



# CaINGV News

The newsletter of the California Natural Gas Vehicle Coalition

## Policy File

The Coalition will track the following bills and others related to alternative fuels and vehicles throughout the legislative session. Check this space in every issue for updates.

### AB 744 | Torrico

**In brief:** Authorizes the Bay Area Toll Authority to develop a high-occupancy toll (HOT) lane network within the Metropolitan Transportation Commission's nine-county jurisdiction.

**Details:** The Legislature is considering whether vehicles with access to HOV lanes, such as NGVs, should be allowed to travel free in HOT lanes.

**Status:** In Senate Appropriations Committee.

### AB 1672 | Jeffries

**In brief:** Requires the 11 members of the California Air Resources Board to be elected from 11 districts of roughly equal population, beginning in 2012.

**Status:** Failed to pass.

### AB 2513 | Adams

**In brief:** Spot bill related to CARB.

**Details:** AB 2513 is one of several spot bills that are expected to be amended to reform or restrict CARB's regulatory authority.

**Status:** Awaits committee referral.

### SB 927 | Huff

**In brief:** Spot bill on HOV lanes.

**Details:** The Legislature is considering two other bills, AB 1500 (Lieu) and SB 535 (Yee), that would extend HOV lane access for NGVs. AB 1500 is sponsored by the Coalition.

**Status:** Referred to Senate Rules Committee.

continued on page 2

## INSIDE

**AB 32 Economics** Analysis finds Scoping Plan sound  
**News Briefs** Price joins Speaker's staff; EPA sets GHG standards; AT&T taps Clean Energy to supply fleet; more

## Westport Launches Carbon Project

Pioneering program will let engine buyers earn marketable credits for reducing GHG emissions

**C**oalition member Westport Innovations is preparing to "go live" with a project that turns greenhouse gas (GHG) emissions reductions associated with Cummins Westport (CWI) and Westport HD natural gas engines into marketable carbon credits.

The Westport Carbon Project (WCP) will be the world's first Voluntary Carbon Standard (VCS) transport project and one of the largest voluntary carbon market projects worldwide, according to Grütter Consulting, which is working with Westport on the registration process. Grütter has developed about 80 percent of all carbon-finance transport projects in the regulated and voluntary carbon markets.

**'The [Westport Carbon Project] validates the emissions reduction benefits of natural gas engines.'**

"We saw this movement toward a carbon-constrained economy, and we know natural gas engines offer a GHG benefit ... so we thought, let's actually do the work to have these emissions certified," says Karen Hamberg, Westport's director of sustainability and environmental performance. "The WCP validates the emissions reduction benefits of natural gas engines and further supports the economic and environmental value proposition we offer to customers."

**Project aggregates NGV fleets** It would be difficult for customers to enter the carbon market on their own, either because their fleets are too small or the costs and complexities of developing a carbon project are too large, Hamberg says. Westport's program will aggregate all the fleets using Westport and CWI engines in one project, and distribute the revenues earned from selling the carbon credits appropriately (the company is still determining how shares will work).

"Operators of natural gas vehicles already realize a benefit from running on a less expensive fuel. This project allows operators to benefit from reducing GHG emissions as well," Hamberg says.

A heavy-duty natural gas truck substituted for an equivalent diesel engine reduces carbon emissions by about 40 tons a year and a natural gas bus cuts

about 20 tons, Westport estimates; those numbers are being validated as part of the project registration process. Carbon credits for this type of emission reduction program currently go for up to \$25 per ton, Westport says. NGVs with Westport or CWI engines sold since Jan. 1, 2009, will be eligible for credits.

“There’s been quite a lot of interest already from different carbon brokers and buyers,” Hamberg says. The credits will be available on the voluntary market to any company or individual that wants to offset their emissions.

The project documentation is under review by SQS, a Swiss entity certified by the United Nations Framework Convention for Climate Change to validate climate change projects in the transport field. Upon validation and verification, the project will be registered as a credit-generating VCS climate change project.

“We’re on a pretty aggressive timeline,” Hamberg says. “I think we’ll have validation and registration by the end of May. It will take some time to verify the emissions, though, so we probably won’t be seeing trading until November or December.” ▸

## CARB Analysis Finds AB 32 Plan Sound

CARB has released an updated economic analysis of the AB 32 Scoping Plan that concludes that implementing California’s landmark global warming law will not adversely affect the state’s economy—contrary to the claims of opponents seeking to delay, repeal, or disable the law (*CalNGV News*, 3.22.10).

