

## → Policy File

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*The Coalition is tracking the following bills and others related to alternative fuels and vehicles throughout the legislative session.*

### AB 333 | Author: Grove

**In brief:** Requires CARB to exempt from an emission reduction requirement an emissions source located within a county that has an unemployment rate of 7 percent or greater until the rate drops below 7 percent for six consecutive months.

**Details:** This is another attempt to block AB 32 implementation.

**Status:** Referred to Assembly Natural Resources Committee.

### AB 371 | Author: Butler

**In brief:** Requires the Department of General Services to ensure that all AFVs available for sale in California are listed on the Statewide Commodity Contracts list, and to develop infrastructure for state and local public fleets.

**Details:** Co-sponsored by the Coalition and CALSTART.

**Status:** Referred to Assembly Business, Professions, and Consumer Protection Committee.

### AB 462 | Author: B. Lowenthal

**In brief:** Allows a portion of an existing motor vehicle fee to be used to replace natural gas tanks on aging school buses and to enhance deteriorating natural gas fueling dispensers at school district facilities.

**Status:** In Assembly Transportation Committee April 4.

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## Incentives

### Coalition Comments on AB 118 Plan

#### Letter supports plan overall, requests funding for light-duty vehicles and focused infrastructure strategy

The Coalition filed comments March 25 on the CEC's draft AB 118 investment plan expressing overall support, requesting funding for light-duty vehicles, and recommending that the agency adopt a strategy for investing in refueling stations. In addition, the Coalition signed on to comments filed by the Renewable Natural Gas Industry Action Group.

The proposed 2011–2012 Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program allots \$8 million for NGV fueling infrastructure, \$8 million for pre-landfill biomethane production, and \$12 million for medium- and heavy-duty vehicle incentives (see [CalNGV News, 03.07.11](#)).

**The proposed investment of \$12 million in natural gas vehicles is significant and shows strong support for NGVs.**

"We recognize that [the CEC] staff's proposed investment of \$12 million in natural gas vehicles is significant and shows strong support for NGVs," says Coalition President Tim Carmichael. "We appreciate this very much. As we said in our comments, we continue to believe that investing in vehicles is among the best strategies for growing natural gas as a transportation fuel in California."

**Funding for light-duty vehicles** The draft plan does not, however, include incentive funding for light-duty vehicles—and the Coalition is requesting that the final plan do so. The Coalition's comments point out that the American Council for an Energy-Efficient Economy recently rated the natural gas Honda Civic GX the greenest car in the country for the eighth year in a row—a ranking that demonstrates the potential of light-duty NGVs.

"As with every fuel and technology California is pursuing there are some challenges here," the comments acknowledge. "We agree that limited product availability is a problem and we are strongly encouraging OEMs to bring more light-duty natural gas vehicles to the California market. ... The draft investment plan also identifies the cost differential between light-duty natural gas and gasoline vehicles as an issue. However, [it] does not mention the demonstrated impact a relatively small incentive award (\$3,000/vehicle) has had in boosting light-duty vehicle sales in the past."

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- **NAT GAS Act:** Federal natural gas bill to be reintroduced
- **Conversion Systems:** EPA simplifies certification rules
- **ACT Expo:** NGVs to have strong presence at AFV show

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### AB 591 | Author: Wieckowski

**In brief:** Requires the Department of Conservation to show on maps where hydraulic fracturing (aka fracking) is being performed in California and to compile a list of chemicals used at those locations.

**Details:** Sponsored by the Environmental Working Group.  
**Status:** Referred to Assembly Natural Resources Committee.

### AB 638 | Author: Skinner

**In brief:** Requires CARB and the CEC to attain the targets in the state's petroleum reduction strategy and alternative fuels plan, and ensure that all future regulations and guidelines maximize the attainment of targets.

**Details:** Co-sponsored by the Coalition and CALSTART.  
**Status:** Referred to Assembly Natural Resources Committee.

### AB 768 | Author: Gatto

**In brief:** Requires CARB to allow an out-of-state renewable natural gas producer with pipeline access to generate Low Carbon Fuel Standard (LCFS) credits.

**Status:** In Assembly Natural Resources Committee April 4.

### SB 37 | Author: Simitian

**In brief:** Requires the CEC to study the need for LNG imports to meet energy demand.

**Details:** The bill also requires the CEC to license a coastal LNG facility prior to a lease or permit being issued by the Lands Commission or Coastal Commission.

**Status:** In Senate Energy, Utilities, and Communications Committee April 5.

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**Strategy for infrastructure investment** Given the limited funding available, the Coalition believes the CEC should pick a strategy for refueling station investments to ensure the greatest value for the money. The Coalition has discussed five options with CEC staff and thinks each strategy has merits: invest in stations along a heavily trafficked goods movement corridor; invest in stations in metropolitan areas; pair refueling station funding with vehicle funding; place a high priority on infrastructure needed for projects that will displace high volumes of petroleum fuels, such fleet conversions from diesel to natural gas; and place a high priority on public-access fueling infrastructure.

**Support for renewable natural gas (RNG)** As a member of the Renewable Natural Gas Industry Action Group, the Coalition signed on to the group's extensive comments on supporting RNG (biomethane), filed March 23. Key recommendations in that filing include:

- **Ensure that investments provide meaningful support to multiple projects.** Previously, the CEC has awarded large portions of funding to just a few projects. The RNG group says the goal should be to fund multiple projects that use different feedstocks.
- **Maintain the flexibility to fund landfill projects.** "In general, we support CEC's proposed focus on pre-landfilled waste materials as feedstocks," the RNG group's comments say. "However, we encourage staff to maintain the flexibility to fund landfill RNG projects. Limiting the scope of potential projects before reviewing project proposals could hurt CEC's ability to invest in a diversified portfolio of RNG projects."
- **Provide additional funding for RNG-powered trucks.** A boost over the standard incentive levels for trucks that will be fueled by RNG would help develop the market for RNG as a transportation fuel, the comments say.
- **Provide additional funding for RNG fueling stations.** The group suggests additional funding, preferences, or a set-aside for infrastructure that will be used to dispense RNG.
- **Fund feedstock analysis.** The comments urge the CEC to allocate some of its technical assistance and analysis budget to advancing efforts to develop a comprehensive statewide inventory of potential RNG feedstocks, along with related RNG fuel production and price potential, and evaluate feedstock accessibility and economic consideration.

