DOCKETED	
Docket Number:	18-ALT-01
Project Title:	2019-2020 Investment Plan Update for the Alternative and Renewable Fuel and Vehicle Technology Program
TN #:	225844
Document Title:	Clean Energy Comments 2019-2020 Investment Plan Update
Description:	N/A
Filer:	System
Organization:	Clean Energy/Ryan Kenny
Submitter Role:	Public
Submission Date:	11/7/2018 4:03:46 PM
Docketed Date:	11/7/2018

Comment Received From: Ryan Kenny
Submitted On: 11/7/2018
Docket Number: 18-ALT-01

2019-2020 Investment Plan Update Comments from Clean Energy

Additional submitted attachment is included below.

Headquartered in California
Ryan.Kenny@cleanenergyfuels.com

www.cleanenergyfuels.com

Ryan Kenny
Senior Public Policy and Regulatory Affairs Advisor – Western U.S.

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

November 7, 2018

Re: 2019-20 FY ARFVTP Investment Plan Update

Dear Chair Weisenmiller:

On behalf of Clean Energy, we would like to express concern about the draft 2019-2020 Investment Plan Update for the *Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP).*

As North America's largest provider of natural gas and renewable natural gas transportation fuel with over twenty-one years of leading industry experience, Clean Energy provides construction, operation and maintenance services for refueling stations nationwide. Headquartered in California, we have a deep understanding of the growing marketplace, and our portfolio includes 533 stations in 43 states, including a significant presence of 165 stations in California.

Already used as a clean, low carbon source of energy around the world, renewable natural gas (RNG) is abundant and proven to be a cost-saving alternative fuel to diesel and gasoline. RNG 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.

ARFVTP provides competitive grants, revolving loans, loan guarantees and other much-needed funds for the production and deployment of low carbon fuels and innovative near-zero and zero-emission vehicle technologies to help attain the state's climate change policies. It is technology and fuel neutral, and is making a positive contribution to the state's climate and clean air goals. Any change to favor one technology or fuel would go against the intent of the bill which established the program.

The *ARFVTP* program has in its history included incentive funding for natural gas vehicles (NGVs), natural gas fueling stations and for infrastructure. It is imperative that the state, via the CEC and ARB, make it a high priority to use funds to incentivize heavy duty trucks to use low-NOx engines set at the 0.02 g/bhp-hr standard. Powered by renewable natural gas, immediate greater environmental benefits will be achieved than with any electrified system for 1/5th to 1/10th the cost and far fewer operational and logistical challenges, as RNG technology can be seamlessly integrated into large natural gas fleet operations such as drayage, goods movement, refuse, transit, and airport operations.

The ceding to ARB incentive allocations for NGVs has resulted in a diminished voice and jurisdictional influence of the CEC over these important decisions. This runs contrary to the fuel and technology neutral intent and language of the program, while zero emission vehicle technologies continue to enjoy funding allocations from both agencies. Our industry expressed at ARB's October Board hearing that the FY 2018-2019 $45,000 HVIP incremental cost voucher continues to remain too low to effectively increase demand, and that empirical calculations by those working directly with fleet owners peg what should be a $60,000 voucher. ARB members directed staff to continue evaluation of this amount at a new natural gas vehicle workgroup meeting to be held in December. However, the CEC's secession of involvement in this overall discussion has contributed to date, in part, in fewer NGVs displacing heavy-duty diesel vehicles.

Therefore, we remain very concerned that the goal in the State Implementation Plan of deploying 900,000 low NOx vehicles by 2031 will not be met, and thus the strategy for air quality attainment will fall short.

In addition, we are concerned about the repeated attempts to reduce or eliminate funding for "Low Carbon Fuel Production and Supply." There was a serious, and we feel misguided, attempt made this year through a legislative budget trailer bill to completely eliminate this funding for biofuels in favor of transferring the funds for EV charging. Ultimately, the full $25 million amount was approved by the CEC but half was off-set by politically volatile GGRF revenues. We are concerned about and opposed to the proposed $5 million reduction for 2019-2020, in addition to what these events potentially forecast in future Investment Plan Updates.

Finally, this program was designed to help advance the Low Carbon Fuel Standard and ensure that it remain viable. Eliminating near-zero strategies from the menu will cripple the LCFS, as more than 90% of the carbon intensity reductions come from combustion strategies, not zero tailpipe strategies.

Market certainty and strong signals from the state are vital so fleet owners can effectively plan their business operations. We urge the CEC to continue allocating $25 million for "Low Carbon Fuel Production and Supply," and for the CEC to adhere to AB 118 and share the funding responsibility with ARB to effectively displace dirty diesel vehicles with heavy duty NGVs.

Sincerely,

Ryan Kenny
Senior Public Policy & Regulatory Affairs Advisor – Western U.S.
Clean Energy