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# CEC/CARB Must Act to Correct The Development of the Alternative Transportation Fuels Plan.



Todd Campbell

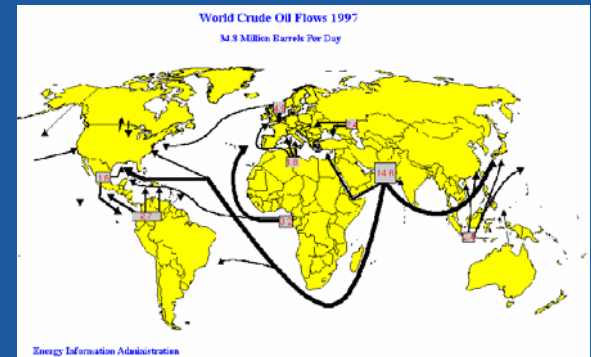
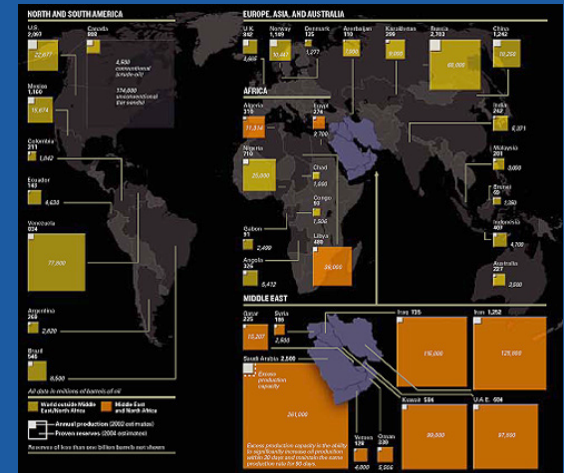
Director of Public Policy

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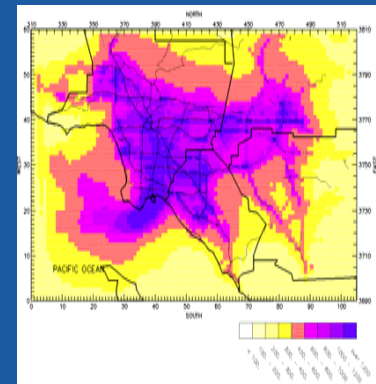
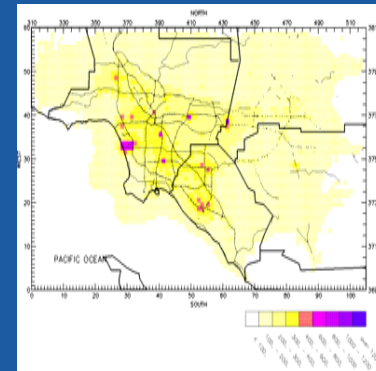
# CEC/ARB AB 1007 Goal is Critical to CA

- ▶ World oil demand ~84 mmbd and will rise to 120 mmbd by 2020
- ▶ Oil Production Nearing Peak
- ▶ US will need all alt. fuels to meet rising demand
- ▶ Air Quality remains a critical concern
- ▶ Some alt. fuels fair better than others



# Proven Commercially Available Diesel Alternative Technologies

| Technology             | NOx Reduction         | PM Reduction               |
|------------------------|-----------------------|----------------------------|
| <b>Natural Gas</b>     | <b>50% or greater</b> | <b>70% (&gt; with cat)</b> |
| Diesel Emulsions       | 10-15%                | 50-65%                     |
| <b>Biodiesel (B20)</b> | <b>-5% to 0%</b>      | <b>15-20%</b>              |
| <b>Ethanol Blends</b>  | <b>2-6%</b>           | <b>35-40%</b>              |
| Oxidation Catalysts    | 0-3%                  | ~20%                       |
| PM Traps               | 0%                    | > 85%                      |
| Low-Sulfur Diesel      | Minimal               | ~ 20%                      |



## AB 1007 Process is Fatally Flawed

- ▶ CEC Staff took 9 months to develop support documentation for AB 1007 process
  - Industry asked to play a role at the beginning of process
  - Industry received 5 days to comment on partial analysis
- ▶ Public has yet to see economic analysis
  - Can only assume flawed AB 2067 report will be applied
- ▶ Economic assumptions are the basis for a market assessment, not the other way around

# Market Assessment Must Have Firm Base

- ▶ AB 2076 Economic Assumptions are incorrect:
  - Underestimates petroleum dependence (too optimistic)
  - Links natural gas prices to petroleum w/o basis
  - Both undermine AB 1007 goals
  - Method lacks Industry Input and cherry picks DOE data
- ▶ Incorrect economic foundation means flawed market assessment
- ▶ Flawed market assessment could mean misstep for CA AFV Policies



## Next Steps CEC/CARB must Act On

- ▶ Create transparency
  - Provide all supporting documentation/assumptions that lead to AB 1007 conclusions
- ▶ Improve economic assumptions to better reflect real-world energy conditions and futures
  - Initiate meetings/working groups to gain industry input and collaboration over next 6-8 weeks
  - Include other forecasts that DOE considers
- ▶ Use improved economic analysis to perfect the conclusions of the market assessment
- ▶ NGV industry is committed to working with CEC/CARB
- ▶ We need CEC/CARB's commitment to achieve best real-world conclusions/direction for AB 1007 process.

# Conclusions

- ▶ CA's strong policy emphasis on reducing petroleum dependence critical to ensuring CA's energy security, environment, and public health.
- ▶ Need all alternatives to close the 30+ mmbd gap in 2020
  - Natural gas and biofuels are solutions to oil supply shortfall
- ▶ We need accurate economic assumptions and energy forecasts to maximize AB1007 goals.
- ▶ CEC/CARB must establish transparency, industry collaboration, and time to have an honest dialogue
- ▶ CEC/CARB must commit to a true AB 1007 process