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RE: NCWM Publication 16 - Proposed DGE Standard for Natural Gas (Items 232-4, 237-1, and 337-1)

I am writing to urge you to support for adoption of the proposed diesel gallon equivalent (DGE) standard for natural gas. Southern California Gas Company (SoCalGas) is the nation's largest natural gas distribution utility, providing safe and reliable energy to 21.4 million consumers through 5.9 million meters in more than 500 communities. Our company's service territory encompasses approximately 20,000 square miles in diverse terrain throughout Central and Southern California, including the ports of Long Beach and Los Angeles, which are the busiest ports in the United States.

The ports of Los Angeles and Long Beach are gateways to international trade and the countries located on the Pacific Rim. The goods movement that is created by the ports represents one of the most important economic drivers of the state and local areas, fueling economic growth and middle class jobs that help to raise our standard of living. In fact, 1.6 million jobs throughout the Southern California region are related to the movement of goods. But the goods movement is also the region's biggest polluter, accounting for the majority of our NOx emissions. Unfortunately, the poor air quality that is created by this important economic driver creates a high cost to everyone, and all too frequently, it is the most vulnerable who are at risk. Study after study shows wide health disparities that cut along economic, ethnic and racial divides. This disparity adversely affects those living in communities situated near pollution-affected corridors including freeways and ports.

Increasing the use of natural gas for goods movement has enormous benefits for all those who are affected by pollution. Near-Zero natural gas-powered heavy-duty vehicles involved in goods movement can provide a cost-effective solution to achieve much-needed emission reductions in the near-term, and can serve as the foundation for a heavy-duty emission reduction strategy in

the long-term. Near-zero heavy-duty natural gas engines offer a viable “pathway” to help meet aggressive air quality goals and should be a foundation of the nation’s strategy to clean up smog and eliminate diesel particulates. But there needs to a standard that allows compressed natural gas (CNG) and liquefied natural gas (LNG) to be sold in a way that allows consumers to make a price comparison to a common product that everyone is familiar with. This standard benefits consumers and the industry because it provides an accepted unit of measurement by comparing CNG and LNG to the price of a gallon of diesel (DGE) at retail stations.

The National Conference on Weights and Measures (NCWM) will hold its 2015 Annual Meeting this July in Philadelphia, Pennsylvania. Members will vote to determine how natural gas used as a motor vehicle fuel is sold. Since the DGE proposal was first put forward, ten states, including California (AB 1907), have enacted legislation or approved regulations recognizing the DGE as a standard for dispensing natural gas, and a handful of state legislatures have introduced bills in 2015 to recognize the DGE standard. Thus, there is significant momentum toward adoption of this standard. For it to truly become a national standards, however, the proposed DGE standard currently before NCWM and referenced above needs to be approved.

The natural gas industry continues to support the adoption of a DGE standard for natural gas sales. Like the gasoline gallon equivalent (GGE) standard, which has been in place for more than twenty-years, the DGE standard will benefit consumers and industry alike because it provides an efficient way to compare the value of CNG and LNG purchases with diesel fuel. Today, all retail CNG dispensing pumps used in the U.S. dispense CNG in GGE units and all retail stations display the price of CNG in GGE units.

The natural gas industry has requested that NCWM adopt a diesel gallon equivalent (DGE) for CNG and liquefied natural gas (LNG) that is sold to truckers and other users who typically use diesel fuel. The DGE standard has been proposed for two primary reasons: 1) there is no nationally recognized standard in place for selling liquefied natural gas; and 2) the DGE unit is more appropriate in the case of CNG and LNG that is sold for use in heavy-duty trucks since the natural gas will displace diesel fuel.

The adoption of the DGE proposal that is contained in Publication 16 preserves the continued use of the GGE standard, while also providing a standard for natural gas that is intended to displace diesel fuel. Recognizing the DGE as a legally acceptable method of sale would embrace the commercial practice already being used by industry and the statutory provisions adopted by a number of states. More than twenty states now recognize the DGE unit for LNG taxation. Alternative approaches will not lead to a national standard or uniformity because so many states have already moved to recognize the gallon equivalent units for natural gas sales. Therefore, adoption of the proposals now before NCWM and contained in Publication 16 provide the best opportunity for adoption of a truly uniform standard for selling natural gas as a diesel replacement.

For these reasons, **SoCalGas** supports the NCWM adoption of the proposed DGE standard for CNG and LNG, and urges you to do so as well.

Sincerely,

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Cc:

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