

# Federal Legislative & Regulatory Initiatives

Presentation to  
SoCalGas' Light-Duty NGV Seminar

September 25, 2012

# Federal Legislation

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- This Congress not very productive
- Primary NGV industry focus: Nat Gas Act

# Federal: NGV Incentives Legislation

- The “New Alternative Transportation to Give Americans Solutions” (NAT GAS) Act introduced in the House and the Senate (HR 1380; S. 1839)
- For five years would:
  - Extend 50 cent per GGE fuel credit
  - Expand infrastructure credit to 50% or \$100,000
  - Implement a vehicle purchase credit:
    - From \$7,500-\$64,000 depending on weight of vehicle
- House: 181 bipartisan co-sponsors

# Federal Legislation

- In lieu of Nat Gas Act, focusing of NGV industry in Lame Duck session: Getting fuel and infrastructure credits re-extended
- Small NGV victories in current Congress:
  - Clean Cities funding retained
  - Transit bus federal co-funding increased: 83% to 85%
  - Funding for NGV stations at highway rest stops allowed
  - Authority in CMAQ to fund NGV stations expanded
  - HOV Exemption authority extended

# Federal Regulation

# Federal: Administration Support



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- On January 26<sup>th</sup>, President Obama unveiled his “Blueprint to Make The Most of America’s Energy Resources”
- Four sections:
  - Two on increasing natural gas supply
  - Two on increasing use of NGVs

(continued)



# Federal: Administration Support

- #3: Reducing our dependence on oil by encouraging greater use of natural gas in transportation:
  - New incentives for medium- and heavy-duty trucks that run on natural gas or other alternative fuels;
  - A competitive grant program to support communities to overcome the barriers to NGV deployment;
  - Program to develop transportation corridors that allow trucks fueled by LNG to transport goods; and
  - Programs to support converting municipal buses and trucks to run on natural gas and to find new ways to convert and store natural gas

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# Federal: Administration Support

- #4: Harnessing American ingenuity to catalyze breakthrough technologies for natural gas:
  - The Advanced Research Projects Agency – Energy (ARPA-E) “will announce a new research competition”
  - On February 23<sup>rd</sup>, the President’s remarks announced a \$30 million funding opportunity announcement (FOA) issued by the ARPE-E) to promote transformational breakthroughs in the development of CNG storage cylinders

# EPA/NHTSA LD Rule

- Bi-fuel/dedicated NGVs get added FE/GHG credit
  - 2012-2015: 0.15 divisor for FE and GHG
  - 2016 and beyond: 0.15 divisor continues for FE only
- Utility factors for bi-fuel NGVs increases the percentage of natural gas assumed to be used:
  - Thus improves the FE and GHG calculations
  - Not available for FE calculations prior to 2020
- Sales multipliers for bi-fuel and dedicated NGVs will increase GHG credits for 2017 – 2021
- No cap on bi-fuel FE credits post 2019

# EPA/NHTSA HD Rule

- Provided methane cap option:
  - Average overall GHG emission
  - Doubled the cap compared to proposed rule
- FE calculations favor NGVs because of the way EPA measures FE

# State Incentives & Programs

# State NGV MOU

- 14 states have signed MOU in support of NGVs:
  - Begun with 4 states in November 2011
- Purpose:
  - To urge OEMs to manufacture light- and light-medium-duty NGVs
  - To commit to phasing NGVs into state fleets
  - To possibly reach out to municipalities to phase in NGVs
- Letter sent by 21 states to 19 OEMs requesting NGV information
- Awards to be announced October 4<sup>th</sup>

# More States Offering NGV Incentives

- 35 States have some type of incentives for NGVs
  - Tax Credits:
    - Oklahoma; Louisiana; WV; others
  - Grants:
    - Texas TERP
    - Pennsylvania (\$20 million)
- Over 250 pieces of alt fuel legislation introduced since January