheon featured liner shipping veteran, Peter Keller, executive vice president of Totem Ocean Trailer Express (TOTE), which operates vessels in the US Jones Act liner trades. Keller, best known

from his time at NYK is spearheading the LNG project at TOTE, which is wholly owned by longtime maritime investor Saltchuk Resources.

The speaker began by noting that many people talk about LNG fuelling, at conferences and the like, and said "What you are going to see today is not the future of LNG, but the present...the future of LNG is today."

Keller stressed that LNG was the most viable alternative for TOTE in the environmentally sensitive regions served by the carrier, after an extensive study phase that also examined the viability of scrubbers. He described LNG as the only alternative that we saw that addressed the core problem - the fuel itself, "and one which would lead us well beyond what the most aggressive regulators could dream up".

TOTE, serving the Pacific Northwest to Alaska trades, will be retro-fitting two existing "Orca Class" ships for LNG fuelling, with dual fuel capability, while the SeaStar division - linking Jacksonville, Florida with Puerto Rico - is currently building two new "Marlin" class vessels, to be primarily fuelled by LNG, at NASSCO.

The presentation came five weeks after the launching of the LNG powered containership Isla Bella, the first of the Marlins, at the NASSCO yard in San Diego. The vessel is expected to enter the Jacksonville / Puerto Rico service later this year, in October, after going on sea-trials in August. TOTE has done its homework- a presentation slide showed the attendance of prominent labour, military and political figures at the launching ceremony. A second Marlin vessel will be launched later this year and enter the Puerto Rico service in late 2016. The US Maritime Administration (MARAD) is providing guarantees on some \$324m of debt finance for the vessels, under its Title XI loan guarantee programme.

A holistic corporate approach was conveyed in a slide show that went way beyond diagrams of engines, the usual fodder at such events. Other Saltchuk companies are finding their way into a bigger picture plan; Foss will pushing an LNG barge for fuelling on the West Coast (on an interim basis) while Tropical Shipping, the latest Saltchuk acquisition, will play a role in a contemplated LNG distribution operation around the Caribbean. The approach also utilises state of the art financial engineering to complement the actual equipment. The LNG fuel supply chain, acknowledged to be one of the biggest challenges for TOTE, will utilize a barge being built at Conrad Shipyards.

The barge- owned by a group that includes Wespac Midstream, tied to Oaktree Capital, will first be deployed in Tacoma on the West Coast to serve TOTE's existing but soon to re-engineered "Orca Class" vessels. After an LNG production plant is completed at Tacoma, by the utility Puget Sound Energy, the 2,200 cu m barge will then be shifted to Jacksonville and will serve the "Marlin" newbuilds. When completed, circa 2018, the Tacoma production plant will fuel vessels via a cryogenic pipeline. On the East Coast, permitting has begun at Jacksonville for a new liquefaction facility that will some day serve multiple customers.

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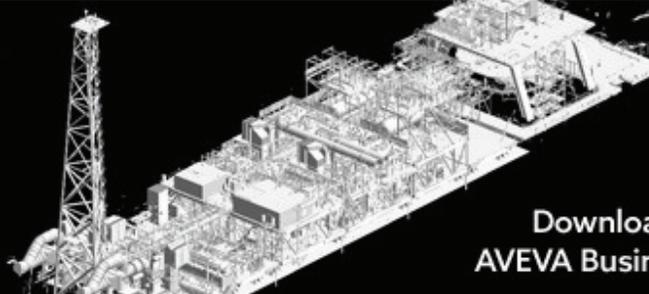


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