

Clean Energy

Palm Springs CNG Station

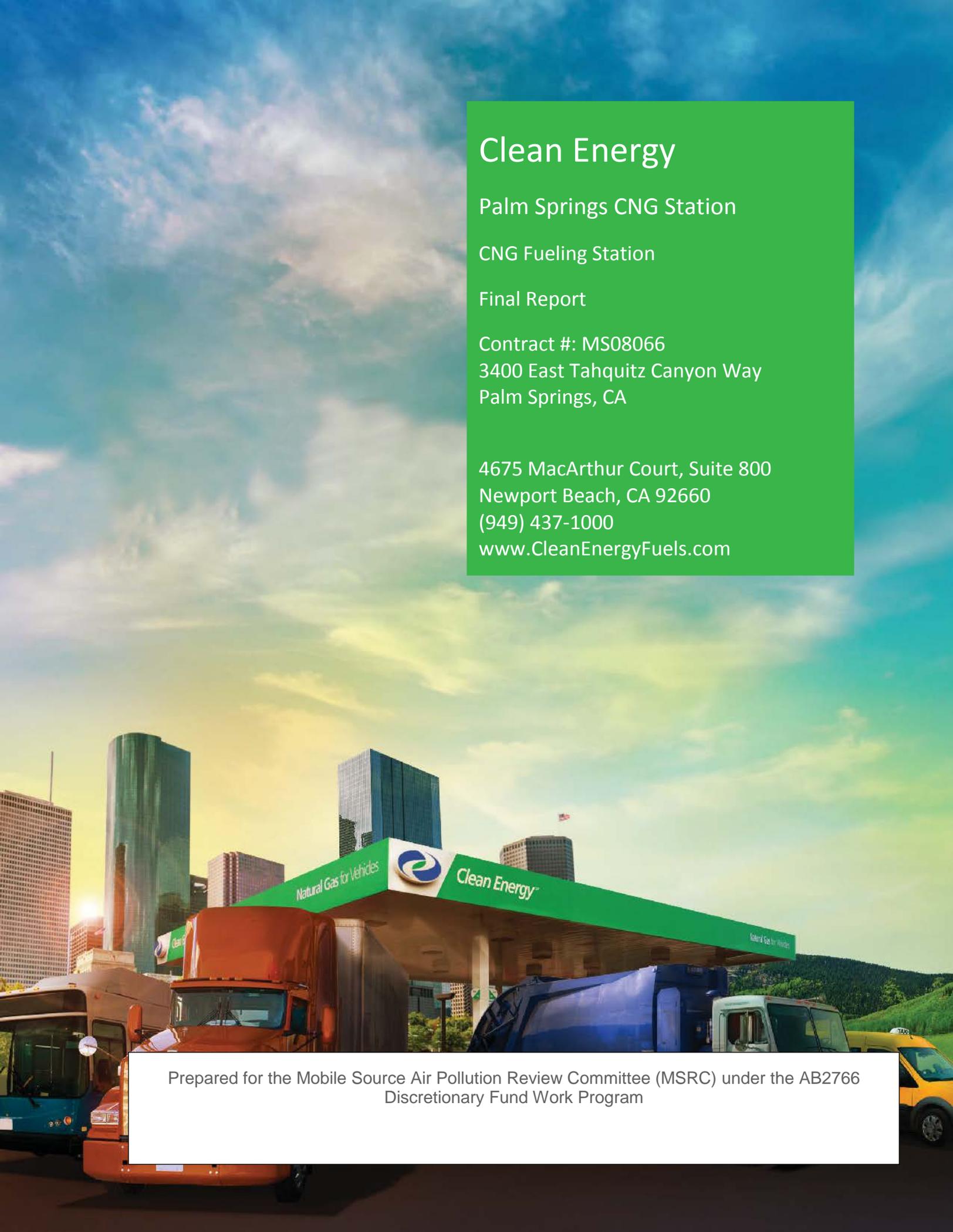
CNG Fueling Station

Final Report

Contract #: MS08066

3400 East Tahquitz Canyon Way
Palm Springs, CA

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Prepared for the Mobile Source Air Pollution Review Committee (MSRC) under the AB2766
Discretionary Fund Work Program

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# MS08066, Palm Springs CNG Station under the partial sponsorship of the Mobile Source Air Pollution Reduction Review Committee (MSRC). Work was completed as of December 2008.

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 3400 East Tahquitz Canyon Way, Palm Springs, CA. Clean Energy provided the remaining capital for this purchase, a total of \$1,550,640.91. 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 Basin (SCAB).

Clean Energy entered into an agreement to construct and operate a CNG station at 3400 East Tahquitz Canyon Way in Palm Springs. The station has filled a critical gap in the Inland Empire CNG infrastructure and has allowed for more fleets to convert to CNG within the South Coast Air Basin. This station is located near the entrance of the Palm Springs International Airport at 3400 East Tahquitz Canyon Way, Palm Springs, CA. The site includes one (1) Compressor, and three (3) 10,000 gallon storage tanks and two (2) Dual-hose dispenser that are dispensing 242,762 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 December 15, 2008.

