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March 25, 2013

Oregon State Capitol  
Senate Committee on Environment and Natural Resources  
900 Court St NE  
Salem, OR 97301

**RE: Written Testimony for SB 488 – Strong Support**

Dear Chair Dingfelder and Members of the Senate Committee on Environment and Natural Resources,

Although I had the opportunity to give a two-minute verbal testimony on March 18, I wanted to elaborate on my testimony, provide you with information you requested, and clarify aspects of the program for you. On behalf of Clean Energy, I write in strong support of SB 488, a bill that would lift the sunset date of the Oregon Clean Fuels Program to allow the regulatory process to begin.

**Clarification about the Program**

After listening to testimonies, there seems to be confusion about the nature of the Oregon Clean Fuels Program. This is not a biofuels program or an ethanol program, but rather it is intended for all alternative fuels. It is a technology-neutral program, and its purpose is to lower the overall greenhouse gas emissions that come from the refueling industry by providing Oregon with a variety of alternative fuels like natural gas, electricity, hydrogen, propane, renewable diesel, ethanol, and more.

**Passage of SB 488 Means Heavy Investment in Oregon**

As I mentioned in my verbal testimony, Clean Energy is North America's leading provider of natural gas as vehicle fuel. We have two stations in Oregon – one in Central Point and one in Stanfield. These are currently the only two publicly available natural gas stations in Oregon. There are only two other natural gas refueling stations in Oregon, but they are both private. In comparison, California has about 450 natural gas stations. Similarly, according to the California DMV, there are 37,000 natural gas vehicles in California, but in Oregon there are only 115 natural gas vehicles (92 buses, 14 trucks, and 9 passenger cars) according to the Oregon DMV. This vast difference in the number of stations and vehicles is due to the fact that California has a Low Carbon Fuel Standard (LCFS). Clean Energy





alone has grown from about 270 employees in 2010 to almost 1200 employees today. Natural gas is not the only alternative fuel that is heavily investing in California. Virtually every type of alternative fuel is heavily investing in California because it has become so attractive as a result of the LCFS.

The amount of investment in numerous alternative vehicle and fuel companies in California is a preview of what could be achieved in Oregon if SB 488 passes. Clean Energy, along with many others, would love to invest heavily in Oregon, but we cannot do so until the sunset date is lifted.

### **Will Gas Prices Rise?**

By looking at the effect of the Low Carbon Fuel Standard on California's gas prices, we can extrapolate this to the future of Oregon's gas prices. According to the California Air Resources Board (CARB), gasoline prices have not risen at all and diesel prices have actually *decreased* by \$0.04 per gallon. Furthermore, the Oregon Clean Fuels program is arguably better than the LCFS because it includes a consumer protection clause that states that if the price of gasoline or diesel rises by 5%, the program may be suspended. This ensures that consumers receive the benefits of the program without subjecting them to the possible risks.

Additionally, it is very plausible that gas prices will decrease as a result of phase 2 of the Oregon Clean Fuels Program because the vehicle fueling market will become saturated with multiple options. For example, natural gas can save consumers up to \$1.50 over the gallon equivalent of gasoline and diesel. Other fuels like electricity, propane, and more also provide savings to petroleum fuels. This offers businesses and consumers a fuel that is economical, clean, and domestic, thereby reducing Oregon's dependence on the volatile prices of foreign oil.

### **Why Not Wait until California's Court Case Has Been Resolved?**

It is important to keep in mind the timelines of the program when deciding whether to pass this bill. If SB 488 passes, it simply gives the Department of Environmental Quality (DEQ) approval to implement the regulatory portion, or "phase 2," of the program. Before this can occur however, the DEQ needs to consider the data and studies collected from "phase 1" of the program. It is important to note that although the passage of SB 488 would grant the DEQ approval to implement phase 2, if the data and studies or California's court case suggest that the program would have adverse effects on Oregon, they will not proceed with regulation. Therefore, lifting the sunset date does not force the Oregon Clean Fuels Program to be



implemented, but rather it gives DEQ the option to implement it if their data suggests that the program would provide substantial benefits to Oregon.

### **Conclusion**

With the full implementation of the CFP, Oregon will experience rapid development in the alternative fuel sector, which will create Oregonian jobs, improve local business competitiveness through fuel savings, cleaner air, and increased energy security. Failure to pass SB 488 will allow the petroleum industry with their out-of-state refineries to continue to monopolize a market that could have otherwise enjoyed more meaningful competition to the benefit of Oregon consumers.

For all of the reasons and more, we urge you to support the growth of clean fuels, new capital investments to produce such fuels inside of Oregon, and choice for consumers and businesses when it comes to transportation fuels.

Sincerely,

A handwritten signature in black ink, appearing to read "Spencer Richley".

Spencer Richley  
Policy and Regulatory Associate