SFO

San Francisco International Airport

February 22, 2013

California Energy Commission
DOCKETED
12-alt-02
TN # 69698
02-27-13

California Energy Commission
Dockets Office MS-4
Re: Docket Number: 12-ALT-02
1516 Ninth Street
Sacramento, CA 95814-5512

Via E-Mail to <docket@energy.state.ca.us>

Subject: San Francisco International Airport comments regarding the California Energy Commission's Draft 2013-2014 Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program

San Francisco International Airport (SFO) thanks the California Energy Commission (CEC) for the opportunity to comment on the Alternative and Renewable Fuel and Vehicle Technology Program Buy-down Incentives for Natural Gas and Propane Vehicles (Program). This Program is critical in facilitating the adoption and replacement of alternative fuel vehicles in our many commercial ground transportation fleets.

For 15 years, through our Clean Vehicle Policy, SFO has introduced alternative fuel vehicles to our own fleet and our commercial fleets. We're proud to say that in 2013, virtually all our on-Airport transportation, shared-ride van, courtesy shuttle and regional rail fleets run on electricity or natural gas. We have two large public access CNG stations on Airport property.

Today I want to bring to your attention some structural issues that hamper the CEC's Program. These include the following:

> **Visibility of Available Funding and Vehicles:** There is no mechanism to communicate how much funding is available in "real-time". Further, to identify participating dealerships fleets must either contact the OEMs directly or read through funding award announcements on the Energy Commission's website. Both methods create an inefficient and time consuming process, which in turn is a significant barrier to participating in the program.
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> **Inefficient Allocation Structure:** The Commission's goal should be to reduce overall emissions. That goal is hampered by artificial restrictions limiting the number of vehicles from a given manufacturer. For example, airport shared-ride vans accumulate 50,000-80,000 miles per year each. CNG conversions are generally available only for Ford E350 vans, which the operators prefer anyway. Ford is restricted from accessing more than a small percentage of available funds, bumping up against its limit each year. Successful operators receive $8K each per van. By contrast, minibuses operated in airport hotel and parking lot courtesy shuttle service typically use a near-identical Ford E450 chassis and fueling system but travel 30,000-50,000 miles per vehicle. Operators of these vehicles have no problem receiving $20K each in CEC funding for as many vehicles as they want because the Commission classifies each E450 body upfitter as a separate manufacturer.

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Dealer/OEM Focused Model: Currently, the responsibility for securing funding rests with participating OEM's and/or designated dealerships. Interested smaller dealerships are unlikely to be identified for participation. End users seeking alternative fuel vehicle incentives under the Program are faced with limited funding availability that may not be convenient or economically feasible for them to access.

Irregular Fund Releases: CNG and propane vehicles aren't demonstration vehicles but are suitable for full commercial use. That said, there remains a need for CEC incentives until economies of scale reduce the capital cost, and resale values improve. The program shouldn't be treated like an R&D program with occasional fund releases. Commercial transportation operators need predictable, year-round funding and minimal application paperwork. Long gaps in funding aren't conducive to a real-world market.

In summary, San Francisco International Airport believes there are significant challenges limiting access to Buy-down Incentives for Natural Gas and Propane Vehicles. The program should be revised to (1) allow first-come, first-served applications from any dealership for any approved vehicles without artificial caps; and (2) provide a continuous funding stream sufficient to meet customer demand and normal replacement cycles without "binge buying". These actions will enhance and encourage the adoption of gaseous fuel vehicles in fleets of all sizes.

Thank you for the opportunity to make these points. The CEC's Program remains critically important for California's transition to a clean energy economy. For more information, please contact Roger Hooson, Senior Transportation Planner, at (650) 821-6511.

Very truly yours,

John L. Martin
Airport Director