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 December 10, 2008. 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 in 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 near the Palm Springs Airport at 3400 East Tahquitz Way Palm Springs, 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 with the third year of station operation, CONTRACTOR shall dispense a minimum of 155,500 DEG of natural gas annually.

To meet the increasing needs of the South Coast Air Basin, Clean Energy designed and constructed a CNG station that includes (1) compressor, 30,000 standard cubic feet of storage capacity for fast filling 3600 psig vehicles, and two dual hose 3600 psi dispensers with built in card-readers, capable of fueling two vehicles simultaneously. The station is designed for 24-hours- per-day, unlimited public access use. The facility was completed and began dispensing fuel in December 2008. Beginning the 3rd year of operation, the station dispensed well over its 155,500 DEG 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.

Clean Energy shared a news brief on their website in July 2008 announcing the award by the MSRC to fund Natural Gas Fueling Stations. With the help of the MSRC Clean Energy was able to add new station infrastructure development to the Southern California Network. 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 Palm Springs.

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





News and events

 cleanenergyfuels.com/0108/7-17-08.html

News

Clean Energy Is Awarded \$3.6 Million MSRC Grant to Help Fund Nine New Natural Gas Fueling Stations in Southern California

— SCAQMD Also Confers Grants Totaling \$7.7 Million to Clean Energy Client Companies to Assist Them with Natural Gas Vehicle Procurement —

Seal Beach, Calif. (July 17, 2008) — The Mobile Source Air Pollution Reduction Review Committee (MSRC) and the South Coast Air Quality Management District (SCAQMD) recently approved grant awards of \$3.6 million to Clean Energy Fuels Corp. (Nasdaq: CLNE) to help defray the cost of expanding the Southern California network of natural gas fueling stations with nine new stations. In addition, SCAQMD announced grant awards totaling \$7.7 million to assist a group of Clean Energy's customer companies with the purchase of clean-burning natural-gas powered heavy-duty fleet trucks, full-size buses and taxis.

"These natural gas infrastructure development and vehicle acquisition awards will result in significant air quality benefits as harmful emissions are reduced throughout the South Coast Air Basin," said Andrew Littlefair, Clean Energy President and CEO. "The grants to Clean Energy will help us add nine new LNG and CNG public and private fuel stations to our existing network, in locations stretching from West Los Angeles, Fontana, Norwalk and Burbank to the Port of Long Beach and the Ontario and Palm Springs international airports," he said.

As a service to its clients, Clean Energy's in-house Grants Department provides assistance with identifying, applying for and securing grant funding. Over time, Grants Department efforts have helped secure more than \$107 million in funding for Clean Energy and its customers. Included in the recent grant awards, announced at the agency's July 11th board meeting, was an individual award for \$5.1 million to a Clean Energy customer to assist in the purchase of a new fleet of 100 LNG Class 8 heavy-duty trucks to transport goods throughout Southern California. This is the largest single SCAQMD Carl Moyer grant ever awarded.

The Carl Moyer Memorial Air Quality Standards Attainment (Carl Moyer) Program is funded each year by the State Legislature and is administered by each local Air Quality Management District in California. The purpose of the program is to reduce diesel emissions statewide by providing grants for the incremental cost of cleaner heavy-duty vehicles and equipment.

Also in this round of funding, awards of grants totaling \$2.375 million were made for use by Clean Energy fleet customers for the procurement and deployment of CNG-powered full-size airport buses, refuse trucks and taxis.

Clean Energy (Nasdaq: CLNE) is the leading provider of natural gas (CNG and LNG) for transportation in North America. It has a broad customer base in the refuse, transit, ports, shuttle, taxi, trucking, airport and municipal fleet markets, fueling more than 14,000 vehicles daily at strategic locations across the United States and Canada. Clean Energy del Peru, Clean Energy's Peruvian joint venture, operates the world's largest natural gas vehicle fueling station in Lima, Peru. Information at: www.cleanenergyfuels.com

Forward-Looking Statements — This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that involve risks, uncertainties and assumptions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements, including the number of natural gas fueling stations built with the grant proceeds. The forward-looking statements made herein speak only as of the date of this press release and the company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

Contacts

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Clean Energy (Nasdaq: CLNE) is the leading provider of natural gas (CNG and LNG) for transportation in North America. It has a broad customer base in the refuse, transit, shuttle, taxi, trucking, airport and municipal fleet markets with more than 14,000 natural gas vehicles fueling at strategic locations across the United States and Canada.

Historical Information

Note to Readers: The press releases, presentations and printed remarks and materials are included on this web site for historical purposes only. The information contained in these documents should be considered accurate only as of the date of the relevant document. This information may change over time. Visitors to this web site should not assume that the information contained in these documents remains accurate at a later time. We do not have any current intention, and expressly disclaim any obligation, to supplement, update or revise any of the information in these documents.
