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CNGVC Comment Letter on ARFVTP Draft Investment Plan

Additional submitted attachment is included below.



California Natural
Gas Vehicle Coalition

August 9, 2019

California Energy Commission
1516 9th Street
Sacramento, CA 95815

RE: 2019-2020 ARFVTP Draft Investment Plan

Dear Commissioners & Staff,

On behalf of the California Natural Gas Vehicle Coalition, I would like to provide the following comments on the draft version of the *2019-2020 Draft Investment Plan* for the *Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP)*. Many of our comments are similar from our November 2018 comment letter on this plan, as those recommendations have still not been addressed.

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.

Legislative Intent Not Being Met

It was expressed in last year's *Investment Plan* that there was not any demand for heavy duty natural gas vehicles (NGVs) due to an anomaly of undersubscription from one \$1 million solicitation. That undersubscription was used as justification to zero-out incentives for NGVs for two consecutive funding years, including 2019-2020. We strongly believe staff and the California Energy Commission (CEC) came to a premature and erroneous conclusion, and that there would have been more caution demonstrated to not throw away a program that is providing real air quality benefits to Californians right now.

Frankly, there IS demand for these vehicles proven through the recent success of the \$16 million solicitation through the air districts. To put that into greater perspective, NGVIP began in October of 2015 and has provided incentives for approximately 980 NGVs over a 3-year period. Conversely, solicitation GFO-17-605 sent \$16 million to two air districts in April 2018 and just five months later, in September 2018, they funded 220 NGVs or roughly 22% of what the original program was able to

fund! If the programmatic changes that we outlined in our 2017 letter would have been implemented how many NGVs could we have deployed?

The legislation that created and extended this program, AB 118 and AB 8, was supported by a broad coalition of organizations, companies and stakeholders because it was a fuel-neutral program that provided short-term *and* long-term assistance to fleets to help them choose cleaner alternative vehicles and fuel. This program is set to expire in 2026, the way the funding is being manipulated currently is putting the reauthorization of it in jeopardy.

Lastly, this program was also designed to be a complementary program to others in our regulatory environment, **not in lieu of**. Just because there are other programs doesn't release CEC from the legislative mandate to fix and continue this incentive program.

Recommendation: We would like to see the data or research that is used as justification to ignore current legislative intent in this program.

ARFVTP Advisory Committee Reform Needed

The current structure and process of this advisory committee is broken. It does not provide any opportunity for its members, any who represent various technology and fuel companies in California, to change, edit or add to the staff draft report.

Stakeholders should have more of a say in how the content of Investment plan is drafted. At the August 5th Advisory committee hearing, several stakeholders and advisory committee members spoke of wanting changes to how the funds were being allocated. What is the process to make changes when there is clear dissension on the current plan?

Senate Bill 1383 (Lara), included in its mandate to the state to reduce Short-Lived Climate Pollutants, outlined a robust and effective working group process. It brought stakeholders from all sides of the clean transportation issue together to work on policy and implementation recommendations. In order to meet the mandates of their committees, everyone worked really hard on compromises necessary to produce recommendations that will help the state.

Recommendation: The ARFVTP program should adopt significant changes to align its composition, process, and mandate with how the SB 1383 working groups were designed.

Near term Reductions Ignored

Going back almost 2 years, it appears that CEC has abandoned achieving any near-term reductions. With looming federal non-attainment deadlines, the state and its programs should have a laser-focus on getting as many reductions as fast it can. Allowing those federal deadlines to come and go without being in compliance puts much needed federal funding in jeopardy.

As of the writing of this letter, there is no electric or hydrogen heavy-duty, Class 8 truck available for fleets for purchase. There are many predictions of when those vehicles will be available but that doesn't do anything for the fleets that are looking to replace dirty trucks today, tomorrow or next week. The state has the capability to fund long term projects as well as incentive near term vehicle deployment,

unfortunately we are not doing that to the detriment of the health of the people that will bear the brunt of our near-term inaction.

The current waitlist for the *NGVIP* is over \$6 million dollars (which is double since our last comment letter in November 2018), which equates to approximately 120 NGVs. The demand is clearly there. Those companies that have used time and resources to apply for grant funds to make a clean technology choice should not be punished but rewarded.

What is the plan to engage with those fleets? How are we helping these fleets with their clean air vehicle purchases today?

