

Natural Gas Vehicles  
*A Compelling Case*  
Federal & State Legislative Update

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# Outline

- Why Promote NGVs?
- Federal Legislative Initiatives
- State Legislative Initiatives

# Why Promote NGVs?

- Domestic fuel
- Environmentally friendly fuel
- Best alternative fuel for transportation
- Low carbon fuel - “Green Fuel”
- Economic benefits – lower cost fuel
- Increase natural gas load

# NGV Market Overview

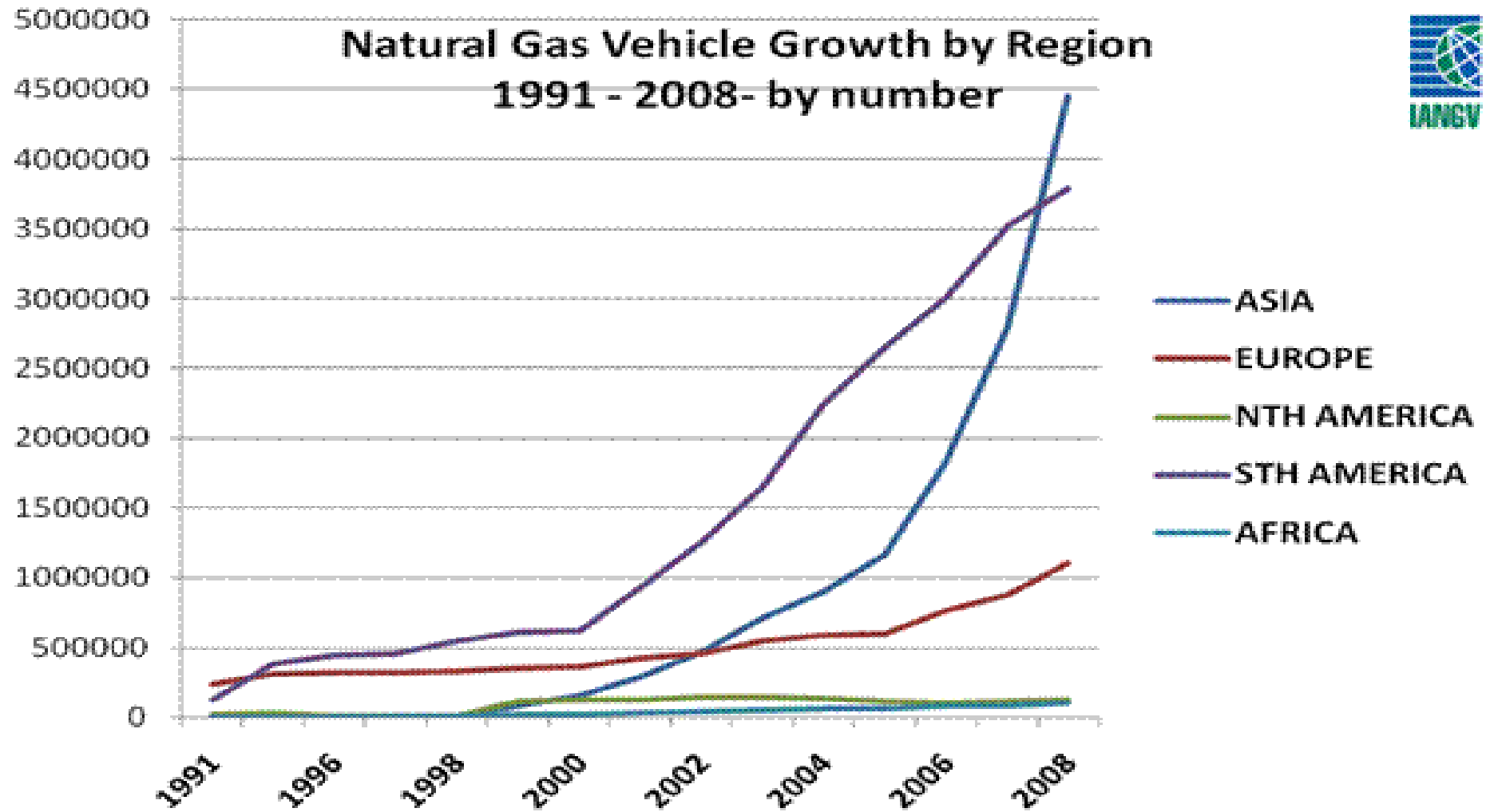
- Worldwide there are more than 11.1 million NGVs on the road; the international market grew by more than 300% from 2003 - 2009
- Number of U.S. vehicles: 120,000 (out of 220 million)
- Total vehicle count has been growing -- but slowly
- Vehicle count masks volume growth since US focus is on urban fleets -- especially, trucks and buses
- 30 percent volume growth in 2007; 25 percent growth in 2008

