



June 27, 2019

Ms. Elizabeth Bisbey-Kuehn, Chief, Air Quality Bureau
Mr. Kerwin Singleton, Control Strategies Manager
525 Camino De Los Marquez
Santa Fe, New Mexico 87505

RE: NGV America Comments on the State of New Mexico Revised Volkswagen Trust Beneficiary Mitigation Plan

Dear Chief Bisbey-Kuehn and Mr. Singleton:

Natural Gas Vehicles for America (NGV America), the national trade association for the natural gas vehicle industry, respectfully submits the following comments on the State of New Mexico Environment Department (NMED) Revised Beneficiary Mitigation Plan (Plan). These comments are in addition to the NGV America comments submitted to you on March 24, 2017 and May 11, 2018 regarding NGV America's recommendations on how states can best use the Environmental Mitigation Trust (EMT or Trust) funds that each state will receive as part of the Volkswagen (VW) diesel emission settlement.

The VW EMT funds provide an extraordinary opportunity for New Mexico and other states to put significantly cleaner, lower-polluting vehicles on the road in public and private fleets. NGV America applauds NMED for wisely using this funding to continue its commitment to accelerating the use of cleaner, alternative fuels that offer a cost-effective alternative to funding diesel vehicles. The exclusion of diesel vehicle funding (except for the DERA option) allows New Mexico to achieve greater emissions reductions both at the tailpipe and throughout the fuel and vehicle life cycle.

The latest natural gas engines are the only zero emission equivalent or near zero engines that are certified to perform at 0.02 g/bhp-hr of nitrogen oxide (NOx) emissions or better and should not be confused with diesel engines certified to the 2010 EPA standard of 0.2 g/bhp-hr NOx standard.¹ The 0.02 g/bhp-hr NOx standard requires that new engines outperform the federal standard by 90 percent and is the cleanest heavy-duty engine standard today. It also is the lowest level currently recognized under California's Optional Low-NOx Standard (OLNS) for engine.

Moreover, if renewable natural gas (RNG) is used, life cycle greenhouse gas emissions from NGVs are reduced further. Using RNG also creates a market for energy created from waste water treatment, landfills, animal waste and other methane sources and significantly increases air quality by reducing the amount of methane released.

The near zero engines are proven, cost-effective and available today for medium- and heavy-duty vehicles. NMED is also to be commended for using the latest and most accurate emissions calculation tool (Argonne's HDVEC) which uses the most accurate data on diesel and alternative fuel emissions performance.

In addition to the above on-road applications, natural gas also is capable of powering non-road applications such as freight switchers and other locomotives, which are a component of the NMED Plan. We urge the NMED to ensure that any future funding opportunities or solicitations concerning rail projects be open to natural gas.

¹ See SCAQMD press release from June 3, 2016 providing details on the petition filed by state authorities urging the U.S. EPA to adopt the 0.02 NOx standard (<http://www.aqmd.gov/home/library/public-information/2016-news-archives/nox-petition-to-epa>) (Today's action follows a March 4 vote by the SCAQMD's Governing Board to formally petition the U.S. EPA to adopt a so-called "near-zero" or "ultra-low" emissions standard for heavy-duty truck engines that is 90 percent cleaner than the current standard).

Priority areas for the funding including the Albuquerque and Santa Fe regions are already expanding their use of natural gas vehicles, and there is significant opportunity in the Santa Teresa and Sunland Park area to regain their EPA attainment air quality status through heavy-duty truck replacements with natural gas near zero emission trucks. With more than 800 trucks per day operating in this region, significant air quality improvement is possible when using the near zero natural gas engines.

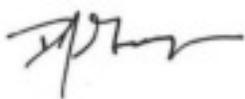
The VW EMT funds provide an opportunity for New Mexico to cost-effectively accelerate the transition to cleaner vehicles and lower emissions. Commercially available natural gas vehicles offer the best solutions today for addressing the goals of the EMT, delivering the most nitrogen oxide emission reductions for the least cost.

NGVAmerica's Recommendations for EMT Funding

- ✓ Given that the EMT was created because of NOx pollution associated with non-compliant diesel vehicles, we believe that the funding should be set aside for clean, **alternative fuel vehicle projects that focus on maximizing NOx reduction for the funds spent**
- ✓ Provide a larger incentive and greater overall funding for medium- and heavy-duty engines that deliver **greater NOx reductions than currently required** for new vehicles and engines
- ✓ Target funding for technologies that have demonstrated the ability to deliver actual **lower in-use emissions** when operated in real-world conditions
- ✓ Provide the **highest level of funding to applications that produce the largest share of NOx emissions** (in most regions this means prioritizing for short-haul, regional-haul and refuse trucks)
- ✓ Prioritize funding for **commercially available products that are ready for use**
- ✓ Prioritize funding for **clean vehicles rather than fueling infrastructure**
- ✓ **Scale funding to incentivize the cleanest engines available** – at a minimum, provide parity among alternative fuel vehicles
- ✓ Ensure that funding incentivizes adoption by **both public and private fleets**
- ✓ Prioritize projects that include **partnerships that provide a match** such as a CNG or LNG station being built in locations that will receive the VW funding
- ✓ **Accelerate the funding** in the early years to maximize the NOx reduction benefits
- ✓ Use vehicles emissions measurement tools that reflect current technologies and performance under real world operation duty cycles – **Argonne National Laboratory's AFLEET tool and HDVEC tools** are the most current tools available

NGVAmerica welcomes the opportunity to provide further information and analysis on the economic and environmental benefits of natural gas vehicles in New Mexico. Please contact Jeff Clarke, NGVAmerica General Counsel & Regulatory Affairs Director at 202.824.7364 (jclarke@NGVAmerica.org), or Sherrie Merrow, NGVAmerica State Government Advocacy Director at 303.883.5121 (smerrow@NGVAmerica.org) to set up a meeting and for additional information.

Sincerely,



Daniel J. Gage
President