



# California Natural Gas Vehicle Coalition

California Energy Commission

**DOCKETED**

**14-ALT-01**

**TN 74034**

**NOV 21 2014**

November 21, 2014

Commissioner Janea Scott  
California Energy Commission  
Re: Docket No. 14-ALT-01  
1516 Ninth Street  
Sacramento, CA 95814-5512

## **Re: Draft 2015-16 Investment Plan Update – Docket # 14-ALT-01**

Dear Commissioner Scott:

The California Natural Gas Vehicle Coalition submits the following comments on the Draft 2015-2016 Investment Plan Update. We greatly 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 Alternative and Renewable Fuel and Vehicle Technology Program.

As we have said in previous letters 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.

### **Strong support for NGV incentive funding**

The California Natural Gas Vehicle Coalition appreciates the Commission's continued support for natural gas vehicles as demonstrated by the \$10 million proposed for natural gas vehicle incentives in the draft Investment Plan. As demonstrated by the current Program Opportunity Notice (PON) for natural gas vehicle incentives there is tremendous demand for incentives to support the purchase of natural gas vehicles. 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. Getting more natural gas trucks onto California roads today is a key strategy for successful Low Carbon Fuel Standard. More investment in NGVs today also supports a viable pathway to greater use of other clean fuels such as renewable natural gas (RNG) and hydrogen.

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. 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.

### **Augment NGV incentive funding with a portion of the Demonstration Funding**

As we mentioned at the recent Advisory Committee meeting we believe the Air Resources Board is providing sufficient Medium- and Heavy-Duty Advance Vehicle Technology Demonstration funding (>\$50m per year). Thus CEC would have a much bigger impact on air quality and greenhouse gas reductions by shifting at least \$5 million of the \$20 million proposed for this category to Natural Gas Vehicle Incentives.

CEC also needs to carefully review all of ARB's proposed demonstration investments to ensure there is no duplication of efforts in this category.

### **Strong support for Biofuel Production Funding (including biomethane)**

Here again the Natural Gas Vehicle Coalition appreciates that the CEC is proposing to provide significant funding for biofuel production in this Investment Plan. We agree with CEC staff's very positive assessment for this category including dramatic emission reductions provided by biofuels and the strong potential to replace diesel and gasoline in a variety of applications. We encourage CEC to increase the level of investment above \$20 million.

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

As stated above 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.

### **Draft Update understates the number of Natural Gas Refueling Stations in California**

The CEC cites the US Department of Energy's AFDC website as the resource for the 285 CNG and 45 LNG stations in California. Though AFDC is generally a good resource their information is definitely not up to date for California's CNG stations. We are working to confirm that there are 45 LNG stations in California. We believe that if this number is not correct it is very close. However relative to the CNG stations there are many more than AFDC is showing. We checked with Southern California Gas Company and Pacific Gas and Electric to find out what they believe are the correct numbers in their service territories. SoCalGas reported that in their service territory and San Diego Gas & Electric's territory they have 322 CNG stations of which about 100 are public access. PG&E reported that they have 131 CNG stations in their territory and they believe approximately 40 of these are public access. Curiously the ~140 public access stations they report in total is ~20 less than what our Coalition has catalogued in our station directory. We will work with these utilities to identify and correct any discrepancies soon.

### **NGV incentive funding details**

As we flagged most recently at the Advisory Committee meeting there are several elements of NGV incentive funding program that need updating or adjusting. We list them below and have scheduled or will be scheduling meetings with Commissioners and staff to address these.

- ❖ CEC needs to correct the "OEM" limitation in the most recent NGV solicitation
- ❖ CEC should consider incentive funding for bi-fuel vehicles
- ❖ CEC needs to revisit current limitations on combining Prop 1B and AB 118 funding
- ❖ CEC should increase per vehicle incentives for Light duty natural gas vehicles

Finally 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,



Tim Carmichael  
President