Clean Energy

La Cienega CNG

CNG Fueling Station

Final Report

Contract #: MS08061
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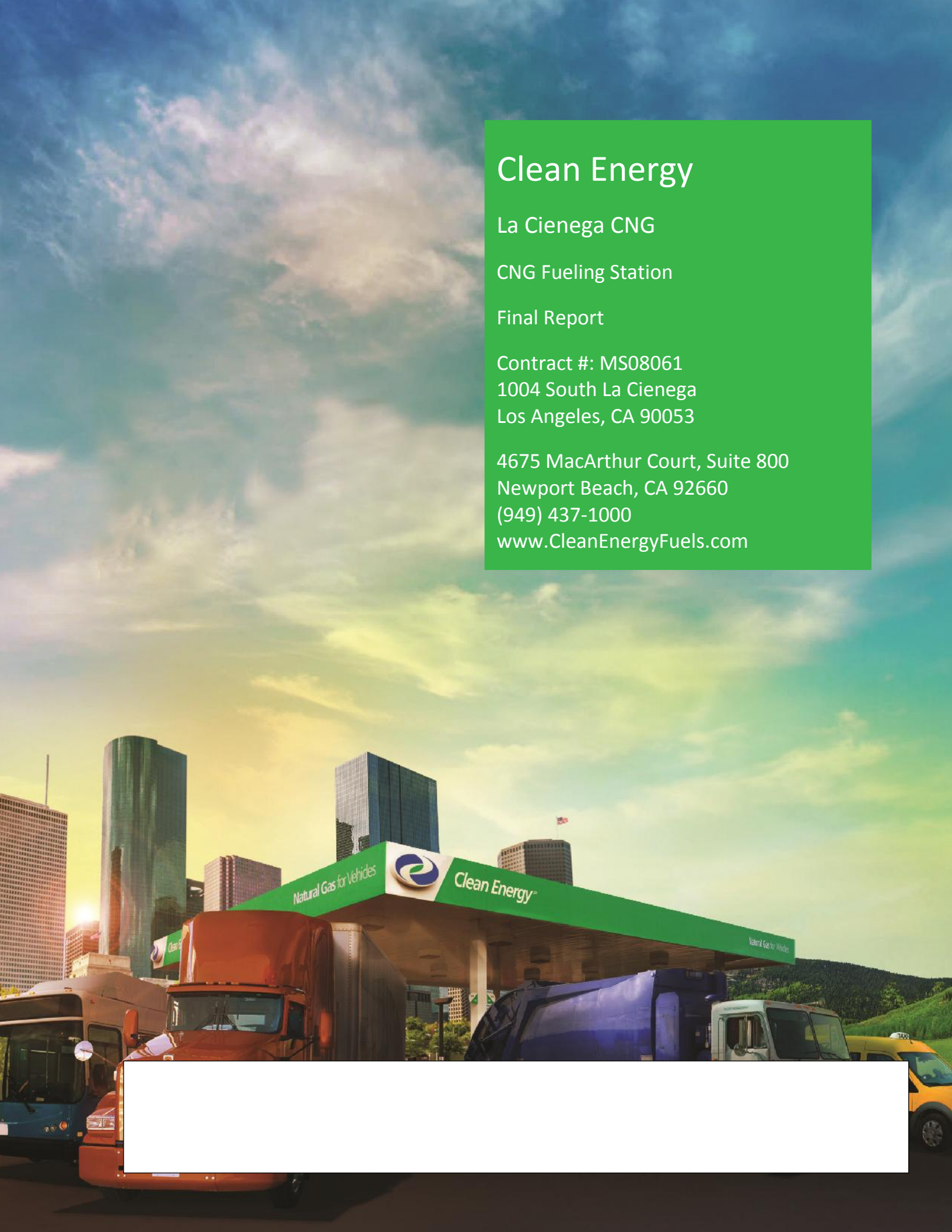

Acknowledgements

Clean Energy thanks the Mobile Source Air Pollution Reduction Review Committee (MSRC) for their efforts that made this project possible.

This report was submitted in fulfillment of MSRC Contract# MS08061, La Cienega CNG Station under the partial sponsorship of the Mobile Source Air Pollution Reduction Review Committee (MSRC). Work was completed as of September 2009.

