

DOCKETED

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SoCalGas Comments on Proposed Investment Plan 19-20

Attached is the SoCalGas comment letter on the Proposed Investment Plan 2019-2020

Additional submitted attachment is included below.



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Transmitted via E-commenting to 18-ALT-01

Re: DOCKET NO. 18-ALT-01, 2019-2020 INVESTMENT PLAN UPDATE FOR ALTERNATIVE AND RENEWABLE FUEL AND VEHICLE TECHNOLOGY PROGRAM

To Whom It May Concern:

Thank you for the opportunity to provide input on Proposed Investment Plan Update (Investment Plan) for the Alternative and Renewable Fuel and Vehicle Technology Program (“ARFVTP”) (Docket Number: 18-ATL-01). ARFVTP has been successful in funding the development and deployment of emerging and proven technologies. With aggressive long-term climate goals and strict near-term air quality (criteria pollutant emission) requirements, it is imperative that the state take a balanced approach in spending available funds. With that said, SoCalGas submits the following comments on the Investment Plan Update for your consideration.

ARFVTP SHOULD INCLUDE FUNDING FOR NATURAL GAS TRUCKS

Since program inception, ARFVTP has funding over 3,000 natural gas vehicles and 65 natural gas fueling stations. In all, ARFVTP has spent \$119 million dollars on natural gas projects. The Natural Gas Voucher Incentive Program (NGVIP) has been successful in directing these investments which have resulted in significant criteria and greenhouse gas emission reductions. However, the Investment Plan does not allocate any funding to this activity. The Investment Plan states that there are other state programs that fund natural gas trucks and that funding this activity would be redundant to other programs.

While there are other programs that fund natural gas trucks, it is important to have a suite of incentive options to choose from. Each program is different and has different program requirements. It is important to have various programs for potential participants to choose from so that each can select the program that best suits their needs.

Many of the other activities in the Investment Plan are redundant to other state and local programs. For example, electrical charging infrastructure can be funded through a myriad of other national, state, local, and electric utility programs. Yet, over \$30 million is proposed for electrical charging infrastructure in the Investment Plan. To not fund natural gas vehicles and infrastructure because there are other programs that funds natural gas projects, is not consistent with how the rest of the funding is being allocated.

SoCalGas recommends that funding be allocated to fund natural gas vehicle projects.

THE POTENTIAL BENEFITS AND USE OF BIO-METHANE IN TRANSPORTATION IS AGAIN INCORRECTLY QUESTIONED

The 2018-2019 Investment Plan incorrectly states that “The potential of biomethane as a transportation fuel may be limited, however, because of the finite amount that can be produced from waste-based feedstocks”. This exact language was also included in the current proposed Investment Plan. This statement relies on a single Union of Concerned Scientist study that estimated only 450 million diesel gallon equivalents of RNG. Other studies, however, have reached a far different conclusion. For instance, studies from the University of California, Davis, the American Gas Foundation, and the United States Department of Energy yield estimates of California sources of RNG as high as 1,956 million diesel gallon equivalents of RNG – far greater than the UCS estimate.¹

SoCalGas recommends that the Investment Plan include additional information from other RNG studies to make determinations about availability and abundance.

THE NATURAL GAS VEHICLE INCENTIVE PROGRAM NEEDS TO BE MODIFIED

Over 80% of the NGVIP funding has been spent on Class 7 and 8 trucks with a gross vehicle weight rating of over 33,000 pounds. The voucher amount for trucks this size is currently \$25,000. Cummins now has a larger, 11.9-liter natural gas engine certified by the California Air Resources Board’s (ARB) to meet the Optional Low Nitrogen Oxide Standard of 0.02 grams per brake horsepower hour. This engine is applicable for a wider variety of vocations such as port drayage and long-haul trucking because of its larger size. A truck equipped with this engine however is slightly more expensive than the previous 8.9-liter engine. The incremental cost is estimated to be \$70,000 over conventional diesel. Therefore, the \$25,000 voucher amount is not enough to cover the incremental cost nor is it enough to entice moving from diesel to alternative fuel.

SoCalGas recommends modifying NGVIP to increase the voucher amount to \$70,000 for the new 11.9-liter natural gas engine.

LOW CARBON FUEL PRODUCTION FUNDING SHOULD BE MAINTAINED AT \$25 MILLION

The 2018-2019 Investment Plan included \$25 million of funding for Low Carbon Fuel Production. However, the funding was not directly from ARFVTP, which was concerning as it needed to go through additional, separate approvals. SoCalGas is pleased that ARFVTP funding is allocated to Low Carbon Fuel Production in the Proposed Investment Plan, however, we were disappointed to see a decrease of \$5 million.

The ARB Scoping Plan specifically highlights using “*methane as a renewable source of natural gas to fuel vehicles and generate electricity*” and as an important measure to reduce greenhouse gas (GHG) emissions and air pollution. The Scoping Plan has a methane emission reduction goal of 40 percent. Capturing methane emissions and reusing it is integral to meeting the state’s goals. Captured methane processed to create Renewable Natural Gas (RNG) has the lowest carbon intensities issued by ARB. ARB recently awarded the company, AMP Americas, a carbon intensity (CI) score of -254.94 grams of carbon dioxide per megajoule (gCO₂e/MJ) for its renewable natural gas, which is the lowest CI score ever issued by ARB. By comparison, the current CI for electricity is approximately +35 (gCO₂e/MJ).

¹ ICF International, Deploying Low NOx Trucks fueled by Renewable Natural Gas, May 2017, p. 7-9; Table 3.

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SoCalGas recommends that the Investment Plan Update commit to funding Low Carbon Fuel Production and Supply at the same \$25 million level.

Thank you again for the opportunity to comment on the ARFVTP. Please do not hesitate to contact me if you have any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'KM' or similar initials, written in a cursive style.

Kevin Maggay
Energy and Environmental Affairs Program Manager