# International Vehicle Availability

- Every major car manufacturer is making natural gas vehicles for some market somewhere:
  - GM/Opel    – Chevrolet    – Ford    – Mercedes
  - Volkswagen    – Fiat    – Citroen    – Hyundai
  - Renault    – Peugeot    – Tata    – Mitsubishi
  - Toyota    – Honda    – Nissan    – Isuzu
  - Skoda    – Volvo    – Geely    – Lifan
- GM alone makes 19 natural gas models



### Natural Gas Vehicle Growth by Region 1991 - 2008- by number



# 111<sup>th</sup> Congress Legislative

- NGV America began this Congress with a list of 40 potential legislative initiatives for NGVs:
  - 20 are included in introduced legislation
  - 3 are under discussion to be included in new legislation
  - 5 new proposals were not part of our initial list of 40
  - 6 passed the House or the Senate
  - 1 enacted into law
- A significant number of them have been introduced into one or more pieces of legislation

# Extend Natural Gas Fuel Tax Credit

- The House passed H.R. 4213 on December 10, 2009
- Senate passed H.R. 4213 on March 10, 2010
- The House passed H.R.4213 on May 28, 2010
- Senate to act after June 7<sup>th</sup>, 2010
- Bill includes a provision to extend the \$0.50 natural gas fuel tax credit
- This is NGV America's top legislative priority at this time

(continued)

# NAT GAS Act

- New Alternative Transportation to Give Americans Solutions Act of 2009 (NAT GAS Act):
  - H.R. 1835: Introduced in House on April 1, 2009
  - S. 1408: Introduced in the Senate on July 8, 2009
- Lead Sponsors:
  - House: Dan Boren (D-OK); John Larson (D-CT); John Sullivan (R-OK) – 143 cosponsors so far
  - Senate : Robert Menendez (D-NJ); Orrin Hatch (R-UT); Harry Reid (D-NV) – 6 cosponsors so far

(continued)

# NAT GAS Act

- Provisions include:
  - Extending the fuel, vehicle and infrastructure credits:
    - House: for 18 years
    - Senate: for 10 years
  - Makes *dedicated* NGVs eligible for 80 percent credit
  - Makes *bi-fuel* NGVs eligible for 50 percent credit
  - Increases the allowable incremental cost limits:
    - For LDV, increase from \$5,000 to \$12,500
    - For all other weight classes, increases the allowable incremental cost by 100 percent

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# NAT GAS Act

- Increases station from 50% or \$50,000 credit per CNG or LNG station to 50% or \$100,000
- Extends the home refueling credit, worth \$2,000
- Allows NGV and natural gas fueling infrastructure credits to count against the AMT provisions (for both business and personal use)
- Allows the taxpayer to transfer to certain people their NGV or natural gas fueling infrastructure tax credits (under current law these credits are not transferrable)
- Provides OEM production incentives

(continued)

# NAT GAS Act

- Options being pursued:
  - Pass as stand-alone bill:
    - Difficult in current environment
  - Include in a tax title to Climate Change bill by the Senate:
    - Bill not likely to move
  - Include in a tax title to an Energy bill in Senate:
    - Possible: Most likely vehicle -- the American Clean Energy Leadership Act (ACELA – S. 1462); Reported out of Senate Energy and Natural Resources Committee
    - A group of seven Democratic Senators are working on a natural gas-only amendment to this or any energy bill that may move

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# NAT GAS Act

- Include in a tax-only bill:
  - Possible, but too early to discuss tax-only bill
- If all this fails, need to extend all three credits (alternative fuel, vehicle purchase, and infrastructure) for another year. These credits all expire on 12/31/2010

# Climate Change

- Senators Kerry and Lieberman have released a Climate Change proposal that includes modified vehicle provisions of the NAT GAS Act (S.1408)
  - Vehicle Tax Credits Extended and increased
  - Bi-Fuel Vehicles Would Qualify for the Credit
  - Mixed-Fuel Vehicles Definition Expanded
  - Provides Transferability provision
  - Natural Gas Vehicle Bond Program Established
  - NGV Manufacturing Facilities Tax Credits
  - Federal Fleet Study Required
- Does not include fuel or infrastructure tax credits

