TESTIMONY OF

PAUL N. CICIO

PRESIDENT

INDUSTRIAL ENERGY CONSUMERS OF AMERICA

BEFORE THE

SENATE ENERGY AND NATURAL RESOURCES COMMITTEE

JULY 24, 2012

"NATURAL GAS AND TRANSPORTATION"

Thank you Chairman Bingaman and Ranking Member Murkowski and committee members for this opportunity to testify before you. My name is Paul Cicio and I am the President of the Industrial Energy Consumers of America (IECA).

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with $700 billion in annual sales and with more than 650,000 employees nationwide. It is an organization created to promote the interests of manufacturing companies through advocacy, and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemicals, plastics, cement, paper, food processing, fertilizer, steel, glass, industrial gases, pharmaceutical, aluminum and brewing.

KEY POINTS

1. IECA does not oppose the use of natural gas in the transportation market. We do oppose legislation or regulation that picks winners and losers – that provides direct or indirect incentives that result in higher demand for natural gas. Higher demand places upward pricing pressure on natural gas and raises manufacturing costs of natural gas and electricity directly impacting competitiveness. In this case, the transportation sector, including corporate fleets, is a winner and manufacturing and other natural gas and electricity end-users lose.

2. The favorable economics and environmental advantages between natural gas and transportation fuels such as diesel and gasoline is driving the market toward greater use of natural gas in the transportation sector *(see Exhibit A)*. The market is working and government legislation and/or incentives are not needed *(see Exhibit K)*.

3. IECA is becoming very alarmed at the ever increasing potential demand and overreliance on natural gas. While we have an abundant supply, it appears that we also have explosive potential demand due to the suite of EPA regulations on the electric utility generators that could shut down up to 81,000 MW of coal-fired power generation according to one Federal Energy Regulatory Commission report *(see Exhibits B and C)*, EPA regulations on industrial boilers; one approved and fourteen applications to export natural gas *(see Exhibit D)*, and increased use of natural gas by the industrial sector. Total potential demand could increase

45 percent over the Energy Information Administration base case for the period of 2012 to 2020 *(see Exhibit E)*.

4. While it appears that we have an abundant supply of natural gas, manufacturing is concerned about the growing threats to continued robust and economic production of natural gas. There are at least three potential major barriers: 1) Public opinion concerns regarding drilling and hydraulic fracturing; 2) government regulation and 3) actions by environmental organizations. Regarding government regulation, we note that the Bureau of Land Management (BLM) has proposed to regulate hydraulic fracturing on federal lands and that the EPA has regulated drilling emissions. The EPA gives every indication that it intends to regulate drilling and hydraulic fracturing on public lands where most of the natural gas supply is being currently produced. This must be done carefully so that environmental objectives are achieved while allowing economical production without drilling delays.

   New regulations are concerning because we can recall that during the time frame of 2002 to 2006 when natural gas prices were doubling and tripling, natural gas producers wanted to drill and filed applications to drill (APD). There were thousands of APDs backlogged because of the BLM. The natural gas was in ground, drillers wanted to drill and consumers needed the gas, but the government stood in the way. Now, new regulations may have the same effect but on both private and public lands.

5. If Congress "is" going to get in the business of picking winners and losers – we urge you to "pick" manufacturing. Remove barriers that may prevent the manufacturing sector from using our nations' abundant supply of natural gas to build or expand factories and use more natural gas to fuel cogeneration facilities that would increase competitiveness, capital investment, economic growth and jobs.

THE MANUFACTURING SECTOR

The manufacturing sector uses one-third of the natural gas and one-third of the electricity, of which about one-third is produced from natural gas. Natural gas is used as a fuel for the entire manufacturing sector and a feedstock for products such as nitrogen fertilizer and chemicals and plastics that are used in everyday life.

For energy intensive industries, relatively small changes in the price of natural gas and electricity can often determine whether they are competitive with global competitors *(see Exhibit F)*.

From 2000 to 2011, the manufacturing sector lost 5.5 million direct manufacturing jobs or 32 percent due to a loss of competitiveness *(see Exhibit G)*. While much has been said recently about a surge in manufacturing and companies bringing jobs back to the U.S., it is important that we keep reality in perspective. The fact is, over the last two years, we have increased only 466,000 jobs. This is a good start, but a long way from where we need to be to restore output and jobs to past levels.

The manufacturing sector employs 12 million people directly and indirectly an additional 5 million. In 2011, we accounted for 86.1 percent of exports totaling $1.27 trillion. In 2011, $1.71 trillion of manufactured products where imported into the U.S. *(see Exhibit H)*. We view displacing these imports as a fabulous growth opportunity for U.S. manufacturers, high paying jobs and economic growth *(see Exhibit I)*.

We also believe that the newfound natural gas from shale and the hydraulic fracturing process has created a significant opportunity for us and the country. We encourage policy makers to work closely and in partnership with the oil and natural gas industry to ensure that this competitive advantage is not shackled by overregulation and costs.

We urge you to not artificially create new demand for natural gas that may jeopardize the manufacturing sector. Natural gas prices are already rising quickly. Today's NYMEX natural gas prices rise 84 percent by 2020, or a 9.5 percent annual increase. Let the markets work, and let end users compete for the natural gas without the government picking winners.

Thank you.

EXHIBIT A

Natural Gas has a Significant Price Advantage

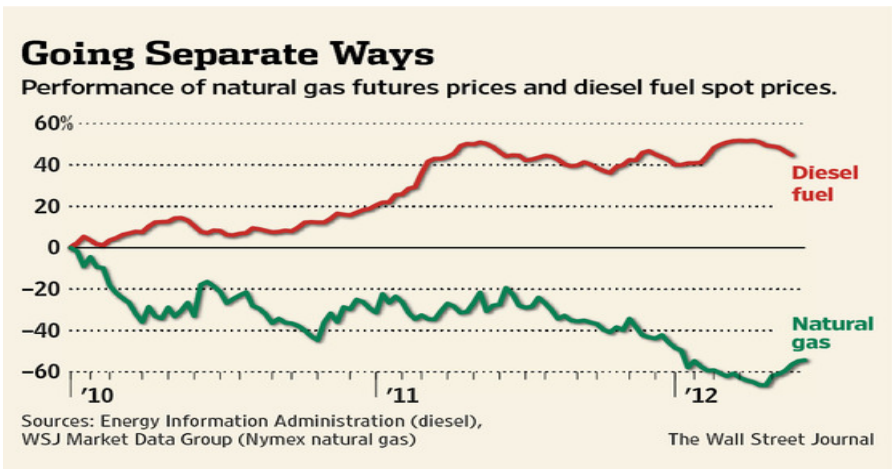


EXHIBIT B

EPA Regulations Drives Shutdown of Coal Fired Power Generation

Analyst	Retirement Projection (GW)
Federal Energy Regulatory Commission	81
EVA	51
NERA Economic Consulting	48
U.S. Energy Information Administration	45-73
North American Electric Reliability Corporation	33 -77
Environmental Protection Agency	14

