NGVAMERICA
Natural Gas Vehicles for America

**National Highway Traffic Safety Administration**

**and the**

**Environmental Protection Agency**

# The Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for Model Years 2021-2026 Passenger Cars and Light Trucks

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Statement by
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NGVAmerica appreciates the opportunity to comment on NHTSA and EPA's SAFE proposal for passenger cars and light trucks.

NGVAmerica is a 501(c) (6) trade association that represents the full value chain of companies involved in promoting the use of natural gas as a transportation fuel. Our roughly 200 members include natural gas producers, utilities, fueling station and equipment suppliers, fueling station operators, fleet operators, vehicle and engine manufacturers, and renewable natural gas developers.

NGVAmerica believes NHTSA and EPA should use this rulemaking opportunity to expand incentives for natural gas vehicles (NGVs) and thereby increase the availability of NGVs in the light-duty sector, particularly for pickup trucks, work vans, and sport utility vehicles.

Doing so would provide compliance flexibility for automakers, expand options for consumers, and deliver increased energy security and environmental benefits.

Today the U.S. market for natural gas vehicles consists of between 175,000 and 200,000 on-road vehicles, consuming 500 – 600 million gasoline gallon equivalents of natural gas. In terms of ranking, the U.S. lags far behind many other countries in deployment of natural gas vehicles. Worldwide there are 26 million natural gas vehicles in operation, mostly made up of light duty vehicles.

**NGVs are road-tested, proven, and commercially-available today.** No other powertrain is as sustainable, clean, domestic, abundant, safe, reliable, affordable, adaptable, and competitive across all vehicle classes.

Market success in the U.S. is being achieved in transit buses, refuse trucks, and short-haul trucking. In refuse, new natural gas trucks account for more than 25 percent of all new orders. Demand is similar strong in transit where natural gas buses represent about 35 percent of all transit bus orders and almost 20 percent of the current fleet is powered by natural gas.

**NGVs offer unmatched emission reduction benefits.** Today's natural gas vehicles are powered by extremely clean, low-NOx or zero-equivalent natural gas engines. Natural gas engines achieve emission reductions that are 90 percent cleaner than federal standards and 90 percent cleaner than the newest diesel vehicles without requiring complex emission control systems or use of additives.

Incentives, economics, and the desire by businesses to reduce their emissions are driving this market. Today virtually all heavy-duty truck manufacturers offer natural gas vehicles. Natural gas trucks and buses offer a proven and cost-effective solution for communities desiring to offset harmful emissions. Investing in natural gas vehicles reduces more total emissions for each dollar spent than any other on-road option today.

Newer natural gas engines also benefit from improvements in efficiency and engine controls that greatly limit greenhouse gas emissions. Continued improvements and advancement in internal combustion engines and truck designs hold the promise of further reducing emissions from future natural gas vehicles.

The greater use of renewable natural gas also increasingly is a solution that more fleets utilizing natural gas are finding an attractive way of reducing their greenhouse gas emissions. Renewable natural gas now accounts for between 24 – 40 percent of all on-road natural gas consumption. This is a remarkable fact given that just a few years ago renewable natural gas was virtually non-existent.

**NGVs achieve real environmental and climate change benefit without sacrificing passenger safety.** The environmental benefits of natural gas do not require downsizing or light-weighting of vehicles to achieve emission reductions.

**NGVs save money and support American workers.** Reliant on American technology, natural gas is a low cost, domestically-abundant fuel with an established and growing refueling infrastructure across the country. The U.S. is now the number one producer of natural gas in the world with production in 33 states. Low-cost natural gas benefits the economies of states that derive revenue from natural gas production and benefits employment in communities that produce natural gas. More broadly, lower cost natural gas is helping consumers and businesses lower energy costs, while also strengthening the economy by providing a more diversified energy mix and increasing export opportunities.

**Economic benefits for light-duty NGV fleets are tremendous.** Natural gas currently retails for about 60 cents less per gallon equivalent than gasoline and even more per diesel gallon. EIA's 2018 *Annual Energy Outlook* projects that natural gas will continue to be priced competitively with diesel and gasoline in the future. EIA projects a discount of 80 – 85 cents per gallon for natural gas compared to diesel fuel in the next several years and even greater discount in the long term. In terms of cost, NGVs are expected to be priced comparable to hybrid and diesel vehicles when produced in high volumes.

Our industry has experienced little growth in the light-duty market in recent years due to lower petroleum prices and an unfavorable regulatory environment that, in many places, mandates electric vehicles to the exclusion of other clean technologies.

This rulemaking along with current market dynamics – growing demand for light trucks, a significant increase in the availability of low-cost domestic natural gas, and the expanded availability of renewable natural gas - make the timing right to revisit this market. As an industry, we are simply asking for an opportunity to compete on cost and real-world emission

benefits. We ask for a regulatory environment that does not essentially result in a mandate for a specific clean technology to the exclusion of others.

NGVAmerica appreciates the fact that the NPRM requests comments on providing incentives for natural gas vehicles. We support changes to the current regulatory framework to incorporate provisions that more fully account for all the environmental benefits of natural gas vehicles, give meaning to statutory provisions intended to encourage NGVs, and incorporate meaningful incentives for manufacturers to produce natural gas vehicles.

Light-duty trucks and sport utility vehicles now account for 68 percent of all light-duty vehicles sold to consumers and businesses. Consumers purchase these vehicles because they provide the utility and functionality that families and businesses desire. Ensuring the continued viability of this key market segment is therefore important. Natural gas is well suited to this market segment because of its power, performance, and operational range benefits.

Meaningful reductions in petroleum consumption and vehicle emissions require practical, economic and viable solutions for this critical portion of the light duty sector.

To facilitate greater use of natural gas vehicles and to provide a level playing field with other technologies, NGVAmerica recommends the following regulatory changes:

1. align the fuel economy and greenhouse gas programs so NGVs receive the same level of greenhouse gas credit as provided under the fuel economy regulations, specifically by providing the 0.15 divisor for both programs;

2. amend the current driving range provisions to remove the burdensome requirement for NGVs and adopt driving range requirements similar to those for electric vehicles;

3. provide sales multiplier credits on par with those previously adopted for other advanced technology vehicles;

4. provide credits for automakers that produce gaseous-prep vehicles if these vehicles are converted using certified alternative fuel systems; and,

5. amend the current advanced vehicle credits for light duty trucks by removing the market penetration requirements.

Incentives are needed to provide a more level playing field with other technologies and encourage automakers to produce NGVs. Providing incentives for NGVs will help offset initial development costs and overcome higher upfront costs.

The use of Renewable Natural Gas is an important development that should factor into the decision to provide greater incentives for NGVs. Renewable natural gas in most cases is carbon neutral and often is carbon negative. This relatively new development and its use in NGVs and

the potential for much greater use of RNG justifies encouraging automakers to increase the supply of NGVs.

NHTSA and EPA previously supported extending aggressive incentives to electric vehicles and plug-in electric vehicles to commercialize these technologies and help them reach a reasonable threshold in the marketplace – NGVs should be afforded the same level of support and incentive.

NGVAmerica also supports the call by other organizations that this rulemaking support one, unified national program.

Thank you for your attention and consideration.