# NGV Conversions

- Legislation has been introduced to increase the availability of alternative fuel conversion systems
- The Streamline Alternative Fuel Vehicle Conversions Act :
  - HR 3431 introduced on July 30<sup>th</sup> in the House
    - Lead sponsors: Reps. Heath Shuler (D-NC) and Dan Boren (D-OK) with 4 Cosponsors
  - S. 1809 introduced on October 20, 2009 in the Senate
    - Lead sponsors: Sens. Roger Wicker (R-MS) Jim Inhofe (R-OK) with 4 cosponsors

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# NGV Conversions

- Legislation would streamline, and, thereby, reduce the cost of certification. The bill would:
  - Eliminate the need for subsequent yearly recertification of a certified aftermarket conversion system
  - Allow the submission of previous testing data if a vehicle or the aftermarket conversion system has not changed in a way which would affect compliance
  - Direct the EPA to establish criteria that would allow use of test data from a single vehicle to cover several different yet similar vehicle makes, models and model years

# 2010 NGV RD&D Appropriation

- On July 15, 2009, the House (429 to 4) voted in favor of an amendment to add \$5 million for NGV RD&D for DOE in the Energy and Water Development and Related Agencies Appropriations Act for FY 2010 (H.R. 3183):
  - Amendment was offered by Reps. Dan Boren (D-OK) and John Sullivan (R-OK)
- The provision was retained in Conference and is now law

# Federal: NGV RD&D

- NREL through NGVTF has put forward a solicitation
  - Solicitation is now valued at \$14.5 million
    - \$5 million came from DOE and the balance from CEC and SCAQMD.
  - The solicitation identified three specific areas :
    - 1) engine development;
    - 2) chassis integration; and
    - 3) demonstration of on-road products.

# State Initiatives

- Numerous states have adopted incentives to encourage the use of alternative fuel vehicles
- These incentives include:
  - Tax credits for vehicles and fueling infrastructure
  - Grant programs
  - Low interest loan programs
  - Reduced sales/excise tax fees
  - R&D programs
  - HOV exemptions

# State Initiatives

- Funding sources for these incentives have come from:
  - General revenues
  - Bond initiatives
  - User fees imposed on vehicles or business
  - Federal funding

# State Action Items

- What can your state do?
  - Identify dedicated source of funding for natural gas vehicles fuel initiatives
  - Enact tax credits that help offset cost of natural gas vehicles and fueling infrastructure
  - Enact grant program to help fleets replace older trucks with cleaner, natural gas trucks
  - Work with Congressional delegation to obtain FTA funding for buses
  - Encourage your state environmental organization to be active in the EPA Diesel Collaborative for your Region
  - Use a portion of the state's CMAQ funding for natural gas programs

# Recent State Initiatives

- Utah HB 70 (March 2010)
  - Requires compliance with NFPA 52
  - Establishes emission requirements for aftermarket conversion systems
  - Requires safety inspections
- HCR 1 (March 2009)
  - Utah resolution calling on EPA to relax certification requirements
- Oklahoma HB 3028 (May 2010)
  - Establishes goal of increasing number of public CNG fueling stations
  - At least 1 every 100 miles by 2015
  - At least 1 every 50 miles by 2025

# Recent State Initiatives

- Oklahoma HB 3024 (May 2010)
  - Expands incentives for natural gas vehicles until 2015
  - Vehicle credits worth 50% of incremental cost
  - Infrastructure credit worth 75% of cost of qualifying property or \$2,500 in case of home refueling units
  - Allows future purchaser of vehicle to claim credit if not already claimed
- Louisiana HCR 184 (May 2010)
  - Resolution calls upon state authorities to study feasibility of using CNG fueled buses in mass transit applications

# Recent State Initiatives

- Louisiana SB 103 (May 2010)
  - Establishes revolving loan fund to provide low-interest loans to governmental authorities so that they can convert fleets or acquire new alternative fuel vehicles
  - Money also may be used to match available federal funds
- Louisiana SCR 14/8 (House May 2010, Senate June 2010)
  - Urges US Congress to enact the NAT GAS Act
  - Urges state and federal fleets to use CNG vehicles

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