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The Honorable Robert B. Weisenmiller
Chair, California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

September 28, 2015

RE: Comment Letter – AB 1257 Natural Gas Act Report

Dear Chair Weisenmiller:

Clean Energy is appreciative the California Energy Commission on September 21 held a workshop on the Draft AB 1257 Natural Gas Act Report and is currently soliciting public comment. Please find our thoughts enclosed.

As North America's largest provider of natural gas transportation fuel with over eighteen years of leading industry experience, we provide construction, operation and maintenance services for refueling stations. We have a deep understanding of the growing marketplace, and our portfolio includes 550 stations in 43 states, including a significant presence of 154 in California, of which 65 are public. These 65 provide renewable natural gas (RNG) as compressed natural gas (CNG) or liquefied natural gas (LNG) vehicle fuel.

Already used as a clean source of energy around the world, natural gas is abundant and proven to be a cost-saving alternative fuel. Natural gas for transportation fuel strengthens our economy with lower fuel costs, increases our energy security, and significantly benefits our environment by reducing carbon emissions and smog-forming NOx emissions by up to 23% and 35%, respectively, relative to diesel fuel. Carbon emissions are reduced even further – by 90% - when renewable natural gas is used instead of diesel.

Chapter 5 of the Report titled "Natural Gas as a Transportation Fuel" is regarded by our company as generally positive and certainly highlights the benefits of natural gas and renewable natural gas as transportation fuels. However, the benefits of the fuels and vehicles are significant to the state, and we believe what is a rather conservative chapter could better reflect the benefits with more affirmative statements, including that the state should do more to develop, distribute and deploy heavy-duty natural gas engines capable of meeting the Air Resources Board's "optional low-NOx" standard at 0.02 g/hpr-hr because there is nothing else in this space capable of delivering such near-zero level NOx emissions.

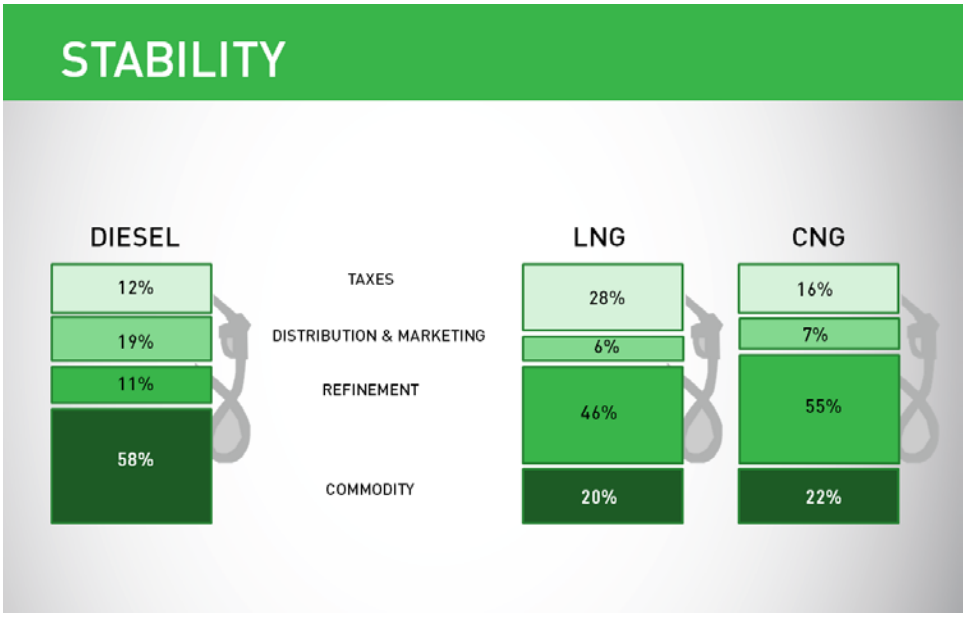
The Report was likely published well before the Air Resources Board certified Cummins Westport's .01 g/bhp-hr NOx heavy duty engine on September 10, 2015, which is a **game changer** for the transportation sector and public policy. We believe this new technology, of which the 9L engine is scheduled for deployment in 2016 and the 12L in 2017, should be a much more prominent part of the discussion in the next draft accompanied with more prescriptive policy recommendations.

We believe the Report should also discuss further and offer support for the benefits of out-of-state renewable natural gas. In-state production is significantly constrained because of stringent gas quality cleanup standards, cost-prohibitive gas quality testing, and expensive pipeline interconnection costs. We believe the Report should promote out-of-state supply as well, especially in the section titled "Alternative and Renewable Fuel and Vehicle Technology Program" on page 48. The greenhouse gas benefits are the same whether in-state or out.

In addition, page 46 accurately yet somewhat conservatively refers to renewable natural gas transportation fuel: "Indeed, some of the biomethane and renewable natural gas pathways represent the lowest carbon pathways available under the low-carbon fuels standard." We believe this should be taken one step further by noting in no uncertain terms that renewable natural gas is THE lowest carbon transportation fuel available for fueling medium- and heavy-duty trucks.

It is also noteworthy that these fuels play an important role in the Short-lived Climate Pollutants reduction strategy, as they would contribute toward the reduction of black carbon and methane.

Finally, it is noteworthy how resilient natural gas is as a cost effective transportation fuel since there is approximately 8.1 gasoline gallon equivalents (GGE) for every million cubic feet of gas (Mcf). Let's assume $2.44 is the base cost for taxes, distribution, marketing and refinement (T,D&M,R) of natural gas as a transportation fuel today, and the commodity cost is on average at $2.50/Mcf. Under this scenario, when calculated for gasoline gallon equivalent (GGE), the commodity cost for natural gas is $0.309/GGE and the retail price at the pump would be $2.809/GGE. If the price of natural gas went up to $7.00/Mcf in 2030 as projected by the CEC's high demand case, the commodity cost per GGE would be $0.864 and T, D&M, R would be $2.458/Mcf or $3.322/GGE. Even assuming natural gas prices went up to $14.00/Mcf by 2030, the commodity cost would be $1.728 and T, D&M, R would be $2.596/therm or $4.324/GGE. **The bottom line is that natural gas used as a transportation fuel provides greater certainty for California businesses with the added benefit of delivering cleaner air.**



Thank you for considering our views ahead of the next draft of the Natural Gas Act Report.

Sincerely,

Ryan Kenny
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Clean Energy

cc: Members, California Energy Commission