

Discussion Summary from September 7, 2017: Meeting on Transportation Fuel

	Vehicles Themselves	Vehicle Fuel	Total Cost of Ownership / Other
Identified Barriers	<ul style="list-style-type: none"> Premium from Diesel to Low NOx NGVs may be \$60-100k+ Low NOx 12L needed for over-the-road trucks not out until Q1 2018 Very little secondary market for CNG vehicles 	<ul style="list-style-type: none"> Retail NG fuel can be higher than diesel (and/or bulk sales not sufficiently lower to offset vehicle premium) Relatively few HD accessible CNG stations exist in CA 	<ul style="list-style-type: none"> In order to switch from diesel to NG, fleets seek <18-Mo payback on the incremental cost – which generally does not exist without incentives Some fleets are unfamiliar with NGVs and/or RNG contracts—and fleet makeup and HD vehicle applications are heterogenous. ~60% of fleets have five or less vehicles. Weight restrictions mean that NG trucks, can't carry as much cargo
Potential Opportunities	<ul style="list-style-type: none"> Recent SJV Air District solicitation for Prop 1B funding resulted in 212 applications for Low NOx 12L Recent AB 134 funding \$140 million for zero- and near-zero emission freight equipment; \$140 million for clean vehicle rebate program (HVIP); \$100 million for fleet modernization; \$250 million to air districts to comply with Prop 1B 	<ul style="list-style-type: none"> SB-1 diesel fuel tax increase (30 cents/DGE, going into effect Nov 1) is driving large truck fleets to look at natural gas Recent AB 134 funding \$140 million for zero- and near-zero emission freight equipment; \$140 million for clean vehicle rebate program (HVIP); \$100 million for fleet modernization; \$250 million to air districts to comply with Prop 1B 	<ul style="list-style-type: none"> Getting more fleets engaged/interested in RNG by encouraging shippers to require their 3rd party fleet operators to use lower carbon fuels (help meet internal sustainability goals)
Potential Recommendations	<ul style="list-style-type: none"> Focus incentives on particular markets, with thought to fleet economics (e.g residual value, maintenance costs, convenience) and) purchase/use behavior 	<ul style="list-style-type: none"> Provide “plus-up” grants that add on to clean vehicle incentives for a local/regional fleet using locally-produced dairy RNG 	<ul style="list-style-type: none"> Reach fleets with a package approach: Vehicle, Infrastructure, Facilities, Training Increase outreach, marketing and education - encourage local schools/municipalities to be using “cowpower” Engage with large shippers (approach TBD)

	<ul style="list-style-type: none"> • Tune incentives for different levels of fleet size and sophistication – e.g. relatively small number of large goods movement fleets vs large number of small owner/operators • Provide incentives to specific vehicle segments that need assistance reaching commercialization, in particular, Class 8 Over-the-Road trucks that are run by small owner-operators • Meet with the agencies administering the incentive programs and develop a collaborative approach to ensure programs are meeting intended goals. If the programs are working, then need to modify. • Reduce constraints to existing funding: (1) Eliminate scrappage requirements, (2) Eliminate older-MY requirements, (3) Increase per-vehicle award amounts • Focus on diesel-to-NGV repowers • Cultivate/incentivize sales to the secondary market 	<ul style="list-style-type: none"> • Develop a network of NG stations that is sufficient to allow Low NOx 12L regional goods movement trucks (non-return-to-base) to use 100% RNG 	<ul style="list-style-type: none"> • Secure weight variance, bringing together ARB and CALTRANS
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