EXHIBIT C

Planned Power Plants Retirements by EPA Regulations

STATE	CAPACITY (MW)	STATE	CAPACITY (MW)
Arizona	1,500	New Mexico	633
Florida	98	New York	53
Georgia	770	North Carolina	802
Iowa	65	Ohio	6,024.4
Illinois	689	Oregon	601
Indiana	2,547.9	Pennsylvania	3,060
Kansas	738	South Carolina	105
Kentucky	1,416	Tennessee	1,376
Massachusetts	1,241	Texas	1,903
Maryland	109.5	Utah	141
Maine	85	Virginia	2,244
Michigan	1,254	Washington	1,405
Minnesota	294	Wisconsin	422
Missouri	1,132	West Virginia	2,863.1
Montana	91		
New Jersey	159.6	**TOTAL**	**33,822.5**

Source: Institute for Energy Research, as of April 20, 2012

EXHIBIT D

14 Natural Gas Export Applications

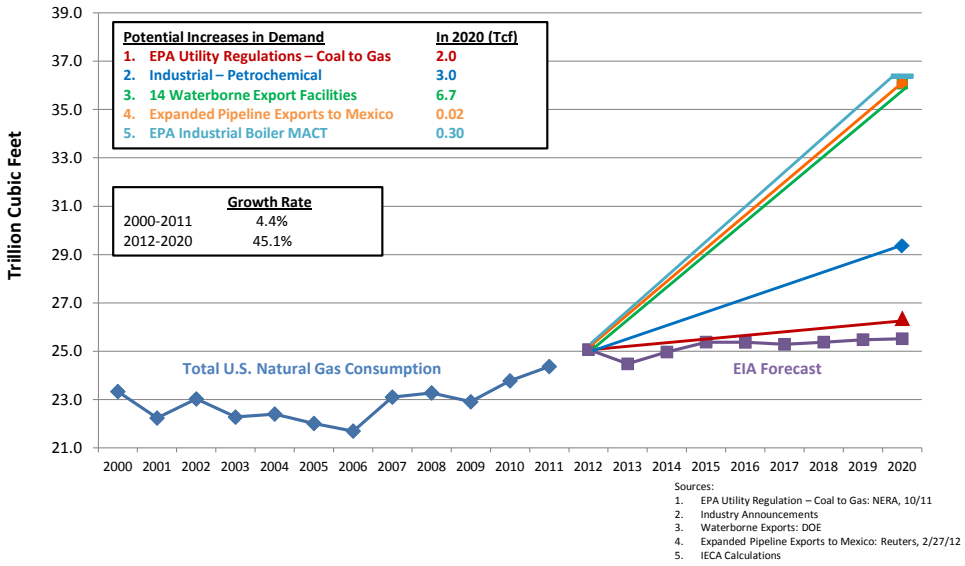
Updated June 20, 2012

NO.	NAME	EXPORT DESTINATION	LOCATION	SIZE OF EXPORTS	DATE FILED	DATE APPROVED
1	Sabine Pass LNG Terminal	Free Trade Nations	Sabine, LA	803 bcf/year over a 30-year period	08/11/10	09/07/10
2	Sabine Pass LNG Terminal	Non-Free Trade Nations	Sabine, LA	803 bcf/year over a 30-year period	10/12/10	05/20/11
3	Lake Charles Exports, LLC	Free Trade Nations	Lake Charles, LA	730 bcf/year over a 25-year period	05/06/11	07/22/11
4	Lake Charles Exports, LLC	Non-Free Trade Nations	Lake Charles, LA	730 bcf/year over a 25-year period	05/06/11	Under Review
5	Carib Energy LLC	Free Trade Nations	Southeast Atlantic, FL, Gulf Coast	10.95 bcf/year over a 25-year period	06/06/11	07/27/11
6	Carib Energy LLC	Non-Free Trade Nations	Southeastern United States, Gulf Coast	3.65 bcf/year over a 25-year period	10/20/11	Under Review
7	Jordan Cove Energy Project	Free Trade Nations	Coos Bay, OR	438 bcf/year over a 30-year period	09/22/11	12/07/11
8	Jordan Cove Energy Project	Non-Free Trade Nations	Coos Bay, OR	292 bcf/year over a 25-year period	03/23/12	Under Review
9	Cameron LNG LLC (Sempra)	Free Trade Nations	Cameron, LA	620.5 bcf/year over a 20-year period	11/10/11	01/17/12
10	Cameron LNG LLC (Sempra)	Non-Free Trade Nations	Cameron, LA	620.5 bcf/year over a 20-year period	12/21/11	Under Review
11	Dominion Cove Point, LP	Free Trade Nations	Calvert County, MD	365 bcf/year over a 25-year period	09/01/11	10/07/11
12	Dominion Cove Point, LP	Non-Free Trade Nations	Calvert County, MD	365 bcf/year over a 25-year period	10/03/11	Under Review
13	Freeport LNG, LLC	Free Trade Nations	Freeport, TX	511 bcf/year over a 25-year period	12/17/10	02/10/11
14	Freeport LNG, LLC	Non-Free Trade Nations	Freeport, TX	511 bcf/year over a 25-year period	12/17/10	Under Review
15	Freeport LNG, LLC	Free Trade Nations	Freeport, TX	511 bcf/year over a 25-year period	01/12/12	02/10/12
16	Freeport LNG, LLC	Non-Free Trade Nations	Freeport, TX	511 bcf/year over a 25-year period	12/19/11	Under Review
17	Gulf Coast LNG Export, LLC	Free Trade Nations	Brownsville, TX	1022 bcf/year over a 25-year period	01/10/12	Under Review
18	Gulf Coast LNG Export, LLC	Non-Free Trade Nations	Brownsville, TX	1022 bcf/year over a 25-year period	01/10/12	Under Review
19	Cambridge Energy	Free Trade Nations	Atlantic southeast, Florida, and Gulf Coast	0.038 bcf/year over a 25-year period	02/28/12	Pending
20	Gulf LNG Liquefaction	Free Trade Nations	Pascagoula, MS	547.50 bcf/year over a 25-year period	05/02/12	06/15/12
21	LNG Development Company	Free Trade Nations	Warrenton, OR	456.25 bcf/year over a 30-year period	05/03/12	05/31/12
22	SB Power Solutions	Free Trade Nations	Atlantic Coast	26.8 bcf/year over a 25-year period	05/07/12	06/15/12
23	Southern LNG Company	Free Trade Nations	Savannah, GA	182.5 bcf/year over a 25-year period	05/15/12	06/15/12
24	Excelerate Liquefaction	Free Trade Nations	Calhoun County, Texas	503.7 bcf/year over a 20-year period	05/25/12	Pending

