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STATE GOVERNMENT OFFICIALS PRESSING FOR GREATER INDUSTRY USE OF NATURAL GAS

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Marcellus Shale Law and Policy Update

Pennsylvania Public Utility Commission (PUC) Chairman Rob Powelson views his appointment to the newly established Marcellus Shale Advisory Commission as a chance to advocate for greater industry use of natural gas, especially in fleet vehicles.

"I'm not saying we should come out swinging for the fences," Powelson said. "But when you start looking at the advantage of having this inexpensive supply right here in Pennsylvania, plus the fact that the vehicles emit less pollution and run quieter on compressed natural gas (CNG), it just makes sense to encourage its use."

In the Pennsylvania General Assembly, the House Republican Caucus is about to unveil a package of bills that includes loans, grants and tax credits to encourage greater use of natural gas in vehicle fleets and mass transit. The caucus introduced a similar "Marcellus Works" proposal near the end of the last legislative session. "This version is refined from last session's," said a caucus source. "It really focuses more on giving industry the incentives to look at using more of the resource right in our own backyard." The caucus anticipates introducing the legislation in April.

Powelson first conveyed his thoughts on fleet use of CNG in a mid-February commission ruling involving transportation subsidiaries of French company Veolia Environnement, which operates multiple businesses in the United States, including a waste-management subsidiary.

In the PUC ruling, Powelson wrote:

I would encourage Veolia management to consider how they could utilize CNG-powered vehicles in Pennsylvania to help us grow greener and support the development of the Marcellus Shale and the opportunities it presents our Commonwealth. CNG-powered fleets provide an alternative energy solution which is better not only for the environment but would impact the lives of all Pennsylvanians for the good.

Veolia's waste-management subsidiary announced in November 2010 that it introduced a fleet of CNG vehicles in Fort Myers, Fla. "I read about what they did in Florida," Powelson said. "I'm hoping they do the same here."

A spokesman for Veolia Environmental Services Solid Waste said that company has plans to use CNG in its Pennsylvania fleet, but not until 2012. "Pennsylvania has a much different topography than Florida, and the trucks require bigger engines," said Denisse Ike, a company spokesperson. "Those trucks won't be available to us for another year."

The House Republican plan includes designating corridors to give tax credits to companies that establish CNG refueling stations, tax credits to businesses whose fleets convert to natural gas, and loans and grants to mass-transit systems to convert to natural gas. "Our goal is by 2027 that all new buses in the larger mass transit systems must run on CNG," according to a caucus source.

In October 2010, Veolia began using 32 CNG-powered refuse-collection trucks in the Fort Myers, Fla., area. The company also invested in a CNG fueling-infrastructure system onsite in Fort Myers, which utilizes time-fill fueling technology that allows drivers to fuel their trucks during overnight hours, minimizing administrative and operational downtime.

In a statement, the company noted that CNG produces 29-percent less carbon dioxide than oil and is 90-percent cleaner than diesel in its natural state, thus reducing the trucks' overall operating impact on the environment.

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