The analysis “indicates that these policies can shift the driver of economic growth from polluting energy sources to clean energy and efficient technologies, with little or no economic penalty,” the executive summary says. “These results are consistent with most other economic analyses of AB 32 and of proposed federal climate change legislation.”

Key findings include:

- Fuel expenditures will be 4.9 percent lower in 2020. The state will save \$3.8 billion on gasoline and diesel costs due to increased investment in energy efficiency and cleaner fuels.
- Two million jobs will be created in the state by 2020, the result of a sustained growth in labor demand of 0.9 percent each year, which is consistent with the business-as-usual case.
- The state’s economy, including personal income, will continue to grow at a rate of 2.4 percent per year.
- Offsets in a cap-and-trade program will help to reduce costs.
- Divergence from the AB 32 Scoping Plan, such as limiting requirements for oil companies or utilities, would increase costs and shift them to Californians and small businesses.

The last point is notable since oil companies are funding the initiative campaign to suspend AB 32 and sponsoring legislation that would make it easier for them to contest the Low Carbon Fuel Standard (*CalNGV News*, 3.22.10).

**Analysis confirms previous findings** “This analysis confirms what economists have been saying all along: that full implementation of the Scoping Plan is the right choice for California to make an affordable transition to a clean energy economy,” said CARB chair Mary Nichols in releasing the analysis March 24. “It supports continued economic growth and sets us on a course for greater energy security and less dependence on petroleum.”

The analysis was performed by CARB staff with advice from the 16-member Economic and Allocation Advisory Committee (EAAC), an independent panel of policy, business, and economic experts. The EAAC also contributed a peer review, which is appended to the analysis. That review notes that the finding that AB 32 will have a modest effect on California’s overall economy “is rather consistent across studies despite important differences in modeling approaches and input assumptions.”

Get the full report at <http://www.arb.ca.gov/cc/scopingplan/economics-sp/economics-sp.htm>. CARB plans to hold a public panel this month to discuss

## Policy File

continued from page 1

### SB 960 | Author: Dutton

**In brief:** Requires the Legislative Analyst to analyze major regulations adopted by CARB to determine their costs and benefits and technological feasibility.

**Status:** In Senate Environmental Quality Committee April 5.

### SB 1033 | Author: Wright

**In brief:** If market-based compliance mechanisms (such as cap and trade) are adopted to implement AB 32, SB 1033 prohibits CARB from selling, trading, or distributing a GHG emission allowance to anyone not subject to the cap.

**Details:** The author is concerned about market manipulation and allowance banking by entities not regulated under AB 32, which could drive up the cost of allowances for regulated entities.

**Status:** In Senate Environmental Quality Committee April 19.

### SB 1120 | Author: Dutton

**In brief:** Prohibits CARB from implementing a market-based compliance mechanism that includes caps on GHG emissions and trading among participants unless it is part of a legally enforceable regional or federal program.

**Status:** In Senate Environmental Quality Committee April 5.

### SB 1198 | Author: Huff

**In brief:** Allows the CEC to implement a regulation only if the Legislature approves it by a majority vote of both houses; prohibits a regulation that is adopted but not implemented on or before Jan. 1, 2011, from being implemented until the state’s unemployment rate remains below 5.1% for three consecutive months.

**Details:** The prohibition on implementing regulations until the unemployment rate falls is similar to a prospective ballot initiative that would suspend AB 32 until the unemployment rate falls below 5.5% for four consecutive quarters.

**Status:** In Senate Energy, Utilities, and Communications Committee April 6.

continued on page 3

CARB's and other economic analyses of AB 32 implementation.

**Governor advocates limited auction** Meanwhile, Gov. Schwarzenegger has weighed in on one of the more controversial aspects of AB 32 implementation: the allocation of emission allowances under a proposed cap-and-trade program. He sent a letter to Nichols on March 24 asking for “careful scrutiny” of allowance and offset policies’ effect on business competitiveness.