TOTAL = 6,728 Bcf/year (6.728 Tcf/year)
- **Total U.S. consumption in 2011 was 24.3 Tcf**
- **6.728 Tcf is 27.6% of 2011 demand**

EXHIBIT E

Potential Natural Gas Consumption



Sources:
1. EPA Utility Regulation – Coal to Gas: NERA, 10/11
2. Industry Announcements
3. Waterborne Exports: DOE
4. Expanded Pipeline Exports to Mexico: Reuters, 2/27/12
5. IECA Calculations

EXHIBIT F

Examples of Energy Intensity

(Small Energy Price Increases Have Large Competitive Impacts)

- Aluminum: 30-35%
- Recycled steel: 25%
- Integrated steel: 85% energy and raw materials
- Plastics: 80% (feedstock)
- Chemicals: varies greatly 15-20% (fuel only)
- Paper: 10-20%
- Glass: 20-25%
- Fertilizer: 80% (feedstock)
- Food processing: 30%
- Cement: 25-35%
- Refining: 15-20% (fuel only)

EXHIBIT G

EXHIBIT H

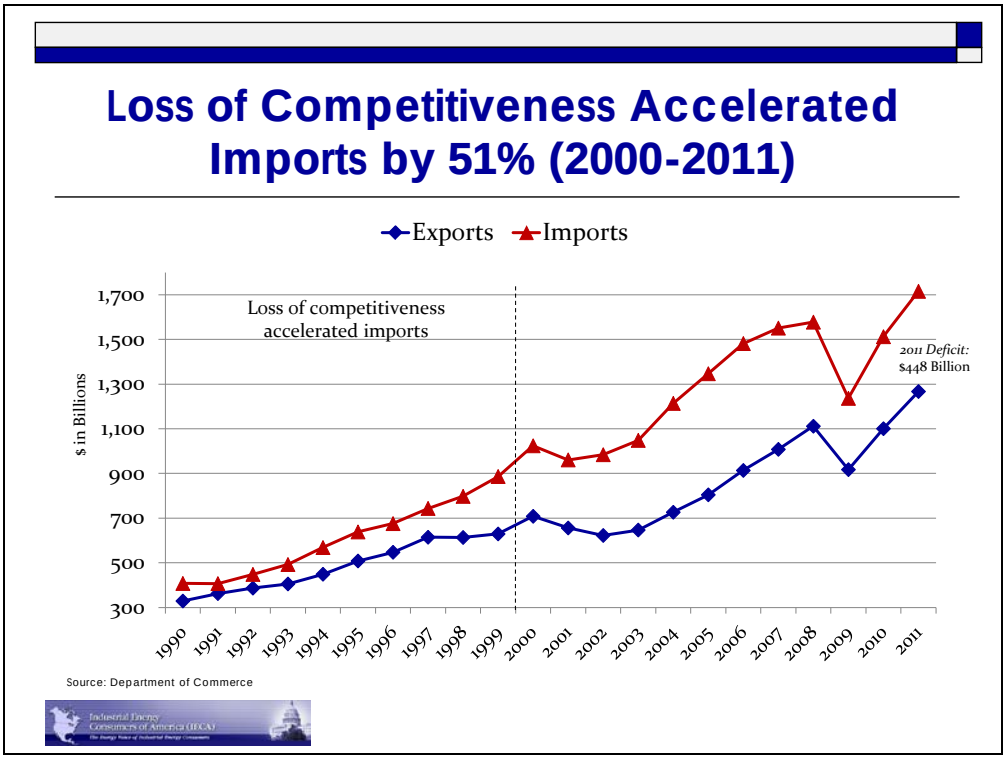


EXHIBIT I

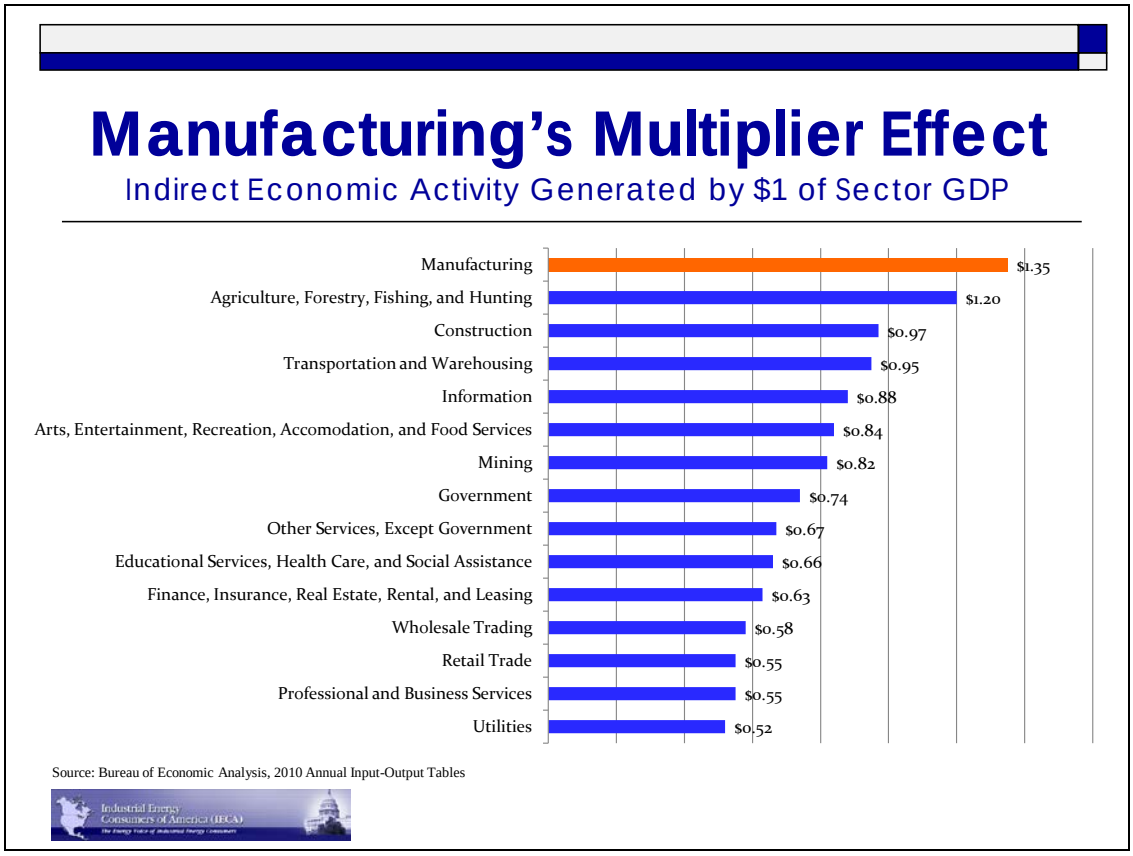


EXHIBIT J

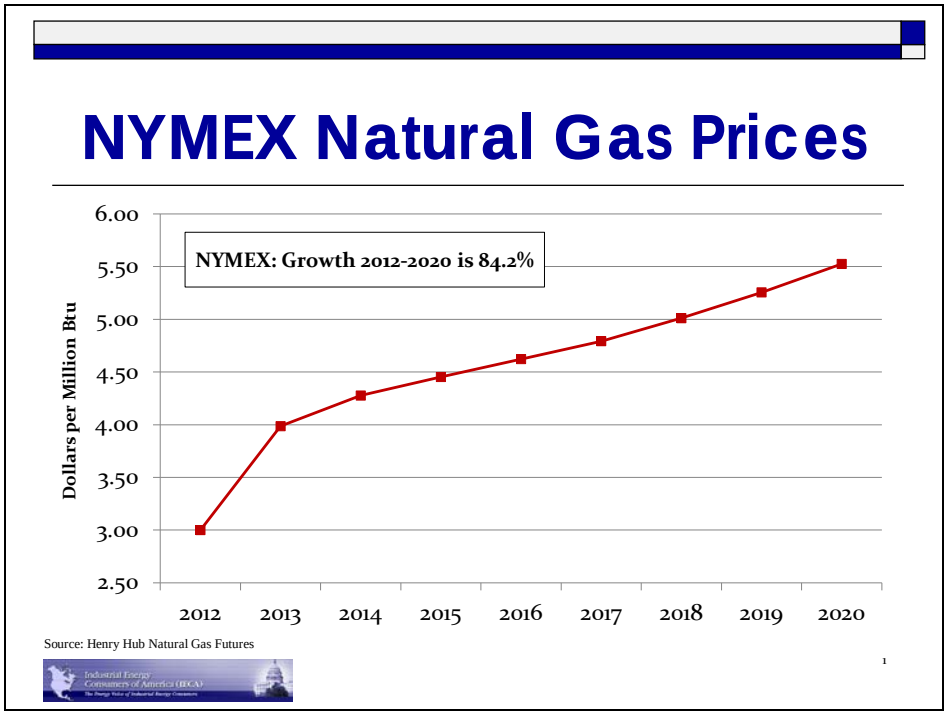


EXHIBIT K

ARTICLES ON NATURAL GAS AND TRANSPORTATION

Truck-Stop Chain Plans 100 Liquefied Natural-Gas Stations
July 2, 2012
http://www.vindy.com/news/2012/jul/02/truck-stop-chain-plans--liquefied-natura/
TravelCenters of America LLC, which operates full- service truck stops and travel plazas in 41 states, plans to construct 100 liquefied natural-gas filling stations across the country.

More Good News about Natural Gas Vehicles
May 14, 2012
http://www.bseec.org/content/more-good-news-about-natural-gas-vehicles
A Dallas-based company, AmericaCNG, announced this month that they will be equipping 300 Roady's Truck Stops with natural gas fueling equipment. This comes on the heels of a recent announcement by Clean Energy Fuels to install natural gas fueling equipment at 250 Pilot and Flying J truck stops nationwide.

Caterpillar Partners to Develop Natural Gas-Powered Off-Road Vehicles
June 5, 2012
http://www.industryweek.com/articles/_caterpillar_partners_to_develop_natural_gas-powered_off-road_vehicles_27530.aspx?SectionID=2

Caterpillar Inc. (IW 500/27) and Westport Innovations Inc. formed a partnership to develop natural gas engines for off-road vehicles, including mining trucks and locomotives, the companies said Tuesday.

