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Mary D. Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Revisions to the Carl Moyer Incentive Program Guidelines and Proposed 2008 Guidelines for Lower-Emission School Bus Program

Dear Ms. Nichols:

Southern California Gas Company (SoCalGas) and San Diego Gas & Electric (SDG&E) thanks the California Air Resources Board (CARB) for this opportunity to offer comments on the CARB Meeting Agenda Item 03-3-3, Public Meeting, to Consider Revisions to the Carl Moyer Incentive Program Guidelines (Carl Moyer Guidelines), and Agenda Item 08-3-4, 2008 Lower-Emission School Bus Program Guidelines (School Bus Guidelines).

SoCalGas and SDG&E support the Carl Moyer Program and believe it is an important tool to help the state achieve numerous air quality goals. With this in mind, we offer the following comments on the Carl Moyer Guidelines:

1. Due to the concentration of pollution at the ports and the impact on the surrounding communities, promoting the use of alternative fuel drayage trucks at the ports should be a priority for CARB.
2. The Carl Moyer Guidelines currently require that Proposition 1B funding be accessed first for any potential port truck project. This means that port drayage truck projects will not be able to take advantage of both Carl Moyer and Proposition 1B funding.
3. CNG drayage trucks can meet the 2010 federal and state heavy-duty engine NO_x emission requirements today.¹ No other commercially available technology can match this level.

SoCalGas and SDG&E applaud the main goal of the Lower-Emission School Bus Program "...to reduce children's exposure to diesel emissions from school buses..." With this goal in mind, SoCalGas and SDG&E offer the following comments on the School Bus Guidelines:

¹ The 2010 federal and state heavy-duty engine NO_x emission requirement is 0.2 g per bhp-hr

1. Encouraging the use of compressed natural gas (CNG) school buses is consistent with the main goal of the Lower Emission School Bus Program since CNG school buses emit no diesel emissions.
2. Encouraging the use of CNG school buses is consistent with other state policies seeking to improve regional air quality, decrease greenhouse gas emissions, and reduce reliance on petroleum.
3. CNG school buses can meet the 2010 federal and state heavy-duty engine NO_x emission requirements today. This is over 7 times cleaner than the approved diesel engines listed in the School Bus Guidelines.²
4. CNG school buses decrease greenhouse gas emission by over 20% when compared to equivalent diesel engines.³
5. CNG school buses use no petroleum.
6. The proposed cost cap of \$140,000 for each new school bus creates a perverse incentive that is not consistent with the main goal of the Lower Emission School Bus Program. Since diesel school buses are estimated to cost \$140,000 and CNG school buses are estimated to cost \$160,000, school districts will have to pay an additional \$20,000 under the current School Bus Guidelines in order to purchase a CNG school bus. Thus, school districts will have to pay more in order to choose an option more closely aligned with the main goal of the Lower Emission School Bus Program.
7. The School Bus Guidelines propose a \$25,000 match for each new school bus purchased to offset the \$140,000 cost cap. This match is required regardless of fuel used or the emissions benefit achieved.
8. The Guidelines do not provide any funds for the fuel tank replacement on in-use CNG-fueled school buses. Staff concluded that enabling school districts to continue operating CNG school buses for a longer period of time was inconsistent with the “legislative intent of Proposition 1B” and “the text of SB 88”. However, Proposition 1B provides “Two hundred million dollars ... for schoolbus retrofit and replacement to reduce air pollution and to reduce children’s exposure to diesel exhaust”. Senate Bill 88 expressly states “Diesel emission from schoolbuses contribute to significant health and safety risk to children, cause air pollution, and contribute to greenhouse gas emissions” and “The intent of this chapter is to ensure funds made available...in furtherance of improving air quality and protecting public health”. Since funds used for fuel tank replacement on CNG school buses will allow these vehicles to operate longer at a fraction of the cost of

² The School Bus Guidelines engine NO_x emission requirement is 1.44 g NOX per bhp-hr.

³ California Energy Commission Publication CEC-600-2007-004-REV, entitled “Full Fuel Cycle Assessment: Well to Wheels Energy Inputs, Emissions and Water Impacts”, August 1, 2007

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purchasing a new diesel vehicle, it does not appear that the Guidelines are consistent with the goal for the program established under Proposition 1B and Senate Bill 88.

SoCalGas and SDG&E have the following recommendations based on the preceding comments:

1. Allow Carl Moyer funds to be used in conjunction with Proposition 1B funding for port drayage truck projects.
2. Eliminate the proposed cost cap and matching fund requirement for CNG school buses in the School Bus Guidelines. School districts opting to purchase CNG school buses that emit no diesel emissions, improve regional air quality, decrease greenhouse gas emissions, and reduce reliance on petroleum should be rewarded, not penalized.
3. Provide funds in the School Bus Guidelines to fully offset the costs of fuel tank replacement for in-use CNG school buses.

SoCalGas and SDG&E encourage the CARB and other state agencies to endorse state policies which will continue to promote natural gas as a viable alternative fuel that can cost-effectively reduce greenhouse gas emissions, improve regional air quality, and reduce petroleum dependency.

We hope that these comments will help to enhance the effectiveness of the Carl Moyer Guidelines and the Lower-Emission School Bus Guidelines. If you have any questions or comments, please feel free to contact Ed Harte, Jr., Natural Gas Vehicle Program Manager at (213) 244-2847.

Yours sincerely,

Bernie Orozco