

Energy groups seek incentives for natural gas vehicles under CAFE

Julia Pyper and Saqib Rahim, E&E reporters

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The natural gas industry is lobbying for special incentives under the national fuel-economy law, arguing that natural gas vehicles deliver just as much emissions benefits as other alternative fuel automobiles.

Energy groups called for U.S. EPA and the National Highway Traffic Safety Administration to rework the proposed higher corporate average fuel economy, or CAFE, standards to qualify light-duty natural gas vehicles [NGVs] for incentives afforded to electric vehicles [EVs].

The campaign seeks to achieve a "technology-neutral pool of alternative-fuel vehicle incentives," said Gregory Staple, CEO and board member of the American Clean Skies Foundation, at a press conference yesterday co-hosted by natural gas trade organizations.

The Honda Civic Natural Gas, the first natural gas vehicle to roll into U.S. showrooms. Photo courtesy of Honda.

The public comment period on the 54.5 mpg standard also came to an end yesterday after the standard received widespread support from consumer groups, unions, federal and state regulators and automakers.

In addition to saving an estimated 2 billion metric tons in greenhouse gas emissions, the rules would reduce oil consumption by around 4 billion barrels, equivalent to a year and a half of U.S. oil imports.

"These are significant rules with very ambitious goals. That's why we think it's so important for the EPA and NHTSA to get the rules right," said Staple. When it comes to NGVs, he said, "the EPA needs to get with the program."

Creating an 'all of the above' choice

According to Staple, the rules as they're currently designed "arbitrarily" favor EVs and plug-in electric vehicle technology. They create an uneven playing field and thereby reduce competition, he said. By ignoring NGVs, the incentives are also at odds with the

commitment President Obama made in last month's State of the Union address to increase production and use of natural gas as part of an "all of the above" energy strategy.

Reflecting the president's special favor for EVs, EPA has put in a number of mechanisms to promote their adoption. For instance, while there are varying levels of emissions associated with the power generation to charge EVs, EPA rates them as having zero tailpipe emissions -- a move to promote the production of electric cars by helping automakers meet the fleetwide goal of 54.5 mpg by 2025.

Natural gas industry leaders claimed yesterday, however, that from well to wheels, EVs produce as much or more emissions than compressed natural gas (CNG) vehicles.

In 2017, EVs are also eligible to count as two vehicles, a rule that makes it easier for automakers to meet emissions standards under CAFE. NGVs do not qualify for such a scheme.

But others believe that when it comes to climate, any focus on NGVs is misplaced because electric cars deliver more emissions cuts.

Experts estimate that a natural gas vehicle cuts greenhouse gas emissions 15 to 25 percent relative to a similar gasoline vehicle. But according to David Friedman, deputy director of the clean vehicles program at the Union of Concerned Scientists, burning that natural gas at a power plant instead, then using the electricity to charge an electric car, cuts emissions by 50 percent.

Friedman said that as an environmental group, UCS doesn't support discounting the emissions of any cars, whether electric, natural gas or gasoline. But, he said, "If it's gonna be out there, electric cars do deserve more because they do more when it comes to global warming pollution."

Honda has the pole position

Only 1 percent of the world's 12 million NGVs are on U.S. roadways today. American car companies including GM and Chrysler have alluded to building natural gas vans and pickup trucks, but Honda currently makes the only light-duty natural gas vehicle available in the

United States.

The Honda Civic Natural Gas has won a series of awards, including this year's *Green Car Journal* title for Green Car of the Year, since it first hit the market in 1998. "The Honda Civic Natural Gas ought to be this administration's sweetheart car," said Edward Cohen, American Honda's vice president of government and industry relations.

The company produced 3,000 NGVs last year and plans to ramp up production to 5,000 this year. The car is now available to 197 dealers in 36 states, with more sales going to individuals than ever before, said Cohen.

Still, industry analysts say natural gas vehicles have a steep hill to climb if they're to show up in millions of American driveways.

"The infrastructure needs and higher costs will likely limit significant growth in natural gas vehicles," consulting firm IHS CERA said in a 2010 report. "Very significant policy support would be needed, which would compete with policy support for higher efficiency, biofuels, and electric vehicles. The most likely growth market for natural gas in transportation would be through the electric power sector."

Another issue is the quality of the vehicles. Natural gas engines tend to deliver less power, acceleration and range than their gasoline cousins, and the large storage tanks also chew into a car's trunk space, according to a Congressional Research Service report issued last May.

However, CRS said, NGVs could make gains if natural gas prices stay low -- a scenario many experts see extending for decades.