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Draft Investment Plan To Harm California

Please find attached a letter from Clean Energy expressing concern for the draft 2020-2021 Investment Plan.

Additional submitted attachment is included below.

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Clean Energy

The Honorable David Hochschild, Chair
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

March 30, 2020

Re: OPPOSITION: 2020-2021 Investment Plan Update for the Clean Transportation Program – 19-ALT-01

Dear Chair Hochschild:

On behalf of Clean Energy, I would like to express opposition to the draft *2020-2021 Investment Plan Update for the Clean Transportation Program (CTP).* Eliminating funding for low NOx trucks for the third consecutive year in order to increase funding for zero emission vehicles and infrastructure will jeopardize the state's ability to achieve clean air and environmental goals.

As North America's largest provider of natural gas and renewable natural gas transportation fuel with over twenty-three 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.

CTP is intended to provide 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. The *CTP* was designed to be technology and fuel neutral, and thus it should make 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. Unfortunately, this is just what is happening for the third consecutive year as the program is being used to fund zero-emission vehicles and infrastructure and again not provide any funding for low NOx trucks.

CTP 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 California Air Resources Board (CARB), 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.

Page 27 of the draft staff report misleadingly gives the impression there are "complimentary funding programs" at CARB for heavy-duty vehicles, which alludes to the inclusion of low NOx trucks, especially because there aren't any widespread commercially available zero-emission trucks. What this report omits is CARB staff's aggressive pursuit in eliminating funding for low NOx trucks when they released in September their 2019-2020 Funding Plan. We expect another attempt this year.

If CARB and the CEC will not provide incentive funding for heavy-duty low NOX trucks, who will? And if the CEC wants to continue using *CTP* as a funding mechanism for electric vehicles and infrastructure, what will this agency do to compel CARB to continue low NOx truck funding? The decision is not about funding between low NOx vs. electric, but rather diesel vs. low NOx. If the potential fleet purchasers of low NOx trucks are not incentivized, then the default purchasing decision is assuredly diesel.

This runs contrary to the fuel and technology neutral intent and language of *CTP*, while zero emission vehicle technologies continue to enjoy funding allocations from both agencies. 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.

Market certainty and strong signals from the state are vital so fleet owners can effectively plan their business operations. We urge the CEC to adhere to AB 118 and share the funding responsibility with CARB to effectively displace dirty diesel vehicles with heavy duty low NOx trucks operated on renewable fuel.

Sincerely,

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