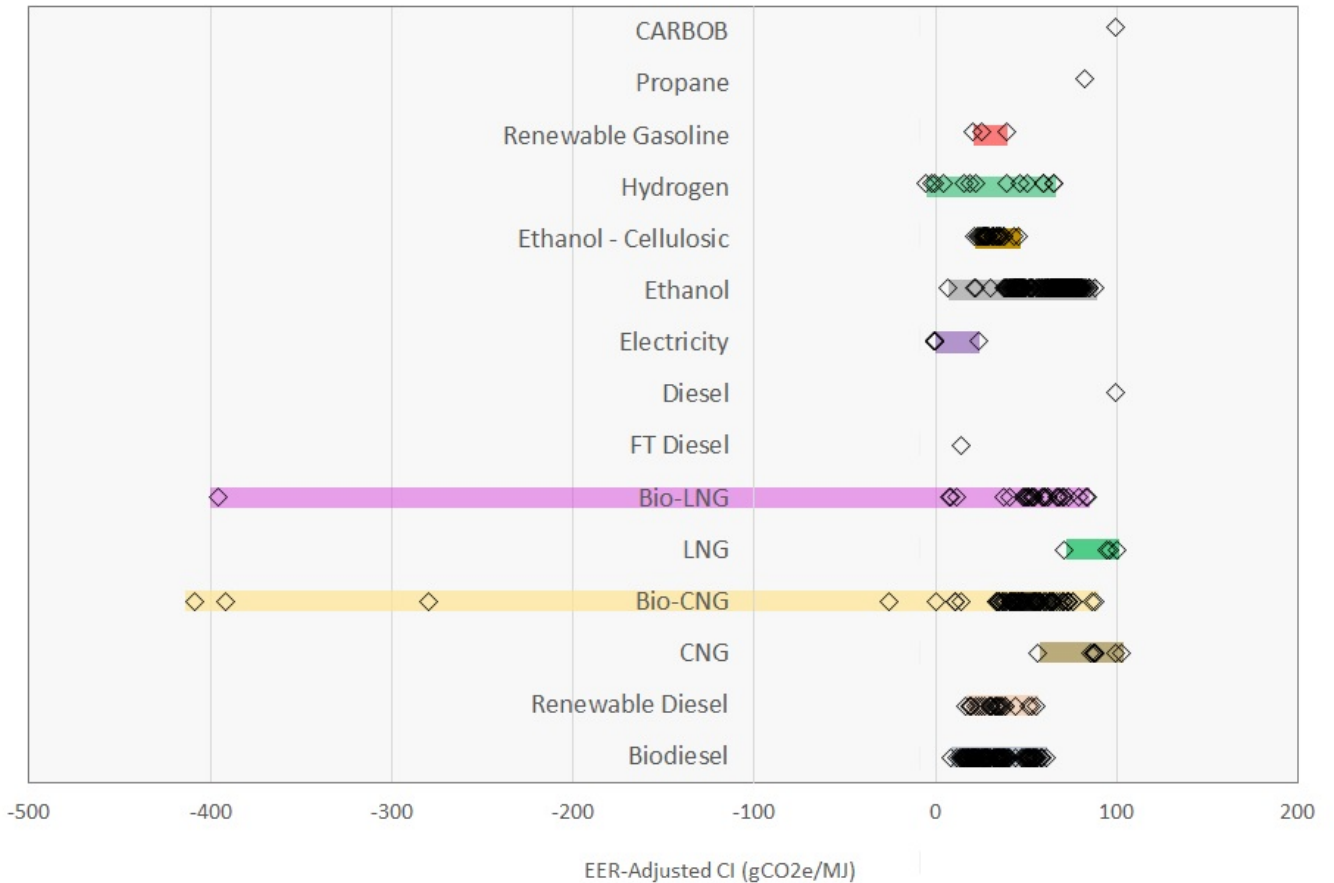
The CEC has invested millions of dollars, along with the industry, to create, develop and demonstrate the cleanest available engine for class 7 and 8 heavy duty vehicles. It does not make sense to pull the plug in the deployment stage. The CWI Near Zero 8.9L and 11.9L engines powered with renewable natural gas (RNG) can provide significant reduction in short-lived climate pollutants and GHG emissions in mobile sources right now.

Recommendation: Staff should provide a presentation/update to the advisory committee on the outreach to the fleets on the waiting list, additionally share the feedback from those fleets about the program and their needs to meet clean air goals. Lastly, fund the wait list in 2019-2020 *Investment Plan*.

Renewable Natural Gas (RNG) or Biomethane is Key to SCLP reductions

According to the California Air Resources Board, RNG is the lowest carbon fuel available (see chart below), in fact it is actually the only negative carbon fuel that can be used in pipeline decarbonization and transportation. The section in the Investment plan briefly acknowledges this but then quickly attempts to dismiss its role in helping the state achieve its climate and clean air goals due to some perceived limitations. There is no such thing as the perfect fuel or technology. RNG projects are key to helping areas such as the Central Valley meet federal attainment.

Carbon Intensity Values of Current Certified Pathways (2019)



Recommendation: Restore the \$2.5 million to the biofuel project category and include the carbon intensity chart above in the Investment plan under the Biofuels chapter.

In conclusion, we would like to see some significant changes in how NGVs and RNG are discussed, included, and funded as a real tool to reducing dirty air in the heavy duty trucking sector. As a member of the Advisory Committee to the ARFVTP, I hope that our pragmatic recommendations above are incorporated into the next draft.

Thank you for your time and consideration, please contact me if you have any questions at thomas@cngvc.org or at 888-538-7036.

Sincerely,

Thomas Lawson
President
California Natural Gas Vehicle Coalition

CC: Commissioner Patty Monahan
Patrick Brecht
Tim Olsen