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January 23, 2009

California Energy Commission  
Dockets Office, MS-4  
Re: Docket No. 08-ALT-1  
1516 Ninth Street  
Sacramento, CA 95814-5512

**DOCKET**

**08-ALT-1**

DATE JAN 23 2009

RECD. JAN 23 2009

**Re: Docket Number 08-ALT-1: Implementation of Alternative and Renewable Fuel and Vehicle Technology Program; January 8, 2009 Advisory Committee Meeting**

## **I. Introduction**

NGVAmerica appreciates the opportunity to provide the following comments to the California Energy Commission (CEC) with respect to its *Draft Investment Plan for the Alternative And Renewable Fuel And Vehicle Technology Program*, CEC-600-2008-007-D (December 2008) [hereinafter "Investment Plan"]. NGVAmerica is a national organization dedicated to the development of a growing and sustainable market for vehicles powered by natural gas, biomethane and natural gas-derived hydrogen. NGVAmerica represents more than 100 member companies, including: vehicle manufacturers; natural gas vehicle (NGV) component manufacturers; natural gas distribution, transmission, and production companies; natural gas development organizations; environmental and non-profit advocacy organizations; state and local government agencies; and fleet operators.

## **II. Comments**

### **A. Continued Investments in Natural Gas Vehicles Will Help California Transition to a Truly Low-Carbon Future**

NGVAmerica is pleased to support the Draft Investment Plan that has been prepared by the CEC. We also appreciate the past support that CEC has provided for the natural gas vehicle industry. The Investment Plan includes funding that is absolutely necessary to transform the transportation sector away from continued dependence on petroleum motor fuel. The plan includes a well thought out approach to advancing the use of alternative, low-carbon fuels. NGVAmerica is particularly pleased to see that the Investment Plan recognizes many of the specific steps necessary to increasing the use of natural gas a transportation fuel, and calls for funding to support these initiatives. The implementation of

this plan will go a long way toward ushering in a new era in transportation by supporting a diverse portfolio of low-, ultra-, and super-low carbon motor fuels and advanced vehicle technologies.

NGV America supports this Investment Plan because we believe it appropriately recognizes the need to advance those fuels which can provide immediate benefits as well as long term benefits in terms of carbon reductions and petroleum displacement. Natural gas is one such fuel. Analyses prepared by CEC and the California Air Resources Board indicate that natural gas can play a significant role in helping California meet its greenhouse gas reduction targets. Conventional sources of domestic natural gas already are providing such benefits by offsetting carbon emissions by 20–30 percent compared to gasoline and diesel-powered vehicles. In addition, natural gas can provide even greater benefits if blended with renewable natural gas or biomethane produced from landfill gas, sewage, animal waste and other organic sources. The analysis recently performed by CARB indicates that biomethane from landfill gas (that would otherwise have been flared) can reduce carbon emissions by nearly 89 percent compared to gasoline and diesel fuel. These reductions do not even take into account the potential benefits of using renewable natural gas in natural gas-hybrid or plug-in natural gas-hybrid electric vehicle platforms and other advanced technology vehicle options. While CARB study did not evaluate biomethane from methane that would otherwise have been vented (such as from animal lagoons), the greenhouse gas reduction benefits here would be far greater than even the 89 percent from flared landfill gas.

Policy makers, fleets, alternative fuel providers, and vehicle manufacturers in California have been at the forefront of advancing the use of natural gas as a transportation fuel. California is home to more NGVs than any other state and has the largest concentration of publicly accessible fueling stations for natural gas. Existing public-private investments have resulted in thousands of NGVs, hundreds of fueling stations, trained technicians, vehicle manufacturing capabilities, and a robust set of safety codes and standards. The Investment Plan should capitalize on the near-term as well as long-term benefits provided by these existing efforts. The Investment Plan in fact indicates that CEC is mindful of the need to “protect our past investments.” Investment Plan, p. 12. As such, by providing continued funding for natural gas vehicle developments, the Investment Plan can enhance the benefits already achieved, and ensure continued progress with respect to fuel efficiency, emission benefits, and carbon reductions.

## B. Treatment of Natural Gas

NGV America agrees with CEC’s classification of natural gas as a low-carbon fuel. However, we believe CEC should formally recognize that a number of different natural gas strategies are capable of achieving ultra-low carbon and super ultra-low carbon status. For example, natural gas with the help of higher-efficiency platforms and/or renewable fuel blends that include biomethane and hydrogen is quite capable of delivering significant carbon reductions. We also would encourage CEC to provide additional prioritization for these beneficial applications within the Investment Plan.

