

# Capital Region Energy Forum

SEP Comments, NYSERDA,  
17 Columbia Circle, Albany, NY  
12203-6399.

April 13, 2009

To the Energy Coordinating Working Group:

Thanks to the Energy Coordinating Working Group for allowing me to comment on their Interim Report.

The document addresses the major areas of concern – Energy security, energy cost and efficiency and CO2 emissions.

My comments are also focused on these important issues with primary emphasis on the use of oil in transportation and suggestions on how to further reduce the reliance on oil in New York transportation.

A summary of my comments is that compressed natural gas (CNG) for use in transportation addresses all three of the above concerns – it is a low carbon fuel and it has three important characteristics that oil does not

1. It is primarily completely a domestic sources
2. I emits far less CO2 per miles driven than gasoline or diesel fuel
3. It is less expensive to use and when oil starts to increase in price, as it will when the world economy recovers, it will be as much as 50% of the cost of oil in transportation.

I would offer some specific comments to the Interim Report

1. In challenge #2 in the Executive summary - "To establish a framework for systematic changes to the State's energy and transportation systems so that future requirements can be met sustainability. Natural gas, as CNG for vehicles could be a transition fuel over the next decade until renewable fuels are available in large enough quantities.

2. In Challenge # 4 and 5 – relating to affordability of energy and reducing greenhouse gas emissions, CNG for vehicles supports both of these challenges.

3. The 2009 Energy plan will focus on the State's efforts on the continued growth of its clean energy sector. CNG in transportation as a low carbon fuel would lower costs for citizens and businesses and diversify fuel sources.

4. New York's commitment to the low carbon fuels option is assisted and reinforced by switching much of the oil in transportation sector to CNG, which is Methane (CH<sub>4</sub>), and has far lower CO2 emissions than gasoline.

5. In the reports, Executive Summary, (section 2-3); Preliminary findings, #3, it states that natural gas is expected to grow over the planning period and that new infrastructure may be needed. Investment in that infrastructure will pay back large benefits to the State.
6. In the Executive Summary (section 2-3) preliminary findings #4, transportation sector. – The State will use many strategies to reduce reliance on petroleum-based fuels. Obviously electric vehicles are an important new factor. But it will take a long time for large penetration. Also attention to the fact that CNG is a better alternative to gasoline and ordinary oil based diesel fuel. CNG should be used as an interim transportation fuel until non-petroleum fuels are available in larger enough quantities to substantially replace oil based fuel.
7. Preliminary Finding #2 (section 4-6) points to the need to adopt additional carbon reduction strategies. The transportation sector is responsible for 36% of CO2 emissions. Growing the use on CNG in vehicles could have a major positive impact on this CO2 growth.
8. In the 3<sup>rd</sup> paragraph of Section 4-7 points out that addressing greenhouse gases in transportation requires a high level of technology development (referring to battery technology for electric vehicles. The expanded use of CNG vehicles can be accomplished with little or no new technology. There are approximately 10 million CNG vehicles world wide in operation.
9. The 4<sup>th</sup> paragraph, same page, discusses the need for low carbon fuels. CNG meets this need precisely.
10. The 5<sup>th</sup> paragraph, same page, discusses the need to further study the unintended consequences of biofuels. Again CNG has no such consequences – it just reduces CO2 vehicle emissions by elimination high carbon oil based gasoline.
11. Page 4-8 discusses the expected natural gas growth over the planning period for electrical generation. It will expand even more when transportation use of CNG increased. This makes the need for modeling the natural gas expansion very critical. But the model must include the planned growth of CNG vehicles as this growth helps meet CO2 emission reduction that is also critical for New York.
12. Page 4-9 reviews the important transportation sector. It points out that increased penetration of electric vehicles is one of the long-term strategies. This is obviously very important. Another important issue is the need to add to the fuel diversity. Here is where CNG used in vehicles can make a major contribution. But the State needs to incentives investment in CNG pumps and other infrastructure so CNG vehicles have access to the natural gas. One idea

would be to add CNG fueling stations at all the service areas on the New York Thruway. ”.

Infrastructure changes to make CNG readily available could be a force toward that end. Note that at the federal level a bill, HR1835 is in process in the congress. This legislation would extend tax credits up to 80% for the incremental cost of CNG vehicles; increasing the tax credit to \$12,500 for purchasing CNG vehicles; increasing the property tax credit to \$100,000 for CNG fueling stations; and requiring a percentage of federal government new vehicles to run on CNG; and other incentive provisions.

New York State should have parallel incentives.

13. On page 4-17 – item#10 discusses the near term investment in infrastructure to support the supply of fuels. This is especially important for the supply on CNG for vehicles. The benefits of reduced CO2 emission, less oil imports and lower cost driving will require the investment in this CNG infrastructure.
14. Under the “Next steps” section it is pointed out how the computer model will assess the effects of policies on the energy plan. Hopeful the expansion of CNG cars over the planning period will be included in the modeling so any impediments to the expanded use on natural gas in transportation will be identified so they can be address.

In Summary, natural gas for vehicles could be a major positive factor in meeting the goals of New York’s Energy policy.

Sincerely,

Don Cazer, Chairman, Capital Region Energy Forum, CREF.

