

Propane in California's Alternative and Renewable Fuel and Vehicle Technology Program

Lesley Brown Garland

Western Propane Gas Association

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PROPANE IN CALIFORNIA

- **Western Propane Gas Association**

- Represents ~125 propane companies operating in California
- Annual sales of 576 million gallons statewide, #1 in the nation
- Estimated 54 million gallons into “internal combustion fuel” market, but most of that attributed to forklifts (#2 in the nation)

- **Western Propane Education & Research Council**

- Funds propane safety and research and development activities
- Since 2010 invested \$295,000 into propane vehicle incentive program at \$1,000 per vehicle

PROPANE INCENTIVES THROUGH AB 118

What is causing low demand for propane incentives?

- **Budgets**
 - School districts cutting transportation funding.
 - Hesitant fleet buyers in commercial market due to economy.
- **Vehicle Availability**
 - Freightliner project is almost two years late.
 - Roush E- and F-series availability.
- **Difference Between Propane Buyer and CNG/LNG Buyer**
 - Propane is more “retail” transaction, while CNG/LNG is “project” based.
- **Infrastructure Development for New Fleets**
 - Partnering providers with fleets, permitting requirements for infrastructure.
- **CEC Reservation Process**
 - Timeline of applications, guaranteed availability of funds.

PROPANE INCENTIVES THROUGH AB 118

Is the buy-down program hindering vehicle sales?

- **Absolutely Not.**
 - The program has incentivized sales of propane vehicles to buyers who weren't entirely sold on moving away from gasoline/diesel.
 - The program has spurred sales of propane school buses to districts desperate for funding sources.
- **But...**
 - Buyers and dealers must be willing to work through the CEC process.
 - Reservations can be tied up by one dealer while another dealer may have an opportunity to sell a unit that is on the lot.



PROPANE INCENTIVES THROUGH AB 118

Which entities are least likely to make the switch to propane without incentives?

- **School districts and school transportation contractors**

- Transportation funding is cut in difficult budget times.

- **Shuttle services**

- Airports in metropolitan areas with air quality issues.

- **Fleet operations**

- In a struggling economy, moving to clean vehicles is considered a financial risk.



PROPANE INCENTIVES THROUGH AB 118

Why should propane vehicle incentives be continued in the future? Are there developing prospects for reducing GHG emissions with propane vehicles?

- **Eliminating diesel school buses from fleets.**
 - Propane buses are the only alternative in some vehicles geared for special needs students.
- **Improving air quality at metropolitan airports.**
 - Shuttle services at Los Angeles, San Diego, San Francisco and Sacramento airports.
- **Fleets operating in metropolitan areas.**
 - Roush estimates the CEC incentive program in 2013 could help deploy 500 vehicles, eliminating 3 million gallons of traditional petroleum use.
 - These vehicles have an estimated lifespan of seven years, resulting in 21 million gallons of traditional petroleum fuels eliminated.

PROPANE INCENTIVES THROUGH AB 118

Greenhouse Gas Reductions by Using Propane

- Reduces carbon dioxide emissions by up to 12 percent
- Reduces NOx by up to 20 percent
- Reduces carbon monoxide by up to 60 percent
- Overall reduces greenhouse gas emissions by up to 17 percent



PROPANE INCENTIVES THROUGH AB 118

Are there better funding mechanisms to ensure the incentives are deployed?

- **Allow the manufacturer of record for the fuel system to manage the reservation instead of the OEM.**
 - For example, Roush CleanTech distributing the incentives instead of the Ford dealers.
 - DirecTV is delaying an order for 60 units because of inability of Ford dealers to access the funding.
 - Roush CleanTech knows the production sequence and can line up incentives with vehicle production.
- **Eliminate the GVWR thresholds.**
 - There is not a large gap on the incremental cost between an under 10,000 GVWR (\$6,000) and an over 14,000 GVWR (\$10,000).
 - Suggestion: Have one incentive amount across the board, and the higher the incentive, the better.

PROPANE INCENTIVES THROUGH AB 118

What can the propane industry and WPGA do to help?

- WPGA can play matchmaker for propane providers and prospective fleets.
- Continue AB 118 awareness campaign for propane providers.
- National Propane Education & Research Council is continuing funding for development of new vehicles.



Lesley Garland
President and CEO
Western Propane Gas Association
(916) 447-9742
exec@westernpga.org
www.westernpga.org