Mack Trucks Expands Natural Gas Offerings
June 12, 2012
http://www.truckinginfo.com/news/news-detail.asp?news_id=77193

Mack Trucks is expanding its natural-gas-powered offerings with natural-gas versions of the Mack Pinnacle and Mack Granite models in 2013 and is working on other alternative driveline technologies such as hybrids.

Both models will use the Cummins Westport ISX12 G engine. Mack already offers natural gas-powered Mack TerraPro Low Entry and Mack TerraPro Cabover refuse models.

Investing In the Rise of Natural Gas Vehicles
June 4, 2012
http://seekingalpha.com/article/633881-investing-in-the-rise-of-natural-gas-vehicles

GM (NYSE: GM) announced the 2013 GMC Sierra and Chevy Silverado will have a bi-fuel option that can switch between running on compressed natural gas and gasoline.

Ford (NYSE: F) and Chrysler also said they'll be ramping up production on their bi-fuel trucks over the coming years.

Even car rental company Hertz (NYSE: HTZ) just stated it will begin renting CNG Honda Civics and CNG GMC Yukons at its Will Rogers World Airport location in Oklahoma City early next month.

In Europe, with gas prices close to $10 per gallon, the trend is catching on even faster. Just a few days ago, Fiat (Milan: F.MI), Italy's largest auto manufacturer, emphasized it's bypassing electric cars and will focus on CNG as its "go-to" alternative fuel for at least the rest of this decade. A little over a week ago, Volvo Trucks unveiled plans to launch a 13-liter natural gas engine schedule to hit the North American market in 2014.

The Volvo Group to Launch Natural Gas Engine for the North American Market
May 21, 2012
http://www.marketwatch.com/story/the-volvo-group-to-launch-natural-gas-engine-for-the-north-american-market-2012-05-21

The Volvo Group will launch a 13-liter liquefied natural gas (LNG) engine within the Volvo brand for the North American market 2014. The engine's high pressure diesel ignition technology will provide significant fuel efficiency gains compared with current natural gas products.

