



CaINGV News

The newsletter of the California Natural Gas Vehicle Coalition

Policy File

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

AB 892 | Author: Furutani

In brief: Authorizes Goods Movement Emission Reduction Program applicants to reallocate funds to other transportation-related purposes, including reducing emissions and improving air quality in trade corridors, or backup projects covered by the same grant agreement.

Status: In Assembly Transportation Committee April 13.

AB 1097 | Author: Eng

In brief: Prohibits the state from buying light-duty cars and trucks unless they achieve at least 35 mpg.

Details: The passage of AB 236 in 2007 established a comprehensive set of metrics for the Department of General Services and other state agencies to use in determining the lifecycle costs of vehicles, including greenhouse gas emissions and petroleum dependence. AB 1097 would eliminate consideration of environmental and fuel security values, making fuel efficiency the sole purchase criterion.

Status: In Assembly Business and Professions Committee April 14.

AB 1212 | Author: Ruskin

In brief: Authorizes CARB to implement a clean vehicle incentive, or feebate, program consisting of one-time rebates and one-time surcharges on the sale of new passenger vehicles; requires CARB, if it determines that the state's vehicular greenhouse gas (GHG) emissions regulations do not remain in

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Stimulus Funds Workshop outlines opportunities
LCFS Action CARB takes final comments on regulation

Latest AB 118 Plan Values NGVs

Revised investment plan proposes \$43 million for natural gas projects through fiscal 2010

The revised investment plan for the Alternative and Renewable Fuel and Vehicle Technology Program created by AB 118 allocates \$43 million through fiscal year 2009–10 to NGV-related projects—about 25 percent of all funding.

It's a clear vote of confidence in NGVs' value to California. And while the revised plan represents an \$11 million reduction in the previous draft's total devoted to low-carbon fuels (that draft allocated \$62 million to low-carbon fuels generally; the revised version proposes \$2 million for propane and \$6 million for biodiesel in addition to the NGV funding), it's a vast improvement over a fall 2008 working paper proposing that only 1 percent of funding go to natural gas and propane. The 25-fold funding increase for NGV-related projects is largely the result of the Coalition's sustained, productive engagement with the CEC.

The AB 118 Alternative and Renewable Fuel and Vehicle Technology Program Advisory Committee will discuss the revised plan at its meeting today in Sacramento. The full Energy Commission is expected to consider the plan at its April 22 business meeting. Meanwhile, the Coalition encourages industry members to get to work on project proposals.

"Overall, I believe this is a very viable plan for the NGV industry, although we will want to advocate for a few revisions and clarifications," says Coalition Executive Director Pete Price. "It is important now for our industry to submit solid proposals that show the NGV industry is ready to make good use of these funds."

The plan proposes funding for the natural gas sector in four main areas:

- \$23 million in rebates to cover a portion of the incremental cost of medium- and heavy-duty NGV fleet vehicles
- \$2 million to cover the incremental cost of light-duty NGVs for public fleets that can't receive federal tax credits
- \$8 million in matching funds for natural gas fueling stations
- \$10 million in incentives for biomethane production plants

'This is a very viable plan for the NGV industry It is important now for our industry to submit solid proposals.'

Price observes that the revised plan gives added emphasis to the importance of biomethane, reflecting Coalition comments. The opening paragraphs of the natural gas section state that “the technical feasibility of deriving both CNG and LNG from landfill gas has been successfully demonstrated” and that landfills, dairy farms, and wastewater treatment plants “may be able to produce 2 billion gallons of gasoline equivalent, or 10 percent of California’s existing fuel consumption.” The section notes that both natural gas and biomethane can be blended with hydrogen and that while conventional natural gas can reduce greenhouse gas (GHG) emissions as much as 30 percent, biomethane reduces GHG emissions as much as 97 percent.

Revision requests The Coalition and industry representatives plan to speak at today’s hearing in favor of the plan. They will request at least three revisions: qualification for NGV retrofit projects, private fleet eligibility for all vehicle incentive funds, and purchase incentives to cover the full incremental cost of NGVs.

The revised plan recommends no funds for NGV retrofits because so few retrofit systems are certified by CARB. Retrofitted vehicles, however, play an important role in some light-duty fleets, and heavy-duty engine repowers can convert old diesel engines to natural gas. The Coalition will advocate for including retrofits and repowers in the funding plan.

