



## California Natural Gas Vehicle Coalition

**DOCKET**

**11-ALT-01**

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February 29, 2012

California Energy Commission  
Dockets Office, MS-4  
Re: Docket No. 11-ALT-1  
1516 Ninth Street  
Sacramento, CA 95814-5512

### **Re: Draft 2012-2013 Investment Plan – Docket 11-ALT-1**

Dear Investment Plan Team:

The California Natural Gas Vehicle Coalition submits the following comments on the Draft of the 2012-2013 AB 118 Investment Plan. We really appreciate the Energy Commission's ongoing support for the development and deployment of natural gas transportation. We also appreciate the time and effort the Energy Commission staff and Commissioners have put in to the AB 118 program.

As we have said in previous letters we strongly believe natural gas is a great transportation fuel that has not yet realized its potential. Our perspective is supported by the following facts: natural gas is abundant in North America; natural gas has a significant price advantage over gasoline and diesel; natural gas offers very competitive clean air and greenhouse gas benefits compared to other fuels; and each month there are more vehicle options in the heavy-duty, medium-duty, and light-duty markets.

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.

### **Buy down incentives for Natural Gas Vehicles are a priority**

The California Natural Gas Vehicle Coalition greatly appreciates the Commission's continued strong support for natural gas vehicles as demonstrated by the \$12 million proposed for natural gas vehicle incentives in the draft Investment Plan. We encourage the Commission to maintain at least this much vehicle funding in this plan.

Our Coalition believes that investing in vehicles is the most important strategy for growing natural gas as a transportation fuel in California. Unlike many other alternative fuels the

natural gas vehicle industry has evolved to a point where many fueling stations do not need public funding to support their construction or operation. Private capital is being secured for most CNG fuel station projects where there are enough natural gas vehicles (NGVs) present to provide a sustainable demand for the stations fuel. As we have said before increasing the number of NGVs on the road as soon as possible is critical to continued and greater growth of natural gas as a sustainable alternative transportation fuel.

### **Refueling Infrastructure funding important for certain scenarios**

Not discounting the progress noted above there are scenarios where public funding is very important to support the development of natural gas refueling infrastructure. We believe the near-term demand justifies the Commission revising the draft plan language from “up to \$2.5 million” to “at least \$2.5 million”.

We continue to encourage the Commission to identify a strategy for refueling station investments. Our members are happy to work with Commission staff on this. At least one of our members has announced plans to make significant investments in refueling infrastructure along major goods movement corridors over the next two years. However this will not address the needs of numerous local and regional fleets that are considering or already making the transition to natural gas fuel. We also see growth in the passenger vehicle market and a commensurate need for more refueling infrastructure in major metropolitan areas. Finally there may be some good opportunities to support private public partnerships in developing natural gas refueling infrastructure for the California state fleet.

### **Biomethane production developers need to be able to participate in credit programs**

As was discussed at the last Advisory Committee meeting our members that work on biomethane development are very concerned that the recent Bio-Fuels Production Facilities Grant Solicitation appears to restrict grantees from securing credits earned through the production of low carbon bio-fuels. In the near-term these credits are a very important part of the business plans to get these facilities constructed and keep them operating. We appreciate efforts that are underway to clarify the Commission’s position and address developers concerns. The sooner this can be accomplished the better it will be for the development of this valuable alternative fuel.

### **Biomethane funding should include landfill projects**

The California Natural Gas Vehicle Coalition strongly supports the continued development and greater use of biomethane. As we have noted at the last few Advisory Group meetings we believe it is premature to limit biomethane investments to pre-landfill projects. There are only two landfill-to-vehicle biomethane projects in California today. Our members are “ok” with pre-landfill projects being the Commission’s stated priority but we respectfully

ask that you keep the option open to fund good landfill biomethane projects that may be presented to you.

**Strong support for manufacturing and training investments in California**

We strongly support the Commission's plan to provide funding for worker training as well as clean vehicle and component manufacturing in California. These are very important if California is going to realize its goals for a clean transportation future.

We look forward to working with the staff and Commissioners to strengthen this Investment Plan and deploy many more natural gas vehicles over the year ahead.

Sincerely,

A handwritten signature in black ink that reads "Tim Carmichael". The signature is written in a cursive, flowing style.

Tim Carmichael  
President

CC:       Commissioner Peterman  
          Pat Perez  
          Jim McKinney  
          Charles Smith