Coalition IDs potential, needs
Response to CEC elaborates on key points, recommends project types for AB 118 funding

In response to a CEC staff request, the Coalition has provided additional information to the agency on the NGV industry’s potential and funding needs. Staff is considering the information in developing the final AB 118 investment plan for commission approval.

Key points in the Coalition’s new information include:

**Domestic resources are plentiful** New gas shale finds will provide abundant natural gas and keep prices moderate. In fact, the United States is expected to be a net exporter of LNG. “Shale has, quite simply, transformed the prospects” for U.S. gas supplies, according to Michael Stoppard at Cambridge Energy Research Associates.

**NGV use is booming worldwide** The number of NGVs in use worldwide has jumped from about 2.8 million in 2003 to about 8.6 million today, driven by high petroleum prices and aggressive incentives for alternative fuel use. Twenty automakers produce NGV models.

**Heavy-duty NGV demand will be strong** Earlier state estimates of demand for heavy-duty NGVs are probably low, given the Obama administration’s interest in encouraging a heavy-duty trucking transition to natural gas and the Los Angeles and Long Beach ports’ Clean Air Action Plan, which calls for 50 percent of the 16,800 trucks operating in and around the ports to be replaced by natural gas vehicles.

**Large fueling stations play a key role** Large stations have positive economics, and a strategically placed network of large stations could serve all the trucks involved in Southern California goods movement. While smaller stations can be viable, the Coalition recommends that the CEC place less emphasis on them and incorporate “mega” stations into its analysis.

**Vehicle incentives are a priority** “In the 1990s, the NGV industry thought that if you built the stations, the vehicles would come. We learned that wasn’t true,” says Coalition Executive Director Pete Price. “But the opposite is true:

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Readers interested in the Coalition’s new information and the proposed LCFS regulation should visit the Member Center on the website (www.cngvc.org/members/overview.php). Regulatory documents are also available at: www.arb.ca.gov/fuels/lcfs/lcfs.htm.

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The Coalition is compiling a list of potential projects as examples and wants to hear your ideas.
The U.S. Biomethane has an extremely low carbon intensity (lower than any alternative fuel evaluated by CARB, including electricity, hydrogen, or cellulosic ethanol), and California has ample resources. If the state makes use of feasibly recoverable biogas from all sources, it could replace virtually all diesel used for transportation purposes and reduce GHG emissions by more than 24 MMTCO2e per year.

**Coalition recommendations** The Coalition also provided a list of recommended projects types in four categories and is seeking industry input on projects that stakeholders might propose.

### Vehicle Production and Purchase Incentives
- Fill the gap between federal vehicle incentives and the full differential cost of NGVs.
- Fund projects with OEMs to re-establish NGV programs.
- Support engine and vehicle product expansion and vehicle integration.

### Vehicle Technology Advancement
- Support development, demonstration, and deployment of natural gas–electric hybrid technology.
- Integrate homogenous charge compression ignition (HCCI) engine technologies into NGV systems, and support R&D of direct-injection engines that control the combustion process and reduce the need for add-on emission control systems.
- Work with OEMs to plan and coordinate product demonstrations.
- Support durability and reliability testing of small-volume manufacturer products.
- Support development of a 12- to 13-liter engine that can run on LNG, and 6- to 7-liter hybrid and internal combustion engines.
- Support development of needed engine and vehicle platforms, including a CNG Type C (conventional-style) school bus, light- and medium-duty walk-in-step vans, and off-road engines.

### Infrastructure Incentives and Technologies
- Provide incentives that reduce the purchase and installation cost of home refueling appliances.
- Provide incentives that encourage private fleet facilities to install “outside the fence” public fueling access.
- Repair and upgrade existing CNG and LNG stations to improve reliability, performance, and convenience.
- Develop modular CNG and LNG stations to reduce purchase and installation costs.
- Develop and commercialize a reduced-stage, high-efficiency CNG compressor.
- Develop small- and medium-scale CNG fueling systems and test them in a network configuration.