The previous version of the plan did not distinguish between public and private fleets; it simply called for financial incentives for the purchase of light-, medium-, and heavy-duty vehicles. “We’re surprised to see that distinction” in the light-duty funding, Price says.

The plan also suggests that heavy-duty purchase incentives will be limited to port trucks and school buses. “Natural gas is an excellent alternative for a variety of heavy-duty public and private fleet applications, and we will address this point with the commission,” Price says. “We see no need to restrict access to the vehicle incentives.” ▶

Workshop Outlines Stimulus Funding

It was standing-room-only at the South Coast AQMD’s April 1 workshop on alternative transportation funding from the American Recovery and Reinvestment Act (ARRA), a.k.a. the federal stimulus plan.

Two major programs will provide funding for alternative fuel vehicles and infrastructure: \$300 million in additional funding for the Department of Energy’s Clean Cities Alternative Fuel and Alternative Fuel Vehicle Pilot Program, and \$300 million for the EPA under the Diesel Emissions Reduction Act (DERA).

“It’s overwhelming, it’s so significant,” says Barbara Johnson, assistant vice president for grants at Clean Energy. “For the first time, fleets are going to be able to afford alternative fuels. It will help launch jobs. It will help launch vehicles, and the infrastructure. And it will provide outreach, and the training component. And it’s all together—before, you had to go to different sources for those things.”

Clean Cities funding is available for alternative fuel vehicles and alternative fuel infrastructure projects that reduce petroleum consumption and expand use of AFVs. The application deadline is May 29.

Under DERA, funding is available for replacement and engine repowering of vehicles including buses; school buses; medium and heavy-duty trucks; and nonroad engines, stationary equipment, or vehicles used for cargo handling. NGVs qualify because natural gas is a diesel-reduction strategy. Applications must be in by April 28.

Priority will be given to projects that can be implemented quickly and will accelerate job creation. Outreach and training and the ability to demonstrate project success are key components, says Johnson. Clean Energy is working with air districts on funding submissions, and the SCAQMD and CALSTART are helping interested parties form partnerships for funding submissions.

There are two other ARRA funding sources of note for NGVs: the Federal Transit Administration’s Transit Investments for Greenhouse Gas and Energy

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effect or are substantially delayed, to implement a clean vehicle incentive program to achieve equivalent or greater reductions.

Status: In Assembly Transportation Committee.

AB 1500 | Author: Lieu

In brief: Extends HOV lane access for single-occupant clean vehicles five years beyond the current sunset, to Dec. 31, 2015.

Details: Sponsored by the Coalition; see *CalNGV News*, 3.9.09.

Status: Introduced.

AB 1502 | Author: Eng

In brief: Extends HOV lane access for single-occupant clean vehicles to 2017, but only for SULEV/ILEV vehicles (which includes NGVs).

Status: Introduced.

AB 1527 | Author: Lieu

In brief: Allows a vehicle emissions reduction project funded by the Carl Moyer Program or the Prop. 1B Goods Movement Emission Reduction Program to also receive AB 118 funds, provided the AB 118 funds result in additional reductions.

Details: Sponsored by CALSTART, which believes AB 118 funds could boost GHG emissions reductions by allowing vehicle owners to upgrade to hybrid or natural gas engines.

Status: Introduced.

SB 376 | Author: Simitian

In brief: Requires the CEC to adopt and submit to the Legislature and governor the Liquefied Natural Gas Market Assessment Report of 2011; prohibits approval of construction or operation of an onshore or offshore LNG terminal until the report becomes final.

Status: In Senate Energy, Utilities, and Communications Committee April 21.

SB 400 | Author: Corbett

In brief: Allows the in-state development or manufacture of vehicles that are 30 percent more fuel efficient than the market standard to qualify for AB 118 funding (currently, these vehicles must be 40 percent

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Reduction (TIGGER) Program and the General Services Administration's Energy Efficient Motor Vehicle Fleet Program.

TIGGER is providing \$100 million in discretionary funds to public transit agencies for innovative capital investment projects—including vehicle replacements or repowers—that reduce the energy consumption or greenhouse gas emissions of transportation systems. Applications are due May 22. The GSA program has \$300 million for government fleet purchases of clean vehicles.

