

Summary of Federal NGV Policy Initiatives



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- The federal government does not currently offer any incentives for drivers or fleets that adopt CNG.
- In his State of the Union message in January, President Obama called on congress to help build more alternative vehicle fueling stations and approve incentives for medium- and heavy-duty natural gas and other alternative fueled vehicles.
 - FY 2015 budget sent to Congress includes a tax credit of up to \$25,000 for purchasing dedicated NGVs weighing between 14,000 lbs. and 26,000 lbs. and a credit of up to \$40,000 for purchasing NGVs weighing more than 26,000 lbs.
 - The budget also seeks to eliminate the LNG excise tax penalty by lowering the tax on LNG when purchased as a transportation fuel to 14.1 cents per gallon from the current 24.3 cents per gallon.
 - The penalty arises because LNG has a lower energy density than diesel so more LNG must be consumed to derive the same power output derived from burning a gallon of diesel. This means that on an energy equivalency basis, LNG is taxed at a level 170 percent higher at which diesel is taxed, posing a disincentive for purchasing LNG trucks.



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- Alternative Fuel Vehicle Development Act: U.S. Sens. Jim Inhofe (R-OK) and Carl Levin (D-MI) recently introduced in the Senate S 2065.
 - The bill would amend existing law to include NGVs, as well as electric and hydrogen fuel cell vehicles to E-85 ethanol vehicles on the list of vehicles exempt from auto manufacturer annual fuel economy bonus credit caps.
 - The bill would also provide federal designation for NGVs as eligible to travel in HOV lanes with only a single driver and mandate a federal study on tax credit and other financing options for building NGV fueling stations.
 - The bill is pending before the Senate's Committee on Commerce, Science and Transportation.



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- Three bills introduced by Reps. Sam Graves (R-MO) and Lee Terry (R-NE) in the House are aimed at improving the ability of long-haul fleets to deploy CNG and LNG trucks.
 - H.R. 3937 would establish a task force to identify barriers that impede deployment of natural gas vehicles by trucking companies and examine the impacts of a large-scale transition to natural gas trucking on funding the federal Highway Trust Fund.
 - H.R. 3938 would direct the U.S. Department of Transportation to designate natural gas fueling corridors for long-haul truck traffic.
 - H.R. 3940 would eliminate the “weight penalty” faced by natural gas trucks by requiring the U.S. Transportation Department to revise its regulations to allow trucks operated on natural gas to exceed the weight limits on federally funded highways by the difference between the weight of fuel tanks installed in diesel trucks and the heavier tanks installed in natural gas trucks.



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- FLEET Act: Sponsored by Rep. Jared Huffman (D-CA) and co-sponsored by Rep. Gerry Connolly (D-VA), HB 3963 would require that USPS vehicles be replaced by low CO2 emitting vehicles and that the USPS reduce its petroleum consumption by 2 percent annually through 2025.
 - The Postal Service operates America's largest fleet of civilian vehicles - 212,000 vehicles either directly or through its contractors.
 - The bill would allow the USPS to finance the fleet conversions by entering into energy savings performance contracts with private firms. The energy service contractors would provide the capital to procure new vehicles and recover their costs plus profits from the fuel cost savings that accrue to the USPS from the use of vehicles with higher mpg and lower fuel costs.



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- Tax Extenders Act of 2013: Senate Majority Leader Harry Reid (D-Nev.) introduced S 1859 in December to renew a number of business tax incentives that Congress allowed to expire on Dec. 31, 2013.
 - Included were the federal 50 cents per GGE alternative fuel excise tax credit for purchasing CNG and LNG as a transportation fuel and a federal fueling infrastructure tax credit equal to 30 percent of the cost of building or upgrading CNG and LNG fueling stations, up to \$30,000 of station development or upgrade costs.
 - The bill has been placed on the Senate legislative calendar.



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- Oil Shift Campaign: Not legislative, the American Clean Skies Foundation (ACSF) has initiatives underway to encourage federal agencies provide a preference for companies that meet annual targets for fuel efficiency, greenhouse gas intensity, and alternative fuel use when awarding package delivery contracts.
 - These contracts are valued in the billions. Incorporating the preferences into federal contracting solicitations would encourage companies to increase their investments in NGVs and other alternative fueled vehicles.
 - The federal General Services Administration agreed last year to include the preference in its 2014 package delivery solicitation.
 - ACSF is working to encourage the Pentagon to adopt similar preferences for its future solicitation.



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- S 1355: Introduced last July by Sen. Inhofe with co-sponsorship by Sens. Mark Begich (D-AK), Roy Blunt (R-MO), and Robert Casey (D-PA), the bill would amend federal Corporate Average Fuel Economy Standards (CAFE) rules to treat range-extended NGVs that operate with a small reserve gasoline tank as dedicated natural gas vehicles that operate on natural gas 100 percent of the time.
- Along with plug-in hybrids, EVs and hydrogen fueled vehicles, dedicated NGVs are not subject to limits on how many CAFE credits can be earned by automakers. This bill would allow range-extended NGVs to be treated the same as range extended Chevrolet Volts, for example, which draw upon a small gasoline tank to extend the vehicle's range once the Volt's plug-in battery charge has expired.
- This bill would accomplish the same goal as S 2065 referenced earlier.
- The bill is pending before the Senate's Committee on Commerce, Science and Transportation.

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- Clean Vehicles Corridor Act: Sen. Casey (D-PA) introduced S 1264 in the U.S. Senate last June.
 - The bill would direct the federal government to designate at least five federal highways or interstates as “clean-vehicle corridors.”
 - If enacted, the U.S. DOT would work with state and local governments and businesses to build more fueling stations for vehicles that run on CNG, electricity and hydrogen.
 - The bill does not provide for funding for the projects, however fueling infrastructure built along the corridors may be eligible for federal transportation and energy funding awards.
 - Qualifying clean-vehicle corridors would need to have fueling stations that dispense at least one designated alternative fuel and that are located sufficiently close enough to each other so drivers could travel between them on one tankful of fuel.
 - The bill is pending in the Senate Committee on Environment and Public Works.