Will Truckers Ditch Diesel?
May 23, 2012
http://online.wsj.com/article/SB10001424052702304707604577422192910235090.html?KEYWORDS=waste+management+company

Waste Management Inc.
Rising diesel costs last year forced Waste Management Inc. to charge customers an extra $169 million, just to keep its garbage trucks fueled. This year, the nation's biggest trash hauler has a new defensive strategy: it is buying trucks that will run on cheaper natural gas. In fact, the company says 80% of the trucks it purchases during the next five years will be fueled by natural gas. Though the vehicles cost about $30,000 more than conventional diesel models, each will save $27,000-a-year or more in fuel, says Eric Woods, head of fleet logistics for Waste Management. By 2017, the company expects to burn more natural gas than diesel.

Chevy
Bi-fuel pickup trucks like the Chevy Silverado HD

Navistar International Corp.
Navistar's goal is to "expand to a full range of products using natural gas in the next 18 months," says Eric Tech, president of Navistar's engine business.
This year, the Illinois company is introducing delivery trucks burning natural gas. Next year, it is adding long-haul trucks with its biggest engines.

Navistar International Corp., Cummins Inc. and General Motors Co.
All are courting the market with new natural-gas powered trucks or engines

United Parcel Service Inc.
Buying natural gas vehicles

AT&T
Recently ordered 1,200 Chevrolet Express cargo vans equipped to run on compressed natural gas, which GM said was its largest CNG vehicle order ever.

Ryder Systems
Began renting out natural gas trucks in California last year. The response has been so strong Ryder is expanding the program to Michigan and Arizona. And it is introducing them in truck clusters it operates for big box retailers like Staples Inc. and manufacturers including carpet-maker Mohawk Industries Inc.

Honda Civic Natural Gas
May 22, 2012
http://anga.us/media-room/blog/2012/5/22/honda-civic-natural-gas

Last fall, we introduced the fourth generation CNG-powered Civic, which we renamed, simply, the Civic Natural Gas. The following spring we made a determined decision to further grow our Civic Natural Gas retail network, expanding sales to 197 Honda dealers in 36 states and doubling production of the CNG-powered Civic - produced at our award-winning Greensburg, Indiana, auto plant.

Natural Gas for Vehicles
June 1, 2012
http://www.wbng.com/news/video/Natural-Gas-for-Vehicles-156450965.html

In the coming months, Cabot Oil and Gas will open a natural gas station to fuel its company trucks. Cabot says it's a way to utilize the resources its producing. The gas company hopes the station will be ready to pump in July. In Southern parts of Pennsylvania, large vehicles like tractor trailers and buses are tapping into natural gas stations.

Freightliner Trucks Bring CNG Tour to Little Rock
May 22, 2012
http://www.todaysthv.com/news/article/211610/2/Freightliner-Trucks-bring-CNG-tour-to-Little-Rock

Freightliner Trucks made a stop in North Little Rock Tuesday with their Compressed Natural Gas (CNG) vehicles as they show the nation the impact of using lower cost natural gas in the big truck business.

Low-Emission Vehicles in Use at Landfill
May 21, 2012
http://www.pe.com/business/business-headlines/20120521-industry-low-emission-vehicles-in-use-at-landfill.ece

Houston-based Waste Management Inc. has introduced eight natural gas-fueled transfer trailers at its El Sobrante Landfill in Corona. Transfer trailers are used to move trash from surrounding communities to the landfill.

The trailers are the first of their kind at the landfill, with better fuel efficiency and near-zero emissions, according to a news release.

Waste Management Adding Cleaner, Natural-Gas Vehicles
May 11, 2012
http://www.chron.com/business/article/The-cargo-is-still-garbage-but-the-fuel-is-3550278.php

Waste Management on Friday will announce it is pushing forward on a nationwide plan to convert all of its 18,342 trucks from loud and smoky diesel engines to quieter and cleaner compressed natural gas-powered machines. The latest destination for the company's CNG trucks will be the Houston area, starting at a facility in Conroe where 80 trucks will be able to refuel with gas overnight.

With All This Natural Gas, Who Needs Oil?
April 22, 2012
http://www.csmonitor.com/USA/2012/0422/With-all-this-natural-gas-who-needs-oil

Suburban Disposal Inc. – garbage trucks powered by CNG
CNG pump at Newark Airport
Honda – new Civic natural gas vehicle
Chrysler – CNG medium- and light-duty trucks, the bifuel vehicles will be available later this year
General Motors – will be offering NGV trucks in 2012

Natural Gas: An Ideal Alternative Fuel to Meet Today's Challenges
http://www.apachecorp.com/Sustainability/Environment/Resources/Natural_gas/index.aspx

Apache has seven operating CNG fueling stations with many more planned. These stations enable its fleet of 246 natural gas-powered field vehicles to operate on this cleaner-burning and more economical alternative to gasoline.
Apache Employee CNG Vehicle Incentive Program
Free CNG for the first $5,000 of CNG fuel purchases at Apache CNG stations or any public-access stations, and

Reimbursement for half of the additional cost of the CNG-dedicated or CNG-converted vehicle from either Apache or state incentives.

Milwaukee to Start Selling Compressed Natural Gas
May 22, 2012
http://www.jsonline.com/news/milwaukee/milwaukee-to-start-selling-compressed-natural-gas-q15gvr7-152730035.html

Milwaukee's city government is getting into the gas station business - compressed natural gas, that is.

The Common Council voted unanimously Tuesday to authorize the city Department of Public Works to sell the environmentally friendly fuel to the public at two compressed natural gas stations that were built for city garbage trucks.

Using a $3.6 million federal stimulus grant, the city has purchased eight CNG-powered garbage trucks and has ordered 13 more, to be delivered in July. Another $2.4 million federal grant, matched by $600,848 in city money, will pay for 20 more CNG-powered trucks, bringing the total number of such vehicles to nearly one-third of the city's 129 garbage trucks.

Thirteen Projects Funded for Natural Gas-Fueled Vehicles
July 17, 2012
http://ohsonline.com/articles/2012/07/17/thirteen-projects-funded-for-natural-gas-vehicles.aspx?admgarea=news

The U.S. Energy Department announced it is giving $30 million to support 13 research projects trying to overcome barriers to widespread use of natural gas to fuel cars and trucks. One of them is General Electric Global Research, which will receive $1.8 million to develop an at-home natural gas refueling system.