Disclaimer

The statement and conclusions in this report are those of the contractor and not necessarily those of the Mobile Source Air Pollution Reduction Review Committee (MSRC) or the South Coast Air Quality Management District (SCAQMD). The mention of commercial products, their sources or their uses in connection with material reported is not to be constructed as either an actual or implied endorsement of such products.

Project Description
This contract provided $400,000 in funding to offset the costs of constructing and building a public access CNG fueling station at 1004 South La Cienega Blvd, Los Angeles, CA. Clean Energy provided the remaining capital for this purchase, a total of $1,297,864.98. With the funding assistance from the Mobile Source Air Pollution Reduction Review Committee (MSRC), Clean Energy was able to develop an additional fueling infrastructure for the fleets in the South Coast Air Quality Management District (SCAQMD).

Clean Energy entered into an agreement to construct and operate a CNG station at 1004 South La Cienega Blvd, Los Angeles, CA. The station has filled a critical gap in the LA CNG infrastructure and has allowed for more Los Angeles fleets to convert to CNG. This station is located on the property of Promart, Inc. at 1004 South La Cienega Blvd, Los Angeles, CA. The site includes one (1) Compressor, and storage tanks and two (2) dual-hose dispenser, which dispensed 130,158 GGE annually.

Clean Energy brings extensive experience in developing CNG infrastructure. Clean Energy is the only CNG station designer, builder and operator that manufacture our own equipment. Clean Energy prides itself on the knowledge that its customers have never missed a roll-out of their fleets. Our operations and maintenance technicians are all industry experts in their fields and are on-call 24-hours-a-day, 7-days-a-week.

Work Performed
Station construction started in August 2008 following approval of all site plans and acquisition of all necessary permits. Construction ran smoothly and concluded on September 30, 2009.

Task 1: Preliminary Documentation
CONTRACTOR shall submit a report (Pricing Report) demonstrating how the MSRC/AQMD's funding contribution will reduce the price that end users pay for CNG fuel on a DEG basis.

The Pricing Report was submitted on January 2, 2010. The pricing report demonstrates how the MSRC's funding contribution reduced the price that end users pay for retain CNG.

CONTRACTOR shall provide AQMD with copies of any subcontractor agreement(s) for fueling station construction prior to proceeding with project.

Clean Energy entered into a contract with Van't Hul Construction for the construction of this facility; a copy of the contract was provided to the MSRC for consideration November 2008.

Task 2: Construct and Operate CNG Fueling Station

CONTRACTOR shall install and maintain a new public access CNG fueling station at the CONTRACTOR'S site located at 1004 South La Cienega Blvd. in West Los Angeles, California, as specified in Attachment 3, CNG Fueling Station Specifications. All equipment must be new and not previously used.

CONTRACTOR shall operate this station at the specified location for a minimum of five years from the date the station begins dispensing fuel. Beginning in the third year with the third year of station operation, CONTRACTOR shall dispense a minimum of 120,000 GGE of natural gas annually.

The station has filled a critical gap in the LA CNG infrastructure and has allowed for more Los Angeles fleets to convert to CNG. Clean Energy designed and constructed a CNG station that includes (1) compressor, storage capacity for at least 30,000 SCF, and two dual-hose dispensers. The station is designed for 24-hours- per-day, unlimited public access use. The facility was completed and began dispensing fuel in September 2009. Beginning the 4th year of operation, the station dispensed well over its 120,000 GGE requirement of CNG.

Task 3: Promotion

CONTRACTOR shall prepare and submit a proposed Public Outreach Plan to promote the MSRC's co-funding of the station to the media and/or community. Acceptable outreach may include, but not limited to, a Grand Opening/project kickoff event, press releases, or a press conference; The Public Outreach Plan shall automatically be deemed approved 30 days following receipt by AQMD staff, unless AQMD staff notify CONTRACTOR in writing of a Public Outreach Plan deficiency. CONTRACTOR shall implement the approved Public Outreach Plan in accordance with the Project Schedule below, notifying AQMD staff at least fourteen days prior to any outreach event.

The station was promoted in the media. See news release attached.

PROBLEMS ENCOUNTERED

Clean Energy did not encounter any problems relative to the design or construction of this project. We have designed numerous facilities of similar size and scope, the lessons learned on these projects have enabled us to design and build facilities more efficiently. The Clean Energy project team has many years of experience in the natural gas industry.