Noting that CARB’s Economic and Allocation Advisory Committee has recommended auctioning all allowances, the letter says, “While a well-designed auction approach may be the optimal approach to reach our carbon reduction targets, full auction of allowances at the beginning of a cap-and-trade program may be too abrupt a transition—posing high short-term costs to capped companies.” The letter strongly supports a phased approach to auctioning credits, “beginning with a very small percentage of credits subject to auction.”

The governor’s letter also advocates designing California’s offset program to conform with European Union offset and trading policies “to ensure that California companies are appropriately positioned to compete under any future federal or international program.” ▸

## news briefs

**Price Joins Speaker’s Staff** The Coalition’s longtime legislative consultant, Pete Price, has joined the staff of new Assembly Speaker John Perez as special assistant to the speaker for environmental and natural resource issues. His appointment was effective April 1.

“It’s a really interesting job because I’ll work not only with the Speaker but also with the other Assembly members to help advance important policies,” Price says. “I’ve enjoyed working with the Coalition all these years,” he adds, “and I’ll continue to work on many of the issues that concern the Coalition, including alternative fuel and clean air policies.”

Price’s partner in Price Consulting, Justin Malan, has taken over the business, which will now operate as Ecoconsult. The Coalition continues to share offices with Ecoconsult and looks forward to opportunities for collaboration.

**EPA Announces National GHG Standards** The EPA and the Department of Transportation’s National Highway Safety Administration announced a joint final rule April 1 establishing national greenhouse gas emissions standards. The new standards apply to new passenger cars, light-duty trucks, and medium-duty passenger vehicles, model years 2012 through 2016. As expected (see *CalNGV News*, 7.18.09), the average vehicle tailpipe CO<sub>2</sub> emissions compliance level for model year 2016 is projected to be 250 grams per mile. For details, go to <http://www.epa.gov/otaq/climate/regulations/420f10014.htm>.

**AT&T Taps Clean Energy to Serve Growing Fleet** Clean Energy has signed a contract with AT&T to provide CNG stations that will support AT&T’s commitment to deploy up to 8,000 NGVs nationwide. Clean Energy will build, operate, and supply CNG stations as part of a multiyear master agreement.

**Peterbilt Boosts NGV Production** Peterbilt is ramping up production of NGV models 384, 365, and 320 to full capacity. The CNG and LNG trucks all use the Cummins Westport ISL G engine. The 384 vehicle is used for bulk and tanker hauling. The 365 is designed to improve ride and handling and enhance weight distribution and is available in both set-forward and set-back axle configurations. The 320 is a refuse collection and solid waste vehicle with a low cab designed to improve a driver’s visibility; the truck can be configured with CNG or LNG tanks in various sizes to power longer work days.

**Kenworth Adds T440 Truck** Kenworth has introduced a T440 truck with a Cummins Westport ISL G engine that can operate on CNG or LNG. The T440, available for order now, has a gross vehicle weight ranging from a heavy Class 7 up to a light Class 8 truck.

## Policy File

continued from page 2

### SB 1238 | R. Calderon

**In brief:** Requires CARB, when developing a plan to enforce diesel emission reduction regulations, to consult with affected businesses. Current law requires consultation with air pollution control districts and the public.

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

### SB 1245 | Simitian

**In brief:** Requires HOV and HOT lanes that allowed free passage for HOVs as of Jan. 1, 2010, to remain toll-free for HOVs after that date.

**Details:** The bill’s language is unclear on whether single-occupant vehicles that qualify for HOV lane access also retain free passage.

**Status:** Referred to Senate Transportation and Housing Committee.

### SB 1263 | Author: Wyland

**In brief:** Makes the provisions of AB 32 and any regulation adopted pursuant to it inoperative.

**Details:** Similar legislation has already been voted down in the Assembly.

**Status:** In Senate Environmental Quality Committee April 19.

### SBX8 37 | Cedillo

**In brief:** Requires CARB to make Moyer grants without regard to cost-effectiveness criteria until Jan. 1, 2011. Also appropriates \$10 million from the Air Quality Improvement Fund to provide grants and zero-interest loans until Jan. 1, 2011, to owners of on-road heavy-duty diesel vehicles.

**Status:** Removed from Committee March 11.

*CalNGV News* is published biweekly by the California Natural Gas Vehicle Coalition.

Editor: Thinkshift Communications

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