



**California Natural  
Gas Vehicle Coalition**

June 20, 2016

The Honorable Mary Nichols  
Chair, California Air Resources Board  
P.O. Box 2815  
Sacramento, CA 95812

**RE: 2016-17 LOW CARBON TRANSPORTATION FUND INVESTMENTS AND AQIP  
FUNDING PLAN**

Dear Chair Nichols:

The California Natural Gas Vehicle Coalition (CNGVC) would like to submit the following comments concerning the 2016-2017 Low Carbon Transportation Fund Investments and AQIP Funding Plan. CNGVC supports the funding plan's goals of reducing greenhouse gases (GHGs), especially in disadvantaged communities in California.

**About CNGVC**

CNGVC is an association of natural gas vehicle and engine manufacturers, utilities, fuel providers and fleet operators serving the state. We are united in the belief that wider adoption of clean-running NGVs—a proven technology in use worldwide—is key to helping California reduce greenhouse gas emissions, air pollution and petroleum dependence.

The Coalition is the industry's premier advocacy organization in California. We support new initiatives, provide up-to-date information on NGV technology and market developments, and work with legislators and regulators to develop policies that will increase alternative fuel and vehicle use. We also advise stakeholders on testing and demonstration programs and help NGV-related businesses break into the California market.

**HVIP: Low NOx Engine Incentive**

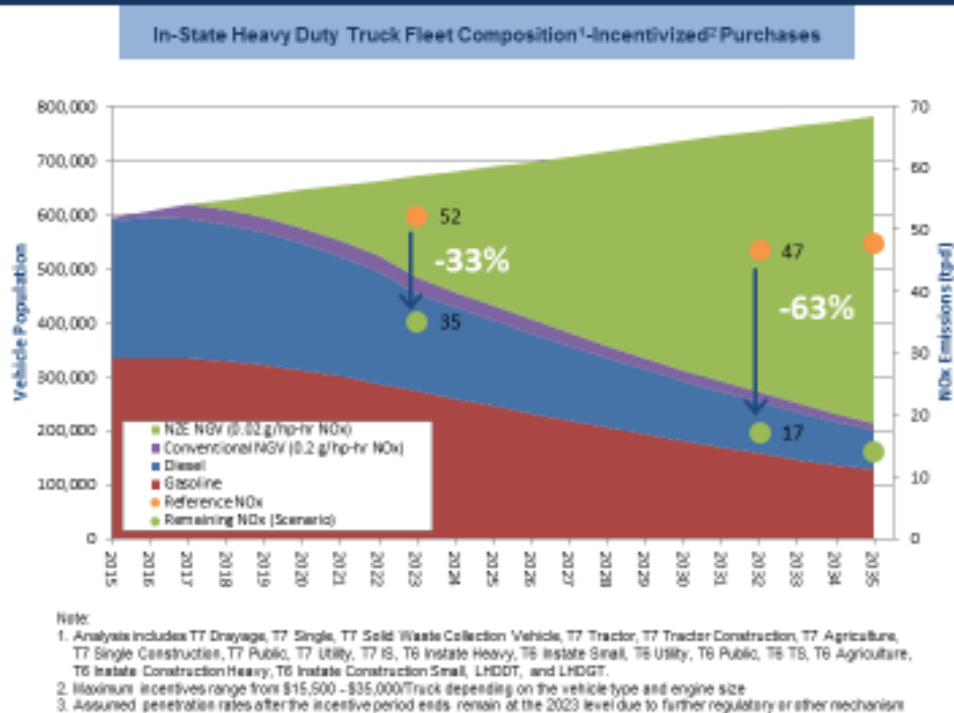
In September 2015, CWI's 8.9 liter ISL G NZ engine became the world's first heavy-duty engine certified to meet CARB's lowest-tier optional low-NOx emission standard of 0.02 g/bhp-hr NOx. This next-generation" heavy-duty natural gas engine is now commercially available in a broad range of HDV sectors that power our freight and public transportation systems (transit buses, refuse haulers, and short-haul delivery trucks)<sup>1</sup>.

In Chapter 4, Air Resources Board (ARB) staff correctly stated that, "incentivizing deployment of these engines coupled with renewable fuels is an important strategy for achieving both near-term and

<sup>1</sup> <http://ngvgamechanger.com/>

long-term reductions of GHG and criteria pollutant emissions in the heavy-duty sector". CNGVC and its members believe that incentives in the heavy-duty truck sector work. When near-zero emission engines are deployed using Natural Gas, by 2023, we can expect to reduce 16 tons of NOx emissions per day! That's a decrease of 33 percent as shown in the following table.

## Incentives for Near-Zero Emissions Heavy-Duty Trucks Can Deliver Substantial Emissions Reductions



Our industry is very thankful for the \$23 million dedicated to incentive the low NOx engine for FY 2016-2017. We believe that this funding is critical to helping fleets to convert to a cleaner, alternative solution.

However, we have two changes that we would like to see adopted in the final plan:

1. In the funding plan staff recommends a maximum of \$18,000 per engine incentive. The goal of the incentive is to create demand for those that want to change to a cleaner engine, but capping the maximum incentive per engine will have the opposite effect.
  - a. **Recommendation:** Replace the cap of \$18,000 with a range for per engine incentives of \$18,000 to \$25,000 per engine. This will create some flexibility in the program and provide more incentive for smaller fleets to transform their trucks.

2. SB 1204 directs the ARB to prioritize projects that benefit disadvantage communities. ARB provides a bonus incentive to only zero emissions vehicles that deploy in disadvantage communities.
  - a. **Recommendation:** Add the bonus incentives to near-zero emission vehicle deployment as well.

CNGVC believes the above two amendments will allow ARB to get the maximum amount of participation in the program while providing the biggest decrease in pollutants, especially in disadvantage communities.

We appreciate the opportunity to comment on this funding plan and we look forward to working with staff and board members on its implantation. We are happy to answer any questions or provide any additional clarification if needed. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Thomas Lawson', with a long horizontal stroke extending to the right.

Thomas Lawson  
President, California Natural Gas Vehicle Coalition