### Fuel Development
- Provide biogas development subsidies that are adequate to offset low pipeline gas prices.
- Provide incentives for current biogas producers to provide biogas for transportation.
- Support development and demonstration of technologies that can ensure a steady supply of pipeline-quality biogas.

**Ideas wanted** “One of the key things is that the Energy Commission get quality proposals from the NGV industry,” says Price. Ideal projects will have near-term benefits as well as contribute to 2050 goals, and involve partner-
ships and cost sharing. The Coalition is compiling a list of potential projects as examples and wants to hear your ideas. Contact Pete Price (pete@cngvc.org) or Justin Malan (justin@cngvc.org), or call 916/448-1015.

**Bills Extend HOV Lane Access for NGVs**

State legislators have introduced three bills extending HOV lane access for solo-occupant clean vehicles. Each bill would extend the access period (currently set to sunset at the end of 2010) and include NGVs; they differ on hybrid access and the length of time access would be allowed.

“I think we’re in a good position,” says Coalition Executive Director Pete Price. “All of these bills will benefit NGVs.”

The Coalition is sponsoring AB 1500 by Assemblyman Ted Lieu (D-Torrance), who carried the previous sunset extension bill and chairs the Rules Committee. AB 1500 would extend the access period five years to Dec. 31, 2015. The extension would apply to both “white stickers” (NGVs and AFVs that meet SULEV/ILEV standards) and “yellow stickers” (hybrids that get 45 mpg).

AB 1502, by Assemblyman Mike Eng (D-Monterey Park), would exclude hybrids. Eng, who chairs the Transportation Committee, believes there’s no need for a hybrid incentive and is concerned about lane clogging as more hybrids hit the roads. The state is not issuing new hybrid stickers (the 85,000 limit has been reached), so the practical effect of the bill would be to invalidate yellow stickers on Jan. 1, 2011, when the current law sunsets.

Both bills should be heard in April in the Assembly Transportation Committee, where the differences will be sorted out.

The third bill, also likely to be heard in April, is SB 535 by Sen. Leland Yee (D-San Francisco). It simply eliminates the sunset, extending access indefinitely—unless federal authority for single-occupancy access expires.

Federal authority, in fact, is the main challenge facing all these bills. The federal law allowing ILEVs and low-emission or energy-efficient vehicles to use HOV lanes expires Sept. 30. A new federal transportation bill is due this year, but there’s no word yet on whether Congress intends to extend the access provision.

**Natural Gas Fuel Leads at U.S. Ports**

Natural gas is the leading alternative fuel for goods movement at the nation’s ports, according to a new study from Energy Futures, a publisher of alternative fuel and vehicle journals.

*Container Ports and Air Pollution* looks at air pollution control efforts at the top 10 U.S. ports, along with case studies from the ports at Hong Kong and Rotterdam. It notes that the issue of air pollution at ports has been “largely unrecognized by the U.S. government and by state and local governments outside of California, but this is beginning to change.” Last year saw significant environmental progress; the report cites the clean truck programs at California ports as key examples that represent a “major expansion of early natural gas programs.”

The report notes that the economic crisis is hitting shipping hard, and 2009 will likely see the first drop in container trade in more than 20 years, but, it says, the situation “also creates an opportunity to implement more fundamental changes than would be possible during periods of rampant growth.”

*Container Ports and Air Pollution* concludes that natural gas and electricity hold great promise for wider use in the supply chain. “More funds are needed to optimize alternative fuel use in many specialty vehicles used in the goods movement industry,” says the report, which calls for increased R&D funding and a national strategy and funding mechanism for port cleanup.

The new report follows up on *Container Ports and Air Pollution: A Perfect Storm*, which was published in February 2008. For more information and to download the report, go to [www.energy-futures.com](http://www.energy-futures.com).