

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 12-ALT-2
1516 Ninth Street
Sacramento CA 95814-5512

California Energy Commission

DOCKETED
12-ALT-02

TN # 69741

FEB. 28 2013

28 February 2013

Subject: World CNG's Comments on the 2013-2014 Investment Plan (Docket No. 12-ALT-2)

As one of the nation's dominant natural gas vehicle conversion firms, World CNG is at the forefront of a fast-growing industry converting light- and medium-duty vehicles to the cleaner and more affordable compressed natural gas (CNG). Since 2009, World CNG has cultivated a robust business in the aftermarket conversion of high-mileage taxi vehicles (predominantly Ford Escapes, Chevrolet Impalas, and Dodge Caravans) to use EPA-certified CNG fuel systems. Between the Seattle, Chicago, and Las Vegas markets alone, our company has converted to CNG over 600 taxis and in so doing, is now a nationally-recognized authority in the CNG taxi space. Our expertise, however, is not solely built on our product line and ability to deliver vehicles with zero operational compromise. In fact, our capacity to facilitate the taxi market's adoption of CNG stems also from our involvement in various incentive and financing programs designed to ease the upfront financial burden of switching to a natural gas-powered vehicle. This letter addresses such incentive programs, in the context of the California Energy Commission's Investment Plan for Alternative and Renewable Fuel and Vehicle Technology Program.

Whilst the approximately \$2 per gallon price difference between conventional gasoline and CNG results in impressive savings at the pump – for example, fuel cost savings of over \$10,000 per year are realized by replacing a Ford Crown Victoria gasoline taxi with a Ford Escape CNG vehicle – the upfront purchase price of a CNG vehicle is often an insurmountable barrier for many taxi owners/operators. An incentive program that funds the incremental costs of converting a vehicle to CNG, however, allows taxi owners to achieve a return on their investment in a much more practical timeframe (usually within two years).

Many of World CNG's taxi customers have capitalized on two such incentive programs, both funded by the American Recovery and Reinvestment Act of 2009: the City of Chicago's Green Taxi Incremental Cost Allowance Program and Seattle's Puget Sound Clean Air Taxi Program. Together, these programs funded the conversion costs of approximately 500 taxis. By replacing Ford Crown Victoria gasoline taxis with CNG-powered Ford Escapes and Chevrolet Impalas, these programs are together responsible for displacing over 2.2 million gallons of conventional gasoline and reducing carbon dioxide (CO₂) emissions by over 8,000 tons *every year*.

Until recently, the relative scarcity of CNG conversion technology approved by the California Air Resources Board (CARB) has limited the California taxi market's ability to adopt natural gas vehicles. But with CARB's recent approval of the CNG conversion technology for in-use (used) 2012 Ford Escapes (CARB Executive Order B-4-75), California taxi owners/operators are now able to access a dependable and desirable CNG-powered passenger vehicle at a more reasonable price point than that offered by the \$33,000 Ford Transit Connect CNG taxi. Even so, the average unit price of \$28,000 for a converted 2012 Ford Escape is by no means an inexpensive and clear-cut solution. Lowering this up-front expense by

incentivizing the cost of the CNG conversion is, as demonstrated by the success of a number of programs across the country, a proven method for promoting the adoption of CNG.

With its Investment Plan for Alternative and Renewable Fuel and Vehicle Technology Program, coupled with California's extensive CNG fueling infrastructure and prevailing public commitment to reduce greenhouse gas emissions and petroleum dependence in the transportation sector, the California Energy Commission (CEC) is uniquely positioned to execute such an incentive program for California's extensive taxi market. A program that offers \$7,500 – \$10,000 per vehicle to cover the incremental cost of a CNG conversion would strongly encourage taxi owners/operators across the state to make the switch from conventional gasoline to CNG. The effectiveness of such a program can be highlighted with a straightforward example: a \$4M CEC program to replace 400 gasoline taxis with CNG Ford Escapes would, in a single year, displace more than 2 million gallons of gasoline and eliminate over 6,500 tons of CO2 emissions.

Undoubtedly, the administration of such an incentive program presents a whole host of potential challenges. Although there are myriad ways to administer these programs, World CNG has found that dispersing funds (and the associated reporting responsibilities) directly to fuel providers and/or approved CNG conversion providers eliminates for the end user much of the oftentimes daunting and cumbersome nature of these programs.

World CNG looks forward to further exploring the opportunities that are offered by the immense California taxi market. It is clear that with its Investment Plan for Alternative and Renewable Fuel and Vehicle Technology Program, the California Energy Commission can play a pivotal role in promoting the use of CNG in the state's taxi fleets.

I appreciate the opportunity to comment on the California Energy Commission's Investment Plan and thank you for your attention and kind consideration.

Sincerely,



Sarah M. Roberts, Ph.D.
Director of Environmental Business Strategy