Deputy Secretary of Energy Daniel Poneman announced them at a meeting in Houston of the National Petroleum Council. DOE's Advanced Research Projects Agency is the lead unit behind the new Methane Opportunities for Vehicular Energy program to develop light, affordable natural gas tanks for vehicles and compressors that can efficiently fuel a natural gas vehicle at home

US Boosts Research into Natural Gas-Powered Cars
July 16, 2012
http://www.sfgate.com/news/article/US-boosts-research-into-natural-gas-powered-cars-3710858.php

United Technologies Corp. is among 13 recipients of federal Energy Department funding to come up with a natural gas tank for cars.

The department awarded United Technologies and two partners a $4.4 million grant. Though it's a small portion of the $2 billion the conglomerate spent on research and development last year, Walker called the funding "reasonably good-sized." Following the three-year research program, United Technologies will develop a prototype tank for passenger cars.

Delegation Announces Over $4 Million in Federal Funds to UTC to Help Develop Natural Gas Vehicles
July 15, 2012
http://politicalnews.me/?id=15661&keys=NATURAL-GAS-VEHICLES-FUNDING

Senators Joseph I. Lieberman, Richard Blumenthal and Congressman John B. Larson (CT-01) announced that the United Technologies Company (UTC) of East Hartford has been awarded a $4.4 million federal grant for natural gas technology research. UTC is one of only 13 recipients of the highly competitive grant from the U.S. Department of Energy’s Advanced Research Projects Agency-Energy

(ARPA-E) MOVE program, or Methane Opportunities for Vehicular Energy. The MOVE program is intended to help spur the development of next-generation natural gas vehicles.

States Approve Pro Natural Gas Vehicle Positions
June 27, 2012
http://baftechnologies.com/cng/legislative-update-pro-natural-gas-vehicle/

On Monday, New Jersey's the Board of Public Utilities (BPU) approved a New Jersey Natural Gas-sponsored pilot program with plans to invest $10 million toward the development of between five and seven new CNG fueling stations. The stations will be located at hosted private or public fleet locations. The stations will be owned and maintained by New Jersey Natural Gas, and the utility will require that the host-company or governmental fleet make the station open to the public.

The Oklahoma Corporation Commission has announced approved of a plan allowing Oklahoma Natural Gas (ONG) to provide its customers with rebates covering the cost of purchasing NGVs. The rebates are worth up to $2,500 for dedicated NGVs, and $1,500 for bi-fuel NGVs. Customers may take advantage of up to three rebates per year. Funding for the program will be provided by charging a 25-cent surcharge on CNG sold at the 25 ONG-owned stations.

In Georgia, Atlanta Gas Light (AGL) recently announced that it is offering a reduced cost lease on the Fuelmaker "Phill" CNG vehicle refueling appliance. The lease option, which is available to AGL residential and commercial customers, requires a lease payment of $60/month and includes installation costs of up to $2,000. AGL customers currently are paying about $1 per gasoline gallon equivalent for CNG. The new lease program is part of an investment plan approved last fall by the Georgia Public Service Commission. That decision also authorizes AGL to invest $11.57 million in the development of up to 10 CNG fueling stations in Georgia. The new CNG stations may be located throughout metro Atlanta and along major transportation corridors in the state.

America, Start Your Natural-Gas Engines
June 18, 2012
http://online.wsj.com/article/SB10001424052702304192704577406431047638416.html

Following discussions with the American Natural Gas Association, an industry group, Chrysler Group LLC said this year it will build at least 2,000 heavy-duty Ram pickup trucks that run on both CNG and gasoline. General Motors Co. said it would offer similar vehicles in its GMC Sierra and Silverado lines.
Love's Travel Stops & Country Stores, of Oklahoma City, plans to open 10 retail outlets with CNG pumps this summer, thanks to a partnership with Chesapeake Energy.

And Kwik Trip Inc., an operator of gas stations and convenience stores, opened its first CNG station aimed at passenger-car drivers in La Crosse, Wis., this spring, with plans for several more.

3M Corp. said earlier this year it is joining with Chesapeake Energy Corp. to develop natural-gas fuel tanks that use plastic linings wrapped in carbon-composite materials. The tanks could be 10% to 20% lighter with 10% to 20% more capacity than current natural-gas tanks, the companies said.

Meanwhile, researchers at the University of Missouri have developed a smaller tank that allows natural gas to be stored at a much lower pressure by keeping it in a material essentially made out of corncobs turned into charcoal briquettes. Early tests of the tank on a natural-gas pickup truck have worked well, according to researchers.

A number of companies are currently setting up new fueling stations to serve mostly fleet vehicles, but some stations are in prominent public places, and advocates hope they'll spark consumer interest in the vehicles. Apache Corp., for instance, built a CNG refueling station at Houston's Bush Intercontinental Airport to service a small fleet of CNG parking shuttles that the City of Houston operates.

BPU Approves NJNG's Pilot Program to Build Natural Gas Vehicle Refueling Stations
June 18, 2012
http://www.environmental-expert.com/news/bpu-approves-njngs-pilot-program-to-build-natural-gas-vehicle-refueling-stations-300308

New Jersey Natural Gas (NJNG) today received approval from the New Jersey Board of Public Utilities (BPU) to implement a pilot program to help stimulate the market for natural gas vehicles (NGV) in the state and the benefits they provide. Under this program, NJNG will invest up to $10 million, over the next 12 months, to build between five and seven compressed natural gas (CNG) refueling stations at host facilities throughout its service territory. The use of NGVs, particularly for commercial fleets, will help lower emissions and provide a viable and economically valuable alternative to traditional petroleum-based vehicles.

CNG vehicles to get additional state incentives under Oklahoma Corporation Commission plan
June 18, 2012
http://newsok.com/cng-vehicles-to-get-additional-incentives-under-oklahoma-corporation-commission-plan/article/3685516

Customers who fill up compressed natural gas vehicles at Oklahoma Natural Gas public filling stations will pay 25 cents more per gallon equivalent under a plan approved Monday by the Oklahoma Corporation Commission.

The extra money — estimated at more than $300,000 per year — will go toward rebates for consumers to buy natural-gas vehicles or home-filling stations for CNG vehicles. The plan would provide rebates of $2,500 for a dedicated CNG vehicle; $1,500 for a dual-fuel vehicle; and $2,500 toward the cost of a home-filling station for vehicles.

City of Harrisburg Switches City Trucks, Police Car, to Compressed Natural Gas
June 17, 2012
http://www.therepublic.com/view/story/49e6464e0e9544689908a51da022b247/AR--Harrisburg-CNG

The Poinsett County town of Harrisburg has switched some of the city's vehicles to compressed natural gas in an effort to save money on fuel costs.

