



Ronald Hayes, Chairman

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July 13, 2015

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

The undersigned organizations write in support of the proposed diesel gallon equivalent (DGE) standard for natural gas. We commend the National Conference on Weights and Measures (NCWM) and its leadership for the careful consideration of this issue and its decision at January's Interim Meeting to move this issue forward as a voting item at the July Annual Meeting.

The undersigned organizations are requesting that NCWM adopt a diesel gallon equivalent (DGE) for CNG and liquefied natural gas (LNG). 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 upcoming vote on the DGE proposal is an important step in establishing a uniform national standard for dispensing liquefied natural gas (LNG), and preserving the continued use of the gasoline gallon equivalent (GGE) standard. Since the DGE proposal was first put forward, ten states have enacted legislation or approved regulations recognizing the DGE as a standard for dispensing natural gas, and a handful of other states have proposed legislation to recognize the DGE for method of sale purposes. Twenty-six states now use the DGE for taxation of LNG providing an efficient and fair means of taxing LNG. Furthermore, as evidenced by a multitude of public comments submitted by state governors, state and national regulatory agencies, members of the U.S. Congress, chambers of commerce and individual companies in advance of last year's annual meeting, significant support toward adoption of a DGE standard exists.

For the natural gas industry and fuel retailers it is critical that NCWM standards continue to allow fuel retailers to dispense and advertise natural gas in gallon equivalent units that are defined and measured in mass as set forth in Publication 16 proposal. 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 and uniform way to compare the quantity and importantly 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 that display the price of CNG do so in GGE units.

The adoption of the DGE proposal 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 and regulatory provisions adopted by a number of states. 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. Adoption of the proposals now before NCWM and contained in Publication 16 present the best opportunity for adoption of a truly uniform standard for selling natural gas as a transportation fuel.

For these reasons, we urge you to support the NCWM adoption of the proposed DGE standard for CNG and LNG.



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