October 17, 2016

Clerk of the Board

California Air Resources Board

1001 I Street

Sacramento, CA 95814

Dear Sir/Madam:

American Power Group is an innovative small business offering a unique dual-fuel conversion option for heavy-duty diesel engines. Our conversion system can be used on stationary engines (*e.g.* generators and pumps down to 65 kW) as well as mobile emission sources (on- and off-road) with displacements in excess of 13-liters. Our system can reduce petroleum diesel usage by up to 60% while also significantly reducing harmful criteria pollutants such as PM and NOx. Our system is extremely cost competitive – allowing the conversion of as many as six (6) on-road heavy-duty diesel engines to dual-fuel operations for the cost of a single new natural gas truck. We believe we offer one of the only cost-effective solutions to reduce fuel consumption and emissions of Class 8 heavy-duty trucks affecting air quality in California’s disadvantaged communities and non-attainment regions.

APG appreciates the challenge faced by the Board in adjusting its Fiscal Year 2016-2017 funding plan based on the new legislative realities. We believe that the modifications made were thoughtful and prudent given the reduced budget when applied to so many programs with positive benefits to the citizens of California. The challenges – especially in the heavy-duty vehicle and off-road equipment sector are very great and it is important to make sure every taxpayer dollar counts.

In that vein, we were disappointed to see the over 40% reduction in the ARB’s investments in Advanced Technology Demonstrations in the heavy-duty sector. With the preponderance of health-harming criteria pollutants affecting disadvantaged communities coming from the heavy vehicle sector, we believe that investments in new and exciting technology should continue to be prioritized. Currently, there are very few solutions for on-road engines displacing more than 12-liters and an equal shortage of new solutions for off-road sources of emissions on farms and construction sites. There are numerous multiplier effects for ARB investments in advanced technologies, including jobs, economic benefits to low income communities, preservation of the commercial freight economy, and, finally, a host of environmental benefits.

For example, American Power Group has been working with experts in the industry to investigate pairing our innovative natural gas dual-fuel technology with advanced aftermarket selective catalytic reduction (SCR) systems to provide a pathway to achieve CARB’s optional low NOx standard. This aftermarket conversion, if supported, could provide a pathway to reducing NOx emissions on existing engines to the new standard at a cost well below the purchase of a brand new vehicle. Supporting advanced technologies such as this will help to find solutions for the Class 8 heavy-duty vehicle sector, while not affecting commercial fleet operations with respect to payload or range, and at a cost that the commercial fleet owner/operator can accept. Funding for new technologies is sorely needed – but if those advanced technologies are not accessible and affordable to the fleet owners, they will not be adopted. A technology that isn’t adopted in commercial volumes will not have the impact necessary to solve our challenging air quality issues.

In summary, APG is very aware of the difficult choices faced by the Board on a regular basis in a fiscally-constrained environment. If the choice to reduce funding for FY 2016-2017 is a necessity based on the legislative appropriations and directives, we would hope to see that funding restored in future fiscal year funding plans.

Sincerely,

Dan Goodwin

Vice President, Government Affairs

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