

DOCKETED

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CNGVC & RNG Coalition Comment Letter on Draft 2018-2019 ARFVTP Investment Plan

Additional submitted attachment is included below.



November 17, 2017

Jacob Orenberg
Energy Commission Specialist II
Fuels and Transportation Division
California Energy Commission

Dear Jacob,

On behalf of the California Natural Gas Vehicle Coalition and the Coalition for Renewable Natural Gas (RNG Coalition), we would like to provide the following comments on the draft version of the *2018-2019 Investment Plan Update* for the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP). Our comments will focus on the portion of the plan that deals with the incentive program (NGVIP) for natural gas vehicles and infrastructure.

Who We Are

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. We are working together to advance natural gas as an alternative transportation fuel.

The RNG Coalition is a non-profit organization based in California that represents and provides public policy advocacy on behalf of the renewable natural gas (RNG, biomethane, upgraded biogas) industry in North America. Our membership is comprised of leading companies operating in each sector of the industry, including but not limited to producers of greater than 90% of all the RNG produced in the United States and Canada.

No Funding Recommended for 2018-2019

Our industry was shocked and blind-sided to see that the staff recommendation for the NGVIP was to provide zero funding for this fiscal year. Needless to say, we are strongly opposed to this recommendation. Natural gas vehicles (NGVs), especially in the heavy-duty trucks sector, have a large role to still play in helping our state meet our climate and clean air goals. This fact is underscored by the 2013 [study](#) done by UC Riverside-CE CERT of in-use emissions from 2010 diesel trucks. This study found that "2010 diesel engines with SCR emitted up to 5 times higher NOx emissions than its EPA certification standard. Emissions increased as the duty cycles decreased". Diesel trucks still dominate the medium and heavy-duty truck population in California and natural gas vehicles powered by the low NOx engine are the cleanest available option, now.

Defunding this program is a short-sighted solution that sends the wrong signal. I know that CEC has provided significant funding to the technology development of natural gas engines and this is no time to abandon the program or that investment.

We believe that the program should be fully funded while CEC staff, NGV industry representatives and UCI program staff work together to fix the program and ensure it success.

Recommendation: Fund the NGVIP at \$9.7 million for 2018-2019 funding year.

Programmatic Changes Needed

We feel that there is an obligation, among us, to use our contacts, knowledge, and business acumen to ensure that the programs that are funded with tax payer’s dollars are operating at peak levels. When we see programs not performing at optimum levels, we must act. We must put aside our preference for technology and rally around the idea that “all boats must float to the top”, in order to give communities, the air quality and climate relief that they have every right to. NGVs running on Renewable Natural Gas (RNG) are part of our low carbon transportation future.

There are also some data that is needed in order to provide the necessary info to produce meaningful recommendations:

1. List of every reservation that was received for the current funding year. Each entry should include the following:
 - name of applicant (fleet)
 - date reservation was submitted
 - date reservation was confirmed (approved) - this is the day that the clock starts for deployment
 - # of units approved per Weight class group
 - # of units used before expiration deadline
 - # of units not used (i.e. \$ de-obligated)

2. The impact of increasing the per fleet 30-unit cap.

Recommendation: Set up a meeting between CEC ARFVTP staff, UCI NGVIP program staff, and representatives from the NGV industry to develop an Improvement Plan for the long-term success of the program. These recommendations should be included in the final plan adopted for the 2018-2019 Investment Plan.

Banner Year Forthcoming

Over the last few years, the NGV industry has weathered the low cost of oil per barrel along with the development and transition to a new technology. As we close out 2017 and look to 2018 great things are on the horizon.

Cummins Westport Inc. has decided to no longer make a regular natural gas engine and will offer only the Low NOX, .02 emission certified Near Zero engines in the 6.7L, 8.9L and 11.9L versions in 2018 and beyond. The price of oil is double what it was this time a year ago, coupled with the new

diesel excise tax in CA, fleets will be looking for cleaner, cost effective alternatives that the Near Zero engines are ready and available. Incentives will play a vital role in weaning these fleets off diesel.

Fuel Matters

According to your the report the ARFVTP was “created by the California Legislature to help achieve the state’s climate change policies” and “funding allocations reflect the potential for each alternative fuel and vehicle technology to contribute to the goals of the program.” These statements are inconsistent with the funding allocations in the report.

RNG is the lowest carbon-intensity fuel commercially available today and, depending on the feedstock is also a carbon-negative fuel. The California Air Resources Board recently awarded the lowest-carbon intensity score ever certified (-255) to an RNG production facility. The draft funding allocation intentionally excludes the largest stationary feedstock for production of ultra-low carbon RNG (landfills) and contains no funding for the fueling infrastructure necessary to achieve carbon reductions from these sources. RNG production facilities are necessary to reduce GHG emissions and capture and convert methane - a short-lived climate pollutant many times more potent than carbon - that would otherwise be flared or escape fugitively into the atmosphere from landfills. By comparison, electricity has a carbon intensity score of +35 (290 points worse than some RNG) and yet electric charging infrastructure is being funded at a level of \$20.

Recommendation #1: Strike exclusion of landfill gas projects from consideration for ARFVTP funding.

Recommendation #2: Allocate \$20 million for renewable natural gas vehicle fueling stations.

Near-Zero engines running on Renewable Natural Gas are producing short-lived climate pollutants and GHG reductions in mobile sources. With the ongoing investment in projects that create RNG and the implementation of policies such as SB 1383, this fuel will be critical to areas such as the Central Valley and Inland Empire as they work to clean up their heavy duty mobile sources.

We look forward to engaging with you on these important topics in the very near future.


Please don’t hesitate to reach out to us, if you have any questions or concerns at thomas@cngvc.org and nina@rngcoalition.com.

Sincerely,



Thomas Lawson

President
California Natural Gas Vehicle Coalition



Nina Kapoor

Director, State Government Affairs
Coalition for Renewable Natural Gas

CC: Commissioner Janea Scott
Andre Freeman, Supervisor –Medium- and Heavy-Duty Vehicle Technology Unit