



# California Natural Gas Vehicle Coalition

California Energy Commission

**DOCKETED**

**13-ALT-02**

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California Energy Commission  
Dockets Office, MS-4  
Re: Docket No. 13-ALT-02  
1516 Ninth Street  
Sacramento, CA 95814-5512  
[docket@energy.ca.gov](mailto:docket@energy.ca.gov)

## **Re: Revised Staff Draft 2014-2015 Investment Plan – Docket 13-ALT-02**

Dear Investment Plan Team:

The California Natural Gas Vehicle Coalition submits the following comments on the Revised Staff Draft 2014-2015 AB 118 Investment Plan. We really appreciate the Energy Commission's ongoing support for the development and deployment of natural gas transportation. We also appreciate the time and effort the Energy Commission staff and Commissioners have put into the current NGV solicitation and the AB 118 program overall.

As we have said at the Advisory Committee meetings and in previous correspondence we strongly believe natural gas is a great transportation fuel that has not yet realized its potential. Our perspective is supported by the following facts: natural gas is abundant in North America; natural gas has a significant price advantage over gasoline and diesel; natural gas offers very competitive clean air and greenhouse gas benefits compared to other fuels; and each month there are more vehicle options in the heavy-duty, medium-duty, and light-duty markets.

The California Natural Gas Vehicle Coalition represents the state's natural gas vehicle industry and includes major automobile manufacturers, utilities, heavy-duty engine manufacturers, fueling station providers, equipment manufacturers, and fleet users of natural gas vehicles.

### **It is premature to reduce NGV incentive funding**

The California Natural Gas Vehicle Coalition appreciates the Commission's continued support for natural gas vehicles as demonstrated by \$9 million proposed for natural gas vehicle incentives in the draft Investment Plan. However this proposal is \$3 million or 25% less than was approved for natural gas vehicle funding in the last Investment Plan. We are

opposed to this proposed reduction in funding and believe it runs counter to the CEC's own discussion of the benefits of NGVs in this and past Investment Plans.

At the most recent Advisory Committee meeting CEC staff presented summary results of NRELs analysis of program benefits. One of the striking details of that analysis is that natural gas trucks are projected to provide 17% of the ghg and petroleum reduction benefits of this program through 2025. Significantly less than 17% of the AB 118 investments to date have been in natural gas transportation thus the return on these investments has been and will be very good.

NGVs are very low emission vehicles that provide significant greenhouse gas reductions compared to their gasoline and diesel alternatives. This is especially true in the heavy-duty vehicle market, a high-polluting transportation sector where there are very few alternatives to petroleum available. More investment in NGVs today also supports a viable pathway to greater use of other clean fuels such as renewable natural gas and hydrogen.

As discussed at the most recent Advisory Committee meeting the CEC and all clean vehicle advocates need to be careful to not count our chickens before they are hatched. We are making progress in deploying natural gas vehicles but we are still a very small fraction of all vehicles on the road. Much more needs to be done.

Our Coalition continues to believe that investing in vehicles is the most important strategy for growing natural gas as a transportation fuel in California. Unlike many other alternative fuels the natural gas vehicle industry has evolved to a point where many fueling stations do not need public funding to support their construction or operation. Private capital is being secured for most CNG fuel station projects where there are enough natural gas vehicles (NGVs) present to provide a sustainable demand for the stations fuel. As we have said before increasing the number of NGVs on the road as soon as possible is critical to continued and greater growth of natural gas as a sustainable alternative transportation fuel.

For all of these reasons we strongly encourage the Commission to provide at least \$12 million in natural gas vehicle funding in this plan. We recognize that CEC has limited funding in the AB 118 program so the question is where to get the \$3 million we believe should be restored to the NGV line item. We recommend it come from either the Electric Vehicle Charging Infrastructure or the Medium- and Heavy-duty Advance Vehicle Technology Demonstration both of which staff is proposing to fund at \$15 million.

### **It is premature to reduce Alternative Fuel Production Funding (including biomethane)**

The Natural Gas Vehicle Coalition appreciates that the CEC is proposing to provide significant funding for biofuel production in this Investment Plan but we are opposed to the proposed reduction in funding for this category. As we commented at the first Advisory Committee meeting on this Investment Plan the CEC staff's write up about the benefits of

biofuels is extremely positive. The draft Investment Plan comments about the dramatic emission reductions provided by biofuels, the strong potential to replace diesel and gasoline in a variety of applications and then goes on to propose a reduction in funding for this category. It makes no sense to do this. We urge the CEC to increase funding for this category to at least the \$23 million in the last Investment Plan. Here again we recommend the \$3 million to be restored to the Alternative Fuel Production category come from either the Electric Vehicle Charging Infrastructure or the Medium- and Heavy-duty Advance Vehicle Technology Demonstration which staff is currently proposing to fund at \$15 million.

### **Refueling Infrastructure funding important for certain scenarios**

The California Natural Gas Vehicle Coalition continues to believe that the CEC will have the most positive impact on the expansion of natural gas transportation by providing vehicle incentive funding. That said we support funding for natural gas refueling infrastructure especially in cases where private funding is difficult to secure. School district fleets are one example of a fleet that may need public funding support to refurbish aging refueling infrastructure or construct new refueling infrastructure. We urge the CEC to maintain contact with the private companies that are building refueling infrastructure across the state to make sure private funding is not readily available and help create opportunities for multiple fleets to use any project the CEC funds in this category.

### **Strong support for manufacturing and training investments in California**

We strongly support continued funding for worker training as well as clean vehicle and component manufacturing in California. These investments are very important if California is going to realize its goals for a clean transportation future.

### **Updates and corrections to some details in this Plan**

It is totally inappropriate for the CEC to continue to use or refer to the draft Vision for Clean Air as a resource in the AB 118 Investment Plan or elsewhere. The draft Vision was limited in scope and had many flaws. In the fall of 2012 the Air Resources Board received lots of public comments to correct and improve the Vision for Clean Air. Rather than correct this draft document the Air Resources Board announced in January 2013, more than a year ago, that they would not finalize it. Unless and until the Air Resources Board makes significant corrections to that draft document and releases a final document the CEC must stop using it as a resource. As you consider our request on this we ask you to try to identify one other example where the CEC continued to cite a draft report on any topic after the agency became aware that the draft report would not be finalized.

The number of public access natural gas stations cited on page 24 is out of date. We will provide updated numbers to CEC staff in the next few days.

As discussed briefly at the last Advisory Committee meeting the ARB has now adopted an Optional Low Nox Standard. Thus the language on page 25 of the draft Investment Plan should be updated.

We look forward to working with the staff and Commissioners to strengthen this Investment Plan and deploy many more natural gas vehicles over the year ahead.

Sincerely,

A handwritten signature in black ink that reads "Tim Carmichael". The signature is written in a cursive, flowing style.

Tim Carmichael  
President

CC: Jim McKinney  
Charles Smith