

Energy - Docket Optical System

From: Ben Winter [bwinter@transferflow.com]
Sent: Thursday, September 27, 2012 4:36 PM
To: Energy - Docket Optical System
Subject: 2013-2014 Investment Plan

California Energy Commission

DOCKETED

12-ALT-2

TN # 67357

SEP 27 2012

Dear Commissioner Peterman:
(docket number 12-ALT-02)

I was recently made aware of some proposed changes or suggestions in regards to CEC removing or re-directing AB118 incentive money away from propane vehicles. The concept as I understand it could remove AB 118 incentives for the propane alternative fuel vehicle (AFV) option, with a possible re-direction of money to the CNG conversion market. There are several reasons that we request that you write and transmit to CEC immediately a protest by GSRCAC (of which we are a member) of any such interest on their part, and a request to maintain---and grow, not diminish!---AB 118 funding for propane vehicles in the weeks and months ahead. Our specific concerns are listed below, and we urge you to incorporate some or all of them in GSRCAC's letter of protest to CEC as you feel appropriate:

- **Over the last 12 months, Transfer Flow has worked extremely hard on the training, educating and sharing knowledge of California's CNG and Propane alternative-fuel vehicle (AFV) markets, both with and without AB 118 funding support. We believe the demand is present in California through small fleets, farming, construction and companies located in rural areas where CNG is not available. Propane and CNG have their different specific markets and need to be incentivized accordingly. Where CNG covers the larger Class 6 and greater heavy-duty on-road vehicle sizes (due in part to their ample real estate for mounting fuel tanks), propane is able to easily fuel Class 1 - 5 trucks (due to propane's benefit as a liquid when stored under low-pressure storage, giving an energy storage profile comparable to gasoline) and with refueling practices more like those used for gasoline or diesel refueling than for CNG refueling.**
- **Over the last 24 months we have dealt with many LPG manufactures that have systems approved by US EPA for 48 states without issue, yet CARB has established certification testing requirements so expensive to fulfill that conversion system manufactures are forced to pay huge fees and incur substantially more in-use emissions warranty liabilities. Currently TFI is in partnership with two separate companies, with each pursuing CARB certification so that they may bring their systems into California for sale. If these certifications efforts are successful we anticipate that by January, 2013 there will be LPG aftermarket retrofit conversion options available to lighter duty (\leq Class 5) vehicles. And differences between propane fuel stations and CNG stations are extreme---LPG stations are far less expensive and already widely distributed in CA in the form of stations along highways and freeways, at rental yards, and where BBQ and smaller industrial tanks are routinely filled. Importantly, CNG vehicles have necessitated the spending of millions of dollars of taxpayers incentives on inherently more costly (than LPG) fueling stations and storage facilities.**
- **Currently, AB 118 incentives are only offered to willing dealerships in CA that want to sell trucks and vans. This has resulted in a sizable restriction in sales of LPG systems for existing fleets; those incentives should not be given solely to truck and van dealers but made available to certified installers able to provide the AFV customer with full service--from selling the truck/chassis to installing the final body to installing the AFV conversion equipment.**

- The need for LPG AFV incentives creates a wide variety of transactions that have taken advantage of the CEC-administered AB 118 incentive “buy down”, ranging from retail, small business, agriculture, construction, to national fleets, municipalities, and school districts. This entire spectrum of participants has need for this funding to continue, in order to help offset the incremental cost of these technologies.
- Propane fuel provides alternative fuel vehicle options in a wide variety of CA business sectors--from retail, small business, rural route fleets, agriculture, colleges and universities, government fleets subject to AB 32, to providing GHG and emission mitigation benefits associated with new development, etc. Importantly, AB 118 funds provide “halo” benefits with the creation of green jobs that are desperately needed throughout CA with the ongoing recession.
- Continued commitments of AB 118 funds for propane vehicles will not only help the AFV purchasing party but will help California’s economy and revenue generation. Fleet clients looking for an incentive to help them offset the cost of vehicle conversion (to AFV) are provided important assistance to deal with higher costs for AFVs subject to emissions certification requirements that are far more costly with CARB regulations than with systems certified under US EPA requirements. Finally, if AB 118 funding for LPG is withdrawn by CEC, CA’s legislated objectives of reducing petroleum consumption will only be that much harder to achieve and will be more expensive based on the higher relative costs for conversion of vehicles to run and refuel with CNG and other alternative fuels, in comparison to LPG.

If you have any further questions or comments please contact me any time.

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