



Clean EnergySM

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



Todd Campbell

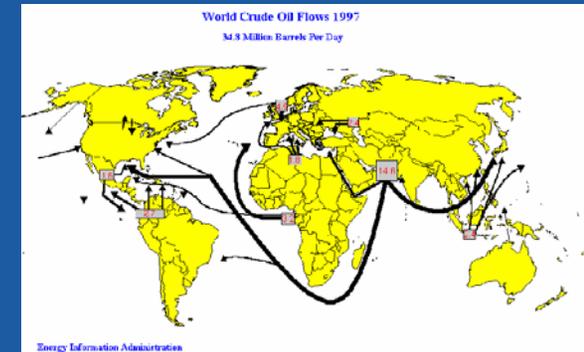
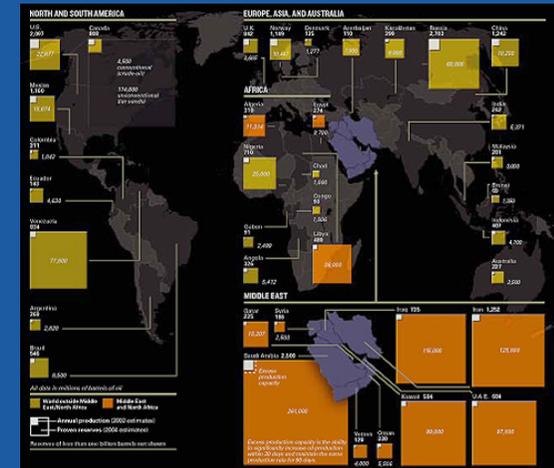
Director of Public Policy

October 16, 2006

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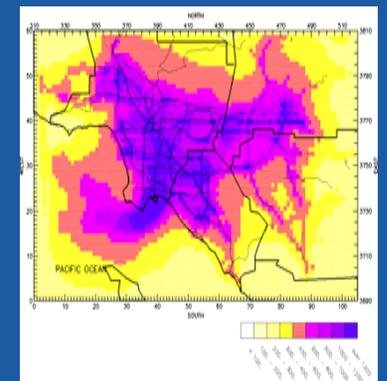
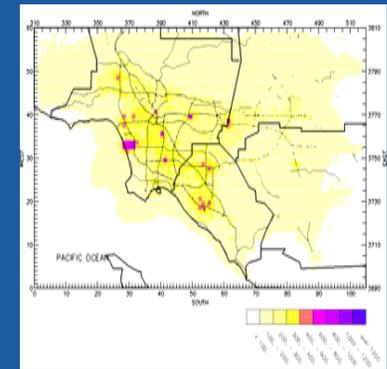
CEC/ARB AB 1007 Goal is Critical to CA

- ▶ 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
Natural Gas	50% or greater	70% (> with cat)
Diesel Emulsions	10-15%	50-65%
Biodiesel (B20)	-5% to 0%	15-20%
Ethanol Blends	2-6%	35-40%
Oxidation Catalysts	0-3%	~20%
PM Traps	0%	> 85%
Low-Sulfur Diesel	Minimal	~ 20%

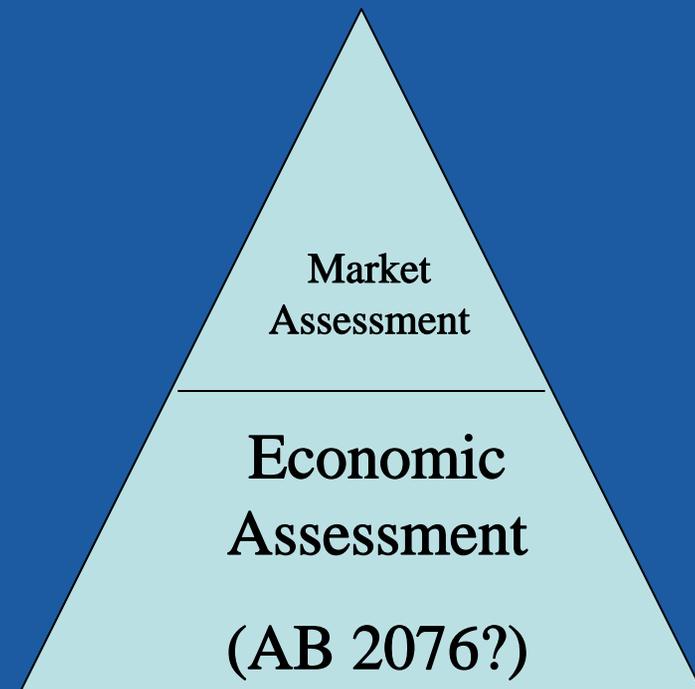


AB 1007 Process is Fatally Flawed

- ▶ 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