



REVOLUTION CNG
"The Revolution Starts NOW!"

Aug 3, 2010

Mr. Floyd Vergara
California Air Resources Board
P.O. Box 2815
1001 "I" Street
Sacramento, CA 95812

Dear Mr. Vergara,

My company is located in Central California and is involved in the further development of compressed natural gas (CNG) as an alternative motor vehicle fuel for use in vehicles operating in the State of California. I am writing to you to express my support for updating the California Air Resources Board (CARB) CNG motor fuel specification regulations ("CARB Regulations"), as discussed at a recent meeting of the California Clean Cities Coalition, which I attended in San Luis Obispo on July 15, 2010.

During this meeting, representatives from the Southern California Gas Company and San Diego Gas & Electric presented the following proposal to change the CARB regulations:

1. Replace the existing prescriptive specification of the CARB Motor Vehicle fuel Regulations with a performance based, statewide minimum Methane Number (MN) 75 standard, through a series of "transition steps"
 - a. Immediate implementation of an interim, statewide minimum MN 80 standard.
 - b. Future implementation of a permanent, statewide minimum MN 75 standard by January 1, 2023
 - c. Individual stations can transition earlier upon declaration to CARB that only vehicles capable of fueling on MN 75 minimum CNG will refuel at the station in question.
2. Exempt home refueling appliances from the CARB Motor Vehicle Fuel Regulations. Also, exempt private commercial fleets whose vehicles can be certified to the 75 MN standard.
3. Provide a streamlined exemption process for any CNG refueling station that desires to provide gas that complies with California Public Utilities Commission

(CPUC) Standards but may not comply with CARB Motor Vehicle Fuel Regulations.

- a. Exemptions should be granted automatically to any applicant.
- b. Applicant must be willing to post a notice of minimum gas quality on the applicable dispenser.
- c. Exemptions should have a term of one year and automatically renewed each year unless the exemption applicant no longer owns or operates the facility in question.
- d. Exemption applicants should only be required to provide minimal information initially – applicant name, contact information, declaration of ownership/operation, fueling station location, and minimum MN to be dispensed. No ongoing reporting requirements.

There are numerous ways that state policy makers, such as CARB, can create either opportunities or barriers to the promotion and growth of alternate fuel vehicles. Unfortunately, with respect to CNG vehicles, the current CARB regulations create unnecessary barriers, for the following reasons:

1. CNG engine technology has advanced considerably since 1992, and fuel that is acceptable to CNG engine manufacturers and CNG vehicle operators is currently prohibited by CARB regulations. The proposed performance based specification and home refueling appliance exemption is based on CNG engine manufacturer specifications, thus this update is consistent with current technology.
2. Current and future gas supplies from California production, interstate supplies, and imported LNG will not consistently meet the current CARB regulation. The proposed performance based specification should help close the gap between CPUC standards and CARB regulations.
3. Test program exemptions are not uniformly granted to all CNG station operators, require significant paperwork to initiate, have a short duration, and require onerous on-going reporting. This proposed exemption process will provide certainty, reduce administrative overhead, and is needed to address the differences between the CPUC standards and CARB regulations.

The proposed revisions to the CARB regulations advocated by SoCalGas and SDG&E will remove the barriers to the promotion and growth of CNG vehicles, which helps CARB achieve its overarching mission to reduce petroleum dependency, lower greenhouse gas emissions, and clean the air in the state of California.

However, in addition to the recommendation by SoCalGas that home fueling appliances be exempted from the CARB regulations, I would like to suggest that stations fueling light-duty vehicle fleets receive the same exemption. Private commercial applications such as shuttle vans, construction contractors, delivery services, etc. comprise a segment that consumes a significant quantity of fuel during the course of

conducting their business. As such their impact on air quality, petroleum dependence, and every other factor of relevance to this discussion must be recognized. Currently available technology makes switching to CNG an attractive proposition for these fleets from an economic impact perspective, so these operators will be looking for ways to make this transition. And vehicle manufacturers such as General Motors and Ford have recognized this demand and are rolling out new models of CNG light and medium duty commercial vehicles to meet the demand. All of these current production vehicles are compatible with the performance based standards proposed by SoCalGas.

I appreciate your assistance and support in promoting CNG vehicles in California. Please feel free to contact me if you require further insight from an industry advocate perspective.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Iaia", with a long horizontal line extending to the right.

Keith Iaia
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