



# California Natural Gas Vehicle Coalition

AB 118 Advisory Committee  
NG Vehicle Deployment Incentives

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# CA NGV Coalition



# Big Picture Thoughts

## ▶ Good Government

- regular review of program's process, form and effectiveness
- Question incentive type and level

## ▶ Glad you asked us but....

- CEC should also be seeking good analysis from groups like NREL, UC Davis, TIAX – (travel?)

## ▶ Market Assessment

- CEC should consider creating a broad market assessment and update this annually

# Are there better funding mechanisms that can ensure that consumers receive the benefit of the incentive?

- ▶ rebate programs in place in California are about the best anywhere.
- ▶ customer gets the rebate relatively quickly
- ▶ there is none of the hassle of a “tax rebate” or “gross income deduction” we see in other places.

# How can we avoid increasing markup?

- ▶ We don't believe the manufacturers are marking up these products because there is a consumer rebate available.
- ▶ Doesn't CEC require that the seller clearly communicate to the end purchaser about the rebate received

# Which types of entities, if any, need the funding most?

- ▶ better question is: How can CEC have the greatest impact on expanding the use of NGVs with a limited pot of money?
- ▶ Remember we are still a VERY SMALL FRACTION of the vehicles in California – under 30,000 NGVs out of more than 25 million total vehicles.

# Maximizing CEC's impact on use of NGVs...

- ▶ maximize leverage by helping large potential purchasers (aka fleets) purchase more alternative fuel vehicles.
- ▶ One strategy to consider – support initial or early purchases of 5–25 vehicles in a fleet that has the potential to buy dozens or hundreds of natural gas vehicles

Which entities are least likely to make the switch to natural gas/propane without incentive support? Should we focus on these?

- ▶ Still too early to worry about outliers and those that aren't really interested in making the switch to alternative fuels

- ▶ Do all types of vehicles still need incentives?  
**NO**
- ▶ Have the comparatively low fuel costs reduced the market need for an upfront vehicle incentive? **YES BUT...**

# Is it appropriate to reduce the incentive amounts, to increase the number of vehicles served by the incentive? **MAYBE**

- ▶ Vehicles that meet the high mileage/low fuel price qualifications can pay back incremental cost in two years – business case can be made
- ▶ Contrast that with beverage or local distribution
  - relatively low (25,000–50,000) miles per year and buy fuel at \$2.50 per DGE or higher.
  - Payback may take up to five years and they cannot make it pencil. Incentives definitely needed in this scenario.

# If so, how should we calculate the “right amount” for an incentive?

- ▶ Consider letting the market help you decide the right level
- ▶ Set an “up to” incentive amount and solicit proposals with at least one of the primary goals to get as many NGVs on the road as possible

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