Workshop presentations and other resources are available at www.aqmd.gov/pub_edu/notice_ARRA-2009_Apr_1_09.html. ▸

CARB Takes Final Comments on LCFS

A team of Coalition members attended CARB's March 27 workshop on the Low Carbon Fuel Standard (LCFS) regulation—the last public hearing before the regulation goes before the board April 23–24—to seek clarification and urge changes in key areas for the NGV industry.

LNG fuel pathways CARB still has not completed a carbon-intensity analysis of LNG pathways. In light of this, Coalition Executive Director Pete Price asked how fuels analyzed after the regulation is adopted will be incorporated. Staff responded that the regulation allows CARB's executive officer to approve a new pathway without going to the board. This should ensure that the LNG analysis is incorporated soon after it is completed.

Price reminded staff that the economics of imported LNG have changed significantly in the last year or two, with California and the United States more likely to be net exporters than importers, and that CARB's proposed analysis of LNG still appears to exclude the state's most common source of LNG: Rocky Mountain pipeline gas liquefied in California.

“Once the analysis is completed, we expect LNG, at least for certain pathways, to be identified as an LCFS-compliant fuel and for LNG providers in these pathways to be allowed to opt in to regulations only if they wish to generate credits,” Price says, adding, “This is currently the case for conventional CNG from North America and biogas CNG and LNG.”

Credit trading CARB's position has been that credits generated outside the LCFS will not be tradable into the LCFS market—a position the Coalition has supported because allowing non-LCFS credits into the LCFS market could devalue credits generated by natural gas fuel providers. Comments in the latest LCFS documents, however, suggest CARB may be softening on this point. Todd Campbell, director of public policy for Clean Energy, asked for clarification, and staff assured him that the regulations will not allow non-LCFS credits. They left open the possibility that such trading may be allowed in the future, depending on how the credit markets develop.

Energy Economy Ratio (EER) Campbell also raised concerns about how CARB developed the EER for heavy-duty vehicles using CNG or LNG. The EER reduces natural gas's previous 1:1 rating against diesel to 0.9:1, a small difference that amounts to a large disadvantage. (See *CalNGV News*, 2.23.09; the issue was also addressed in the Coalition's latest written comments.)

The Coalition believes the underlying analysis is flawed, as it compared a 2010-certified natural gas engine with a 2007-certified diesel engine and did not consider Westport Innovations' High Pressure Direct Injection natural gas engine, which is as efficient as diesel engines are now. Bob Fletcher, the lead CARB staffer on the LCFS, indicated that they had not seen any data that would change their determination.

The Coalition will try to shift CARB's thinking on this point and address remaining issues at an April 7 meeting with staff. These issues include ensuring that the definition of biomethane includes gas generated not only from anaerobic digestion but also from other processes, such as thermochemical gasification; clarifying whether owners of home refueling appliances are “regulated parties”; consideration of biomethane blends; and clarification of the language allowing LCFS credits to be traded into the much larger AB 32 market. ▸

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more efficient).

Details: NUMMI, which manufactures cars in California, produces a vehicle that's over 30 percent more efficient than average, and Corbett wants to keep the company's production in the state.

Status: In Senate Transportation and Housing Committee April 14.

SB 535 | Author: Yee

In brief: Eliminates the sunset on HOV lane access for single-occupant clean vehicles, extending access indefinitely—unless federal authority for such access expires.

Status: To Senate Transportation and Housing Committee.

SB 626 | Author: Kehoe

In brief: Requires the Public Utilities Commission, in consultation with the CEC, CARB, electric companies, and the auto industry, to implement policies ensuring sufficient infrastructure for the widespread use of plug-in hybrid vehicles.

Status: In Senate Energy, Utilities, and Communications Committee April 21.

SB 632 | Author: Lowenthal

In brief: Requires the ports of Long Beach, Los Angeles, and Oakland to give the Legislature an assessment of their infrastructure and air quality improvement needs, including total costs.

Details: The bill is expected to be a vehicle for a container fee if the author decides to pursue one again.

Status: Passed Senate Transportation and Housing Committee; referred to Senate Environmental Quality Committee.

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