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Clean Energy

Mr. Ronald Hayes
Missouri Department of Agriculture
Post Office Box 630
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July 1, 2016

RE: NCWM Publication 16 - Proposed DGE Standard for Natural Gas (Items 232-8, 237-1, and 337-2)

Dear Mr. Hayes:

I am writing to urge you to support adoption of the proposed diesel gallon equivalent (DGE) standard for natural gas. As North America's largest provider of natural gas transportation fuel with 589 fueling stations, we have a deep understanding of the marketplace and the needs of the natural gas vehicle industry.

The National Conference on Weights and Measures (NCWM) will hold its 2016 Annual Meeting this July in Denver, Colorado. 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 have enacted legislation or approved regulations recognizing the DGE as a standard for dispensing natural gas, and twenty seven states now use the standard for taxing LNG. Numerous states have proposed legislation in 2016 to recognize it. In each of the past years, a majority of state representatives have voted in support of the DGE standard. Thus, there is significant support for adopting the DGE as a national standard. For it to truly become a national standard, 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 LNG and CNG that is sold for use in heavy-duty trucks since the natural gas will displace diesel fuel.

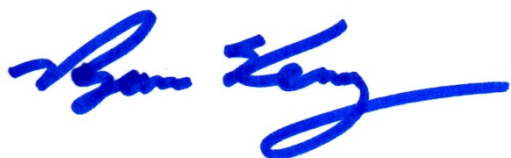
The adoption of the DGE proposal that is contained in Publication 16 preserves the continued use of the GGE standard, while also providing a standard for natural gas that is intended to displace diesel fuel. Recognizing the DGE as a legally acceptable method of sale would embrace the commercial practice already being used by industry and the statutory provisions adopted by a number of states. Twenty seven states now recognize the DGE unit for LNG taxation. Last July, the U.S. Congress also enacted legislation codifying the DGE as the unit for taxing LNG sales intended for on-highway use. 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.

Over the past several years much energy and effort has gone into considering this issue. As a result of the debate and ongoing discussions, a number of important changes have been made to the proposal to address various concerns that have been raised. Changes include: 1) amending the language to recognize the ability of retailers to sell in gallon equivalent units or mass if it is preferred; and, 2) requiring that dispensers using the gallon equivalent unit must be capable of showing mass on the pump or alternatively on a receipt. We are supportive of the changes, but urge the conference to amend the second requirement so that it is only required on new dispensers, and is not applied retroactively as the cost and burden associated with modifying existing stations is not warranted.

In closing, Clean Energy supports the NCWM's latest DGE proposal with the change outlined in this letter, and urge you to also support the DGE proposal with these changes.

Sincerely,



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Cc:

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