Trucks used by the city's street and water/sewer/gas departments and a city police car have been converted from gasoline to CNG.

Mayor Randy Mills told The Jonesboro Sun (http://bit.ly/KdaHoC) that the conversion costs thousands of dollars per vehicle — and he hopes the lower cost of CNG will offset the price. Mills says CNG currently is the equivalent of about $2.13 per gallon of gasoline — more than $1 per gallon less than gas.

Craighead County Judge Ed Hill says he wants to research the possibility of using CNG for his county's vehicles.

California Grant Funds Targeted Primarily At CNG Stations, Biofuel Development
June 14, 2012
http://www.ngtnews.com/e107_plugins/content/content.php?content.7905

The California Energy Commission (CEC) is investing more than $23.11 million in a number of projects aimed squarely at bolstering the state's complement of alternative fuel options for transportation.

Award recipients include the following:

Sysco Food Services of Los Angeles Inc.: $600,000: The company will develop a 24-hour, publicly accessible liquefied natural gas (LNG) station in Riverside to help serve vehicles moving goods at the ports of Long Beach and Los Angeles.

Atlas Disposal Industries: $300,000: Atlas will construct a new natural gas fueling station, using pipeline and renewable natural gas, at the Sacramento South Area Transfer Station. Atlas currently has a fleet of more than 60 trucks, 14 of which use compressed natural gas (CNG). The station will be open to private, public and school fleet operators.

Bear Valley Unified School District: $300,000: The school district will install a new CNG fueling station to service the district's existing natural-gas fueled school buses and to allow the district to acquire more natural-gas fueled buses.

The South Coast Air Quality Management District, $217,000: The grant is aimed at developing a CNG station in Murrieta near Interstates 15 and 215. The 24/7, publicly accessible station will be installed at a Southern California Gas Co. facility.

The City of Riverside, $200,000: The city will construct a CNG station at its water quality control plant to be used for city fleet vehicles and the public.

The University of California, Davis, $2.77 million: The university will use the funds to research the comparative value, benefits and drawbacks of all types of alternative fuels in California.

tmdgroup Inc., $2.21 million: The award will go toward an outreach and marketing campaign designed to accelerate the market acceptance and use of alternative fuels and low-carbon vehicle technologies. Outreach will focus on commercial and public fleet owners and managers.

The National Renewable Energy Laboratory: $2.15 million: NREL will assess the effectiveness of the CEC's investments in alternative and renewable fuels and vehicle technology to help the commission track its progress and plan future investments.

DEP Launches Web Page for Natural Gas Vehicles
June 12, 2012
http://businessweekly.readingeagle.com/?p=4024

The Pennsylvania Department of Environmental Protection has launched a natural gas vehicle page on its website designed to help the owners of commercial and municipal vehicle fleets make decisions on converting those vehicles to run on compressed natural gas or liquefied natural gas.

The page may be accessed by visiting the DEP home page at www.dep.state.pa.us and clicking on the Natural Gas Vehicle Grant Program button.

Texas Offers $5.7M in Grants for Alt Fuel Vehicles
June 11, 2012
http://www.cbsnews.com/8301-505245_162-57450538/texas-offers-$5.7m-in-grants-for-alt-fuel-vehicles/

The Texas Commission on Environmental Quality is offering $5.7 million in grants to replace diesel vehicles with ones that use hybrid or alternative energy technology.

The grants are available under the Texas Clean Fleet Program and can be applied to vehicles using electricity, natural gas, propane, hydrogen or methanol. Organizations that have at least 75 on-road vehicles and intend to replace at least 20 diesel vehicles can apply for the grants.

Texas lawmakers have tried to encourage companies with large fleets of big diesel vehicles to switch to cleaner fuels. They have also passed laws encouraging natural gas fueling stations around the Dallas-Houston-San Antonio triangle.

Many Texas cities are close to violating federal clean air standards. Replacing older trucks and buses could help avert triggering strict federal rules.

Argonne Lab Shifts Focus to Natural Gas Vehicles
June 11, 2012
http://blogs.agu.org/terracentral/2012/06/11/argonne-lab-shifts-turns-focus-to-natural-gas-vehicles/

After working on battery technology used in the Chevy Volt, the Argonne National Laboratory has taken up study of natural gas vehicles and supporting technologies.

“Our hope is that there will be a bunch of technologies that need testing,” said Mike Duoba, an engineer at Argonne’s Transportation Technology Research and Development Center.

“Certainly that’s the way it has been for electric vehicles and plug-in hybrids and hybrids at the vehicle level and the systems level. That was pretty much our thing: an all systems level, vehicle-level testing for DOE,” he said.

“We have all that equipment, so we are looking forward to this stuff being made available, and we are hoping DOE will be in a position to say ‘We need to validate these, we need to benchmark these,’ and maybe even come up with some standard test metrics, standard test procedures too, which is something we are also involved in, Douba said.”

WV Governor Making Natural Gas Vehicle Push
June 10, 2012
http://www.statejournal.com/story/18748856/wv-governor-making-nat-gas-vehicle-push

West Virginia's abundant natural gas supply has Gov. Earl Ray Tomblin seeking to fuel at least some of state government's vehicles with this alternative fuel.

Officials say Tomblin plans to order a cost-benefit analysis of switching at least part of the vehicle fleet from gasoline and diesel.

Those who have been asked to serve on the resulting task force say the move is a chance to improve the country's energy security.

Tomblin is also among a bipartisan group of 13 state governors that's declared support for converting their fleets. The governors signed an April letter to auto makers to encourage the development of natural gas vehicles.

The governor earlier included the topic in his January State of the State address.

West Virginia briefly explored alternative fuel vehicles in the 1990s.

Will Natural Gas Kill The Electric Car?
June 8, 2012
http://idealab.talkingpointsmemo.com/2012/06/national-laboratory-pivots-from-electric-to-natural-gas-vehicles.php

A government-funded laboratory that helped pioneer the battery technology behind many electric vehicles, including the Chevy Volt, has recently pivoted its focus to developing technologies to improve natural gas-powered vehicles, in anticipation of government and industry soon seeking to bring consumer-friendly natural gas cars to market.

“Our conclusion is that natural gas as a transportation fuel has both adequate abundance and cost advantages that make a strong case to focus interest in the technology as a real game changer in US energy security,” said Mike Duoba, an engineer at the auto research center at Argonne National Laboratory near Chicago, Illinois.

