

THE TRANSPORT PROJECT

The Transport Project is a national coalition of roughly 200 fleets, vehicle and engine manufacturers and dealers, servicers and suppliers, and fuel producers and providers dedicated to the decarbonization of North America's transportation sector. Through the increased use of gaseous motor fuels including renewable natural gas (RNG) and hydrogen, the United States and Canada can help achieve ambitious climate goals and greatly improve air quality safely, reliably, and effectively without delay and without compromising existing commercial business operations.

Encouraging Transportation Energy Solutions that Work Today

Moving freight – everything we eat, wear, and use – involves high volumes and low margins. Cost matters. The ease of incorporating in new technologies matters. Upending existing operations and business models will not yield success.

Trucks and buses powered by RNG are 90 percent cleaner than the current cleanest diesel, delivering a zero-emission equivalent in terms of harmful criteria pollutants. For decarbonization efforts important to climate, RNG trucks can achieve a carbon-negative outcome.^[i] And RNG trucks are proven, affordable, scalable, and on our roads today, delivering heavy-duty workloads that will be impractical to electrify.



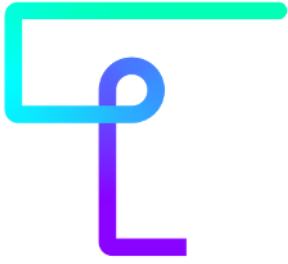
Policies that only focus on incentivizing electric trucks are hindering efforts to accelerate the move to cleaner, domestically fueled trucks. Even worse, many current state and federal policies wrongly attempt to drive the market to battery electric vehicles by mandating their sale and use.

Fleets that use RNG-fueled trucks save money, slash emissions, and deploy and refuel new, clean trucks immediately. The transition to RNG commercial transportation should be championed.

[i] At -190.51, bio-CNG holds the lowest average carbon intensity of any clean fuel option on California's roadways today and is the only fuel with a negative carbon outcome. Data from California Air Resources Board. Low Carbon Fuel Standard Reporting Tool Quarterly Summaries. Accessible at: <https://ww2.arb.ca.gov/resources/documents/low-carbon-fuel-standard-reporting-tool-quarterly-summaries>.

Investing in commercially available vehicles fueled by RNG is among the most cost-effective and immediate pro-environment changes policymakers can affect.

Learn more at TransportProject.org



RNG Moves US Forward



Domestic: 100 percent of natural gas used in NG trucks is domestically produced



Deployable and scalable: Every new NG truck sold in the U.S. can be fueled with RNG; nearly 80 percent of all NG motor fuel dispensed is RNG



Impactful: RNG production supports Rural America, creating jobs, adding a new revenue stream for farmers, and supporting small businesses



Sustainable: RNG projects capture methane and redirect it away from the environment, repurposing this energy for positive use as a motor vehicle fuel and supporting a circular carbon-neutral economy



Cost-effective: Investing in commercially available vehicles fueled by RNG is among the most cost-effective and immediate pro-environment changes policymakers can affect



Immediate: RNG can cut the time to greatly improve air quality and reduce heavy-duty truck emissions in half without sacrificing energy security

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Policy Recommendations

Advance all viable clean technologies

Cleaning our air and reducing emissions is not an individual sport; we all contribute in some fashion. Policies must ensure all can be part of the solution. Since fleet needs are not all the same, differing clean powertrains are required for differing real-world applications.

Markets, not mandates

Set aggressive emissions reduction targets and allow individual fleets the flexibility to choose the best clean vehicle technology solution for their needs. Flexibility also supports American innovation and manufacturing, ushering in a new era of domestic fuel and varied green economy jobs.

Revise and simplify standards

Many existing rules inexplicably ignore upstream emissions to focus solely on an antiquated tailpipe standard; doing so allows EPA to promote electric vehicles over other equally beneficial solutions like biogas and biofuels. Update standards to reflect important well-to-wheel considerations and discard unwieldy compliance requirements designed to favor a single vehicle technology.

Consider all costs

Make the most of limited public resources and advance the most promising, cost-effective, and acceptable risk solutions that benefit all of America.