EMISSIONS BENEFITS

This project significantly reduced toxic air emissions while promoting the environmental improvement, domestic fuel savings, and economic opportunity stimulus goals of this funding program. Natural gas is the cleanest choice of fuel available today for this market. Natural gas powered vehicles produce up to 29% fewer greenhouse gas emissions[1] than comparable gasoline models[2]. The project dramatically reduced on-road transportation emissions which are key contributors to poor air quality throughout California, South Coast and Paramount.

SUMMARY AND CONCLUSIONS

Clean Energy appreciates the support that has been provided by the Mobile Source Air Pollution Review Committee and South Coast Air Quality Management District for alternative fuel projects in the South Coast Air Basin. We suggest the continued support for funding projects that increase natural gas infrastructure, provide buy-downs for clean-fueled natural gas vehicles and fund technology advancement.

[1] "Detailed California-Modified GREET Pathway for Compressed Natural Gas (CNG) from North American Natural Gas" California Air Resources Board, January 12, 2009.

[2] "Detailed California-Modified GREET Pathway for Ultra Low Sulfur Diesel (USLD) from average Crude Refined In California" California Air Resources Board, January 12, 2009.

PHOTOGRAPHS/OUTREACH


HOT

Natural Gas Cars Are On The Road; Potholes Remain

INVESTOR'S BUSINESS DAILY

September 28, 2012 4:59 PM

The 76 station at the corner of Los Angeles' Olympic and La Cienega boulevards doesn't look much different from the myriad gas stations that dot the metropolis.

But next to the banks of traditional gas pumps is one dispensing a cheaper, cleaner-burning fuel to the occasional delivery van or Honda Civic equipped to use it.

The station is one of dozens in Southern California selling compressed natural gas. The region has one of the nation's densest concentrations of CNG fueling infrastructure.

That network is a key piece of the puzzle needed if motorists are ever going to convert en masse to the fuel, which currently goes for about $1.50 a gallon less than the equivalent amount of gasoline, thanks to decades' worth of new U.S. supply.

Dawn Of New Age?Advocates have heralded the dawn of a transportation age, with the domestic fuel powering trips to the mall, soccer practice or work, displacing more expensive and dirty imported oil. The Obama administration's tightened fuel economy standards include incentives for automakers to offer natural gas vehicles.

And more than a dozen states have banded together to pledge to buy light-duty cars and trucks for their own fleets, and are waiting to see which manufacturers step up.

"It may not be at every corner, but there are enough stations around that if you've got a 220-mile range, you're going to be able to get to a station and fuel," said Richard Kolodziej, president of Natural Gas Vehicles for America, who's driven a natural-gas-powered car since the early 1990s.

But the consumer market is a tough nut to crack.

Of roughly 120,000 natural gas vehicles on U.S. roads, only a fraction is in consumers' hands. Car research firm Edmunds.com says drivers of hybrids, electrics, CNG and other alternative-style vehicles often don't repeat the purchase, in part because there are few move-up choices.

There are about 160,000 traditional gasoline and diesel fueling stations in the U.S., but just more than 1,000 across the country where customers can top off with compressed natural gas.

Waiting On Demand "There are no obstacles, just the need to have enough demand to warrant the capital investment in a particular station," said Bruce Russell, communications director for station builder and operator Clean Energy Fuels (CLNE). The firm was founded by oil-executive-turned-natural-gas advocate T. Boone Pickens.

Many early CNG adopters, such as Kolodziej, have home filling stations feeding off the houses' natural gas line, rather than relying on sparse public infrastructure.

In addition to being cheaper, the fuel produces up to 30% less greenhouse gases "well-to-wheel," according to various studies. Kolodziej says blending with methane recovered from landfills, sewage plants and other natural sources reduce those emissions even more.

But most CNG proponents have focused first on converting low-hanging fruit — small fleets such as utility trucks, meter reader vehicles and taxis. About 40% of trash trucks sold in the U.S. last year were natural-gas-powered, according to NGVAmerica.

Those vehicles often cover long miles each day but return to a centralized home base at night, making refueling easy, and delivering a quick payback on upfront costs.