Already, Duoba and his colleagues at Argonne's Transportation Technology Research and Development Center have conducted tests for compressed natural-gas powered vehicles, mostly vans, ordered by AT&T for its corporate vehicle fleet, according to news release from the lab published online Wednesday.

Natural Gas Powered Vehicles Get a Boost
June 6, 2012
http://www.bizjournals.com/pittsburgh/blog/energy/2012/06/natural-gas-powered-vehicles-get-a-boost.html

Pittsburgh-region businesses pursuing alternative ways to fuel their fleets have a new resource at their disposal.

The Pennsylvania Department of Environmental Protection was recently tasked with doling out $20 million in state grants over three years to pay for the purchase and conversion costs of natural gas vehicles. The DEP this week launched a new website designed to provide information to fleet owners about fueling their fleets with compressed natural gas and liquefied natural gas.

The website is a storehouse of information on the DEP's Natural Gas Energy Development Program, regional DEP workshops, and natural gas vehicle fueling tools. It also provides resources like cost calculators and fueling maps.

Harrison County Looking to Convert to Natural Gas Vehicles
June 4, 2012
http://www.government-fleet.com/News/Story/2012/06/Harrison-County-Looking-to-Convert-to-Natural-Gas-Vehicles.aspx

Harrison County in Texas is looking to purchase compressed natural gas (CNG) vehicles after learning that a natural gas company plans to build a station near the County's base of operations, and that it would be available for County use, according to the News-Journal.

County Commissioners will apply for an Environmental Protection Agency (EPA) grant to cover the increased cost of three CNG dump trucks to replace smaller, aging diesel trucks. The Count expects to cut fuel costs by one half through use of CNG.

California Awards More Than $35 Million for Green Transportation
June 1, 2012
http://www.ethanolproducer.com/articles/8831/california-awards-more-than-35-million-for-green-transportation

The California Energy Commission approved funding of $35 million to projects that will accelerate the development of green fuels and technology in California. These investments reduce the state's dependence on foreign oil, improve the environment and help California attain its climate change policies.

"These awards support a diversity of alternative fuel and vehicle types, including biodiesel production, natural gas vehicle technologies and incentives, and E85 fueling stations, which together provide a crucial boost to the development of clean energy transportation in the state. They will enable the deployment of more advanced technology vehicles on the roadways – and support the development of the fueling infrastructure needed to keep them rolling," said Energy Commissioner Carla Peterman. "Investing in these innovative projects will benefit all Californians by improving our air quality, creating jobs, and providing the diverse transportation options that we need today and in the future."

Atlanta Gas Light Considers Proposals for Nine New CNG Fueling Stations
May 30, 2012
http://www.reuters.com/article/2012/05/30/idUS209539+30-May-2012+HUG20120530

Atlanta Gas Light Company announced today that it has received qualified proposals from the City of Atlanta and seven commercial operators to open as many as nine new compressed natural gas (CNG) fueling stations throughout Georgia. The first stations could be open by mid-2013.

Over the next 90 days, each potential station owner must finalize contracts with fleet customers to meet minimum annual CNG purchase requirements at each station. Retailers that are successful in fulfilling the post-award requirements are eligible to sign a service agreement with Atlanta Gas Light and obtain CNG service from the utility under a rate approved by the Commission.

Pa. Building Support Around Natural Gas as Motor Fuel
May 28, 2012
http://shale.sites.post-gazette.com/index.php/news/archives/24559-pa-building-support-around-natural-gas-as-motor-fuel

The Philadelphia Inquirer is reporting that Pennsylvania's Marcellus shale, government and industry are trying to revitalize support around natural gas as a motor fuel.

President Obama and Gov. Corbett, citing the desire to reduce reliance on imported oil and promote domestic natural gas production, have endorsed plans to subsidize the build-out of a natural-gas fueling infrastructure.

Trussville Police Save Big by Gassing Up with Compressed Natural Gas
May 28, 2012
http://blog.al.com/spotnews/2012/05/trussville_police_save_big_by.html

TRUSSVILLE, Alabama - Trussville Mayor Gene Melton estimates his city will save $17,000 a year per vehicle over the next five years, once the city finishes converting its fleet to run on compressed natural gas.

The city is in the process of converting its police car fleet to run on CNG. Earlier this year, the city purchased 32 Chevrolet Tahoes at a cost of $27,500 each from the state bid list. The city is spending $10,000 to $11,000 each to convert the vehicles.

In addition, the city put its CNG dump truck into operation recently. Trussville began using CNG vehicles three years ago, and installed a refueling station at the city's public utility. City officials have been working over the past year on a public-private partnership to bring a commercial CNG station to Trussville.

Natural Gas as a Motor Vehicle Fuel is Accelerating in South Jersey
May 28, 2012
http://www.pressofatlanticcity.com/news/breaking/natural-gas-as-a-motor-vehicle-fuels-is-accelerating-in/article_cf2df9a4-a847-11e1-84ec-0019bb2963f4.html

Two natural gas fueling stations are planned to open later this year in Atlantic City and Millville. The Atlantic City Jitney Association opened an eight-pump station in Egg Harbor Township in April, and South Jersey Gas opened another in Glassboro, Gloucester County, in March.

Currently, there are 25 natural gas stations in New Jersey, but not all are open to the public, said Chuck Feinberg, spokesman for New Jersey Clean Cities Coalition, a nonprofit organization promoting alternative fuels. The coalition is managing a four-year, $15 million U.S. Department of Energy grant promoting natural gas stations.

The Atlantic County Utilities Authority opened a $2 million station in 2010 in Egg Harbor Township, among the first such public stations on the East Coast. The authority has purchased 15 natural gas trucks in the past two years, aided by federal grants.

Hickenlooper Leading the Way on Natural-Gas Cars

May 22, 2012
http://blogs.denverpost.com/eletters/2012/05/22/hickenlooper-leading-naturalgas-cars/17940/

In the face of higher gasoline prices and promises by some politicians around the country to “reduce gasoline prices to $2 a gallon,” Gov. John Hickenlooper is actually doing something concrete to help Colorado families.

Under his leadership, 12 other governors from around the country are working to collectively inventory state fleet purchases and encourage auto makers to build more dual-use, gasoline/compressed natural gas vehicles for public purchase. Last week, fleet managers from these states met in Denver to plan for these purchases. This effort uses the power of the marketplace to deliver CNG vehicles and encourages construction of more CNG stations.

As for the “promise” of $2 gas, in states where CNG is more available, the going price for a gallon of this clean-burning, domestic fuel is about $1.80. It’s just another example of the governor’s fresh approach to long-term problems.