



# California Natural Gas Vehicle Coalition

September 22, 2014

Michael S. Waugh  
Chief, Transportation Fuels Branch  
California Air Resources Board  
*Via email*

**Subject:       Comments on Potential updates to CA-GREET Model and impacts on the  
                  Low Carbon Fuel Standard program**

Dear Mike:

The California Natural Gas Vehicle Coalition (CNGVC) strongly supports the Low Carbon Fuel Standard. Several of our member companies have been active participants in the development and implementation of this program. Natural gas in all its forms has been a significant credit generator for the LCFS program to date. This is why we have numerous concerns with the timeline for and content of proposed updates to the California GREET Model and the impact these changes would have on carbon intensities for compressed natural gas, liquefied natural gas, and renewable natural gas.

The CNGVC represents the state's natural gas vehicle industry and includes major automobile manufacturers, utilities, heavy-duty engine manufacturers, fueling station manufacturers, equipment manufacturers, and fleet users of natural gas vehicles.

Natural gas vehicles offer a very clean alternative to public and private fleets including trucking, transit, and local government, as well as individual drivers. Natural gas vehicles are already helping California achieve our state's air quality and global warming goals, and reducing our petroleum dependence. Natural gas also provides significant cost savings as a transportation fuel today.

Our two primary concerns are that ARB is proposing to make significant changes to the CA GREET Model and LCFS program on a very short timeline *and* based on a limited data set. In fact we believe there is more data currently being collected than all the data that has been collected on the issue of methane leakage. ARB seems to be rushing to make these changes. We are unaware of any requirement or need to make these changes right now.

We do understand that ARB needs to make periodic updates to this program based on new information. However a transparent and robust discussion of the data ARB is using is

critical to develop acceptance and support for these updates and this does not appear to be the approach ARB is taking in this situation.

As we detail below we are very concerned that the proposed changes made hastily could stall investment, harm the LCFS program, and damage ARB's credibility.

### **More review and discussion of the data is necessary**

Before making any significant changes to the CA-GREET Model or a regulatory or incentive program ARB must make sure it has enough good data to support those changes. The data set on methane leakage is rapidly evolving. The same is true for the various methods for analyzing and assessing this data. To highlight how quickly the data and our collective understanding of it is changing we note that a little more than a year ago ARB staff was expressing serious concerns about methane emissions related to hydraulic fracturing. Six months ago the same staff and others studying this issue including the Environmental Defense Fund communicated that they were much more concerned with methane leakage from the distribution system than from hydraulic fracturing. Many studies are currently underway. These are likely to provide significant new information in the next year or two.

### **Increased uncertainty is disruptive and will work against the goal of reducing emissions**

Significant changes made hastily to any regulatory or incentive program create uncertainty and reduce confidence in that program.

Many companies have already made significant investments to support or comply with the Low Carbon Fuel Standard. Many are also in the process of developing or implementing long term investment plans. We are very concerned that increased uncertainty in this program will lead companies to delay or even halt investment plans they have developed for making or using clean transportation fuels.

Presenting model update information in August and then proposing to make significant LCFS program changes in January based on that model update seems very rushed. We are clear that ARB must make some changes to the LCFS program in January for legal and other reasons but we do not believe that changes related to a CA GREET update need to be made at the same time especially when there are so many questions about the data being used to update the model.

### **The natural gas distribution system is not uniform**

Natural gas extraction and distribution is not uniform across the country. This point was noted by ARB staff and participants during the technology assessment workshop on September 3<sup>rd</sup>. The distribution system is generally newer in the west, using stainless steel and plastic pipes, thus a "nationwide" leakage rate is likely higher than actual leakage in the western US.

**Changes to the CI for natural gas will have a material impact on the CI of other clean fuels**

As noted in the technology assessment workshops in early September, several transportation fuels rely on natural gas as a feedstock or for power generation. Two of these fuels, hydrogen and electricity, were not included in the August 22<sup>nd</sup> workshop presentation so it is not clear what ARB's intentions are relative to adjusting the carbon intensities for these fuels.

If ARB updates the Carbon Intensity for natural gas (CNG, LNG, RNG) it must also update the CI for fuels directly impacted by natural gas at the same time. Otherwise ARB would be skewing the metrics in favor of some fuels and against others and clearly putting natural gas at a competitive disadvantage.

**Regulations and controls are and will address methane leakage in the near-term**

Yes more work needs to be done on assessment, analysis, regulation development and implementation, and installation of control technologies but collectively government and industry are already moving in the right direction to address methane leakage issues. Regulatory efforts are underway at USEPA and in several states including California to address methane leakage. In addition the natural gas industry is installing cost-effective control technologies to address methane leaks that have been identified.

Thank you for the opportunity to comment on the changes you are considering. Our members are eager to work with you to continue to make the Low Carbon Fuel Standard a success.

Sincerely,



Tim Carmichael  
President

Cc: Wes Ingram  
Katrina Sideco  
Hafizur Chowdhury  
Chan Pham  
Todd Dooley