### C. Specific Investment Needs

NGV America agrees with many of the funding initiatives called for in the Draft Investment Plan. In particular, we call attention here to some of the recommendation made in the Investment Plan that we would like to specifically support:

- Promoting mixed-used hydrogen fuel infrastructure that includes possibly blending hydrogen with compressed natural gas
- Stimulating demand for development of biomethane/biogas as a transportation fuel
- Providing financial incentives for purchase of light-, medium-, and heavy-duty natural gas vehicles.
- Support the development of advanced medium- and heavy-duty natural gas engines, and fueling and fuel storage technologies
- Install new or retrofitted dispensing infrastructure for natural gas at state fleet sites, private fleets, and retail outlets.
- Develop and demonstrate medium- and heavy-duty hybrid and hydraulic hybrid technologies with alternative and renewable fuel engines.
- Support state agency development of standards and technical evaluations for “reasonable and timely certification of fuels and vehicles.”
- Promote in-state production of low-carbon renewable fuels.

All of the measures outlined above are critical to increasing the use of low-carbon alternative fuels. And all of these measures will help greatly in advancing the use of natural gas in California. As stated before, we think it is critical that California capitalize on the investments that have already been made by improving upon the current product offerings of natural gas vehicles and upgrading the existing fueling network so that natural gas is more readily available across the state. Moreover, the longer-term continued use of natural gas as a transportation fuel is dependent on ensuring that natural gas is an option and is compatible with the next generation of automobiles and trucks, including advanced internal combustion engines, fuel efficient light-duty, medium-duty and heavy-duty hybrid applications and plug-in hybrids. That is why we specifically are asking that CEC include natural gas in the Vehicle and Engine Efficiency programs called for on page 29 of the Investment Plan. The description notes the inclusion of alternative fuels and renewable fuel engines but does not indicate which types of alternative fuels are contemplated. We believe that funding for programs to encourage advanced technology vehicles also should encourage the introduction of natural gas into these vehicle platforms. To help bring all of these efforts together and advise CEC on progress made, we also would encourage CEC to continue its support for the Natural Gas Vehicle Technology Forum.

In addition, we would like to highlight our support for continuing to maximize the use of natural gas particularly as an excellent fuel for medium- and heavy-duty niche market fleets. The Investment Plan highlights the need to continue to focus on niche market fleets such as ports, and transit agencies in Appendix D. We continue to believe that the greatest chance

of success for increasing natural gas use is to maximize its use in medium and heavy duty fleets such as trucks that serve ports, trash trucks, school buses, and of course transit buses.

#### D. Regulatory Approaches to Increasing Alternative Fuel Vehicle Product Availability

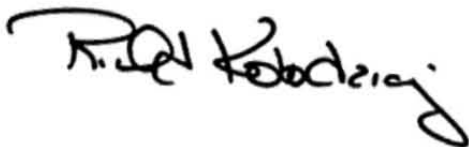
The Investment Plan correctly notes that today there are few OEM light duty product offerings for natural gas. NGV America would urge California officials to consider ways in which it can accelerate the introduction of more light-duty alternative fuel vehicles. Partnering with manufacturers and providing research and development funding is one way to encourage these developments. But with respect to light-duty vehicles, we believe that existing regulatory requirements for alternative fuel vehicles are simply too burdensome. Funding will help more manufacturers navigate the regulatory requirements but ultimately we believe the availability of light duty natural gas vehicles would increase faster with the removal of those burdensome regulatory barriers..

California should undertake a review of its certification programs and eliminate unnecessary requirements. CARB's requirements for alternative fuel manufacturers are currently more demanding in terms of overall testing requirements than U.S. EPA or European standards. This is one reason that so few light-duty alternative fuel vehicles are available in California. These regulatory requirements also are having a negative impact on other states since some states that have adopted California's low-emission vehicle program also are enforcing California's requirements for aftermarket conversion systems. Accelerating the introduction of safe, emission-tested alternative fuel conversions systems is one way that the U.S. could quickly transition itself away from using petroleum motor fuel. Today, however, the regulatory requirements in place discourage manufacturers from certifying more alternative fuel systems because of the difficulty and time-consuming nature of the current regulatory requirements -- not to mention the added cost. No one is asking California to relax its emission performance requirements or to allow non-certified systems. We, however, are asking that CEC help industry and CARB develop a more reasonable regulatory program to verify the emission performance of alternative fuel systems.

### III. Conclusion

NGV America appreciates the leadership that California and CEC has shown in advancing the use of alternative fuels and now low-carbon fuels. We respectfully appreciate the opportunity to submit these comments on this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "R. A. Koberling". The signature is written in a cursive, flowing style with a large, sweeping initial "R".

**Please contact the persons listed below for more information:**

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