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Specific Policy Requests

Fix the EPA Phase 3 GHG Emissions Rule

- The current final rule, issued April 2024, essentially mandates electric vehicles and discourages manufacturers from producing more natural gas trucks and other cleaner-burning internal combustion engine vehicles
- This rule retains and extends existing incentives for zero emission vehicles through 2027 without providing comparable incentives for equally beneficial technologies like RNG
- The standards are tailpipe-based, meaning they ignore upstream emission pollution or reductions, thereby creating a perverse incentive for electric vehicles regardless of their overall impact
- Biofuels like RNG receive no emission benefit or credit despite the documentation from other government agencies on the net benefit of using RNG as a transportation fuel

Request: Pause the current rule set to go into effect starting in 2027 and order EPA staff to rewrite these rules in a way that is fair to all technologies, taxpayers, and end users

Deny California Waivers

- TTP opposes California's Advanced Clean Truck (ACT) and Advanced Clean Fleet (ACF) rules as written. These rules do not provide the certainty that national standards would provide for regulated manufacturers and truck operators. California's rules also ignore real-world costs, are not truly performance based, and impose requirements that are not consistent with the federal Clean Air Act
- As we have done in other rulemaking settings, TTP has argued that vehicle regulations must provide a full accounting of the well-to-wheel emissions of all technologies and provide emission credits or deficits based on these results. California and EPA have ignored these requests

Request: Reopen and reject the ACT waiver

Extend the Alternative Fuel Tax Credit (IRC §§ 6426, 6427)

- This legacy \$0.50 tax credit for CNG, LNG, RNG and other clean transportation fuels was originally created in the SAFETEA-LU Act of 2005. Due to its success in encouraging commercial fleets to switch to cleaner technologies and renewable fuels, it has been extended numerous times since, and most recently in the Inflation Reduction Act (IRA) of 2022. The credit expired on December 31, 2024
- AFTC is an end user credit, applied where the fuel is dispensed and used. It directly supports fleets and retailers using or selling natural gas motor fuel and benefits both private and public (e.g., local government, transit agency, and school district) fleet users. This credit is the only incentive that directly benefits clean transportation end users and retailers of conventional and renewable natural gas to support the incremental costs of deploying ultra-low-to-no-to-negative carbon NGVs

Request: Extend the AFTC for at least two years to maintain momentum in investments and continue to encourage fleets and businesses to use more domestically produced natural gas and RNG

Specific Policy Requests

Pass the RNG Incentive Act

- The RNG Incentive Act – much like the Alternative Fuel Tax Credit awarded to end users at the dispenser – would provide \$1.00/gallon credit for natural gas motor fuel derived from renewable sources
- The bill was first introduced in previous Congresses. In the 118th Congress, House sponsors include Reps. Fitzpatrick and Sanchez (H.R. 2448); Senate sponsors include Sens. Tillis and Warner (S. 4389). This credit as proposed would be in place for 10 years and provides a much-needed runway for encouraging RNG growth in transportation
- The on-road transportation sector, particularly medium- and heavy-duty trucks, needs a long-term incentive to continue to deploy lower-carbon solutions such as RNG that are readily available, have a lower price point than other technologies, and do not add to the growing demand for batteries or involve the significant disruptive features of battery electric vehicles (e.g., increased weight, charging downtime, long lead times for infrastructure)

Request: Enact this tax credit as part of the effort in 2025 to rewrite the tax code and address expiring TCJA tax provisions

Include RNG in the 45W Tax Credit

- This credit provides up to \$40,000 for the purchase of a new qualified commercial clean vehicle. This includes up to \$40,000 for new trucks that weigh 14,000 lb. GVWR or greater and that are equipped with a 15 kWh or larger battery
- This incentive expires December 31, 2032 and only favors battery electric and fuel cell trucks and certain hybrid trucks
- Since RNG trucks already provide equivalent or better emissions than today's electric vehicles, NG trucks should also qualify for this incentive

Request: Expand this incentive or provide a similar tax credit for the purchase of new natural gas trucks

EPA Renewable Fuel Standard

- The RFS has been highly successful in expanding the use of domestic, renewable fuels and diversifying the transportation sector's energy mix. It is one of the primary reasons for the growth in the use of renewable natural gas

Request: Retain the RFS Program and make it better by increasing the targets for using cellulosic fuels like RNG and providing more certainty about future requirements so that investors and producers can plan accordingly

Additional Considerations

- Repeal the 12 percent Federal Excise Tax, at least on the added incremental costs of RNG trucks
- End existing executive orders that mandate federal agencies only purchase battery electric vehicles
- Ensure the Federal Transit Administration's Low/No Program funds natural gas bus projects
- Extend the Section 48 Investment Tax Credit