The draft plan is available on the [CEC website](#). ▶

## Legislation

## NAT GAS Act Returns to Congress

U.S. Rep. John Larsen of Connecticut announced last week that he will reintroduce the New Alternative Transportation to Give Americans Solutions (NAT GAS) Act, which was considered last year and had strong support but failed to reach a House vote.

President Obama may have given the legislation's chances a boost with his March 30 energy policy speech at Georgetown University, saying that natural gas is "the first" option as a new source of energy. His "Blueprint for a Secure Energy Future" calls for reducing oil use 30 percent in the next 10 years.

The NAT GAS Act has bipartisan co-sponsorship and is slated to be introduced April 6. The bill has seen some revisions since its introduction last year. Key provisions of the new bill will be based on the following elements:

- **Restoring and expanding the NGV credit.** Dedicated NGVs are expected to be eligible for a credit equal to 80 percent of the incremental cost, with a cap of \$7,500 to \$64,000, depending on weight class. Bifuel and dual-fuel vehicles will be eligible for a credit if they meet specified performance and fuel-blend criteria.

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### SB 246 | Author: De León

**In brief:** Requires CARB to meet requirements related to verification and oversight of compliance offsets, if CARB allows offsets as part implementing AB 32.

**Status:** Referred to Senate Environmental Quality Committee.

### SB 724 | Author: Dutton

**In brief:** Authorizes CARB's executive officer to approve certification of a new vehicle or engine for any model year that has been certified by the EPA without additional testing, if state emissions standards for the vehicle or engine are no more stringent than federal standards.

**Status:** In Senate Transportation and Housing Committee April 12.

### SB 739 | Author: A. Lowenthal

**In brief:** Requires the ports of Long Beach, Los Angeles, and Oakland to assess their infrastructure and air quality improvement needs, including projects to improve goods movement efficiency and reduce congestion and pollution associated with goods movement.

**Status:** In Senate Transportation and Housing Committee April 5.

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- Extending the alternative fuel credit for the purchase of natural gas for five years. The fuel credit currently sunsets Dec. 31.
- Extending the natural gas refueling property credit for five years. This credit also currently sunsets Dec. 31.
- Increasing the fueling infrastructure credit from 30 percent or \$30,000 to 50 percent or \$100,000 per CNG or LNG station, and from \$1,000 to \$2,000 for a home refueling device.
- Exempting the above credits from AMT restrictions and making the credits transferable.
- Providing incentives for OEMs to produce NGVs in the United States, including facility enhancements, vehicle production incentives, and local bond-issuing authority. ▶

## News Briefs

**EPA Simplifies Conversion System Rules** The EPA is simplifying its regulations for manufacturers of alternative fuel conversion systems for light- and heavy-duty highway vehicles. The revisions will streamline the compliance process while maintaining environmental protections, the agency says.

Previous EPA regulations required a certificate of conformity for vehicle and engine conversion systems to be exempt from potential tampering charges. The new compliance process allows conversion manufacturers to qualify for an exemption by demonstrating that the converted vehicle or engine satisfies EPA emissions requirements.

The new process is based on the age of a vehicle or engine. The demonstration and notification requirements for new vehicles and engines are much the same, but annual recertification is no longer necessary. The requirements for intermediate-age vehicles and engines include testing to show that the conversion continues to meet applicable standards. The requirements for outside-useful-life vehicles and engines now include a description of the conversion system designed to ensure that the conversion will not increase emissions.

**ACT Expo 2011 Showcases Alternative Fuel Technologies** NGVs will be a major presence at the Alternative Clean Transportation (ACT) Expo, taking place May 5–6 at the Long Beach Convention Center. The focus is "Showcasing Successes in Advanced Clean Vehicle Technologies and Alternative Fuels," and the exhibit hall will showcase natural gas fueling station developers, equipment suppliers, OEMs, and retrofitters.

Martin Daum, president and CEO of Daimler Trucks North America, will present the keynote address; plenary sessions include roundtable discussions led by industry experts.

Supporting events are slated for before and after the expo. The NGV Market Development Peer Exchange happens May 3, and May 7 is Public Day, when manufacturers, fuel suppliers, environmental groups, and public health advocates will have the opportunity to educate the public about alternative fuel technologies and vehicles. The expo's host, Gladstein, Neandross & Associates, is organizing technical tours before and after the event.

Several Coalition members are sponsoring the expo, including Clean Energy (the presenting sponsor), American Honda, Landi Renzo USA, Peterbilt Motors Co., Sempra Energy utilities, Trillium, and Westport Innovations. Go to the [ACT Expo website](#) for more information and to register.

**AT&T Adds 101 CNG Vans** AT&T has added 101 CNG-powered Chevrolet Express Cargo 2500 vans to its customer service fleet. The purchase is in line with AT&T's alternative fuel strategy, which is designed to reduce dependence on foreign oil and to support sustainable transportation.

"As more of our customers transition their conventional fleets to fuel-efficient and reduced-emission vehicles, we will continue to provide a one-stop shop to help them achieve their environmental goals," says Brian Small, general manager, GM Fleet and Commercial Operations. ▶