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Natural Gas Vehicles for America

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Hon. Roger Williams
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Rayburn House Office Building

Hon. Nydia Velázquez
Ranking Member
House Committee on Small Business
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Chairman Williams and Ranking Member Velásquez,

NGVAmerica respectfully submits this statement for the record in response to the Committee's February 15, 2024 hearing titled *"Burdensome Regulations: Examining the Impact of EPA Regulations on Main Street."* Our interest in this hearing concerns the U.S. EPA proposed Phase 3 Heavy Duty Greenhouse Gas Regulations.[1] We appreciate the Committee's interest in reviewing the impact that these and other regulations will have on small businesses.

NGVAmerica submitted extensive comments on EPA's Phase 3 notice. Our comments addressed ways in which the EPA can amend its proposal and regulations to account for the benefits of natural gas trucks that operate on renewable natural gas, a low-carbon and sometimes carbon-negative transportation fuel. The majority of motor fuel used by natural gas vehicles is renewable natural gas and this fuel if given credit under EPA's vehicle regulations would provide a lower-cost and better performing solution for many businesses operating trucks to transport goods. If this solution were incorporated into EPA's rules it would lower the cost of compliance and enable fleets that already have invested in natural vehicles and fueling to continue to benefit from those investments. It also would benefit small businesses that purchase used vehicles on the secondary market, because natural gas vehicles provide a 1:1 substitution for diesel vehicles and benefit from a widely available, truck-friendly fueling network.

As currently written, the EPA's regulations do not account for upstream emissions, not from batteries, vehicle production, fuel production or vehicle production. The EPA previously indicated that it intended to require an assessment of upstream emissions associated with electric vehicles as part of its vehicle regulations but has more recently indicated that it does not plan to pursue such treatment. While we have no position on the necessity of accounting for upstream emissions from batteries or electric vehicles, we do take issue with not providing credits for lower-carbon fuels. The reality is that not providing credits for the emission benefits of lower carbon fuels is the same as penalizing the vehicles that operate on lower-carbon fuels because these vehicles will have to

[1] Docket ID No. EPA–HQ–OAR– 2022–0985, Greenhouse Gas Emissions Standards for Heavy Duty Vehicles—Phase 3; 88 FR 25926 (April 27, 2023).

acquire offsets or emission credits from other vehicles to satisfy future, more demanding tailpipe standards.

Eventually the only way a manufacture would be able to continue to offer natural gas vehicles or other internal combustion engines is to acquire emission offsets from electric or fuel cell vehicles, since the regulations ignore the emission benefits of operating vehicles on lower carbon fuels. While it may be feasible to purchase emission credits this will increase costs and require that natural gas subsidize the cost of other more costly technologies such as battery electric vehicles and fuel cell trucks.

The issues described here are explained in greater detail in our comments where we ask EPA to expressly provide a carbon correction factor for renewable natural vehicles. This carbon correction factor would adjust the regulated emissions based on the average carbon intensity of fuel consumed while also factoring for the amount of lower carbon fueled consumed relative to conventional natural gas consumed.

We welcome the opportunity to discuss this matter more with the committee. A copy of our comments is available in the EPA docket here: https://www.regulations.gov/comment/EPA-HQ-OAR-2022-0985-1522.

Sincerely,

M Brownlee

Matthew Brownlee
Director, Federal Government Affairs