

**Comments of the American Public Gas Association re:
EPA/NHTSA NOPR “2017 and Later Model Year Light-Duty
Vehicle Greenhouse Gas Emissions and Corporate Average Fuel Economy
Standards”**

January 25 , 2011

The American Public Gas Association (APGA) appreciates the opportunity to submit comments in response to the Environmental Protection Agency and National Highway Transit Safety Administration’s recently released rule, “Notice of Proposed Rulemaking (NOPR): “2017 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions and Corporate Average Fuel Economy Standards.” APGA also sincerely appreciates both agencies’ efforts to make changes to the Greenhouse Gas/Corporate Average Fuel Economy Standards to further advance the development and deployment of alternative fueled vehicles (AFVs). However, APGA respectfully submits that both agencies consider changes to the NOPR (detailed below) to ensure that natural gas vehicles (NGVs) and infrastructure receive equal treatment to other AFV technologies.

APGA is the national association for publicly-owned natural gas distribution systems. There are approximately 1,000 public gas systems in 36 states and over 700 of these systems are APGA members. Publicly-owned gas systems are not-for-profit, retail distribution entities owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that have natural gas distribution facilities.

APGA has long recognized that the United States’ dependence on foreign oil is one of the foremost threats to our nation both economically and militarily. The U.S. economy is dangerously dependent upon crude oil for stability and economic growth and in no area is this dependence more evident than in the transportation sector. Even slight increases in the price of gasoline can send shock waves throughout the economy, reduce consumers’ purchasing power and spending, cause financial markets to tumble, and inhibit economic growth.

Moreover, it is on the foundation of our economic strength that our military might depends. The sad fact remains that the main sources of crude oil are outside the U.S. According to the Energy Information Administration, the U.S. imports approximately 51% of the oil it consumes (2009 data), meaning that America’s economic prosperity (and therefore its military strength) is tied to purchasing crude oil from foreign countries, many of which have interests that are antithetical to our own. In short, the U.S. sends billions of dollars to potentially hostile nations, upon which it is dependent for its prosperity and ultimately its security.

Natural gas vehicles (NGVs) can play a critical role in reducing America's energy dependence on foreign oil, as well as reducing greenhouse gas emissions. The combination of a secure, domestic, affordable fuel source that can be used by existing technology makes NGVs the logical choice for replacing our transportation fleet.

In order to ensure that NGVs can make these critical contributions to U.S. energy and national security, APGA respectfully submits the following comments on: Current Law, the EPA/NHTSA Proposal for 2012-2015, and the Proposal for the 2016-2019 period.

2012-2015 Current Law: APGA believes that as structured under current law, dedicated and bi-fuel NGVs appear to receive significant NGV Fuel Economy (FE) and Greenhouse Gas Emissions (GHG) credits due to the .15 multiplier. However, because of the fact that E85 Flex Fuel Vehicles (FFVs) are eligible to receive these credits and because Original Equipment Manufacturers (OEMs) will likely not be required to have additional FE and GHG credits, they will be of little value to NGVs.

Additionally, APGA respectfully requests clarification on the following issues:

- Can GHG credits for dedicated and bi-fuel NGVs be carried forward?
- Can the bi-fuel FE credits be carried forward?
- Can the FE credits for dedicated vehicles be carried forward?

APGA respectfully requests that clarification be provided for each of these issues.

EPA/NHTSA Proposal 2012-2015:

Given the issues with current law, APGA respectfully requests that EPA and NHTSA to extend the incentives provided in 2012 – 2015 specifically for dedicated and bi-fuel NGVs until NGV sales hit a level demonstrating market acceptance or commercialization. APGA is open as to how to properly define this metric but suggests that perhaps a sales threshold of 250,000 dedicated NGVs per year is practicable.

Moreover, APGA also suggests that EPA and NHTSA establish a separate track for bi-fuel vehicles so that the credits for these vehicles are not overwhelmed by the FFV credits and subject to the caps of bi-fuel vehicles. APGA believes that the legal justification for this change is the same that they are offering for 2020 and beyond – i.e., the Utility Factor (UF) bases performance on real-world expectations not the seemingly arbitrary 50/50 allocation established in Energy Policy and Conservation Act (EPCA).

APGA also urges EPA to provide an incentive for OEMs like Ford and GM and others who are facilitating the development of the aftermarket industry by offering Natural Gas-ready engines and setting up Qualified Vehicle Manufacturer (QVM) programs. The aftermarket vehicles largely are not covered by GHG and FE rules so the OEMs should receive some credit for facilitating increased availability of aftermarket vehicles.

2016-2020

APGA appreciates the changes the proposed rules make to current law. However, APGA does have two brief suggestions for improvement on two elements under EPA jurisdiction: the production multiplier and pickup truck rules.

EPA specifically solicited comments on whether it should provide a production multiplier for dedicated and bi-fuel NGVs for 2017 - 2021 – which would be a GHG credit. APGA strongly believes that this credit would be beneficial for NGVs if they are treated similarly under the rule as PHEVs.

With respect to pickup trucks, EPA also has proposed a special credit for pickup trucks that utilize GHG reducing technology. This credit would be worth 10 g/mi or 20 g/mi depending on the reductions. In order to get the 20 g/mi credit technology would have to provide a 20% reduction in GHG emissions. To qualify, technology would have to be used on at least 10% of full size pickups for manufacturers and credits limited to 5 MYs. APGA strongly supports this change and believes that it will be very beneficial in aiding the deployment of NGV pickup trucks and refueling infrastructure.

I thank you in advance for your consideration of our views.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bert Kalisch".

Bert Kalisch
President & CEO