

Senate Energy Committee
Workshop on Infrastructure, Transportation, Research and Innovation
May 14, 2013

Statement of Dr. Kathryn Clay, Executive Director, Drive Natural Gas Initiative

- While natural gas provides nearly a quarter of the primary energy for our economy as a whole, only about one-tenth of one percent of the energy used to power the transportation sector comes from natural gas.
- Despite being the largest producing nation of natural gas, the United States is home to only about one percent (150,000) of the over 15 million natural gas vehicles in use on roadways around the globe.
- Using natural gas to displace petroleum fuels can help improve our environment, enhance our energy security, and strengthen our balance of trade. Expenditures on petroleum accounted for \$327 billion of our 2011 trade deficit.
- Market forces favor greater adoption of natural gas as a transportation fuel. According to recent figures from the Department of Energy, the national average price of compressed natural gas (CNG) is 44 percent cheaper than the national average price of gasoline.
- Smart policy choices can help support and accelerate the adoption of natural gas vehicles. Smart approaches include removing existing barriers to natural gas vehicles, and providing revenue-neutral incentives for their production and use.
- One current barrier to NGV adoption in the heavy duty truck market is the LNG/diesel tax disparity. The current federal excise tax is applied to each gallon of fuel, rather than adjusted for the energy content. Because LNG is less energy-dense than diesel, the effect is that LNG is taxed at a higher rate.
- Modifying weight restrictions on trucks using natural gas or other alternative fuels could also assist their adoption. Both because of the lower energy density of the fuel and the weight of the storage tanks, natural gas trucks have an inherent weight penalty.
- To comply with federal highway weight restrictions, NGV operators must compensate with smaller payloads. Allowing an adjustment for these vehicles would remove a market disadvantage.

- The Administration has begun work on the next round of fuel economy/greenhouse gas standards for medium and heavy trucks. The natural gas industry applauds the Administration's inclusion of provision to incentives for the production of natural gas vehicles in the light duty rule completed last summer.
- The heavy and medium duty rule does not include comparable provisions to promote NGVs. The new rule now under development is a key opportunity to correct that oversight.
- Finally, research and development on natural gas vehicles and fueling technologies is a critical and underfunded area at the Department of Energy. We applaud the current MOVE program funded by ARPA-E, but note that the funding levels are small compared to the annual budgets for other alternative vehicle research.
- We ask the Committee, through its oversight capacity, to encourage a balanced vehicle research program that includes natural gas along with battery, fuel cell, and biofuel alternatives.