



# Arkansas Clean Cities News



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This newsletter is a monthly feature of the Arkansas Clean Cities Coalition (ACCC), which features alternative fuels and vehicles, advanced technology and efficient vehicles and greater use of mass transit systems, trip elimination measures and other congestion mitigation approaches.

The ACCC is a program of the Arkansas Energy Office, a division of the Arkansas Economic Development Commission.

July 2015

## July 14, 2015 Proclaimed CATA Day

During a ribbon cutting ceremony to unveil the new compressed natural gas (CNG) fueling station for Central Arkansas Transit Authority (CATA), City of North Little Rock Mayor Joe Smith proclaimed July 14, 2015 as CATA Day.

The ceremony kicked off a plan to transition the entire CATA fleet to natural gas-powered buses within the next 10 years. The station will fuel 15 new natural gas-powered buses arriving this month and has the capacity to fuel up to 55 buses in an 8-hour period. Currently the CATA fleet consists of 59 buses covering almost 8,500 weekday fixed route service miles.

The transition to natural gas fuel will save CATA \$341,838 per year using the 15 new buses and \$1,264,801 per year once the entire fleet is converted.

“The CNG fueling station is a public-private effort to provide a cost-efficient, environmentally conscious investment for our transit system,” said Jarod Varner, CATA Executive Director. “With this transition, we are giving our customers the fleet they deserve.”

This project was funded through several sources, including a grant from the Arkansas Energy Office.



Jarod Varner, Executive Director /CEO of CATA addresses the crowd.

Mitchell Simpson, Arkansas Energy Office Director, congratulates CATA.



CNG storage tanks at CATA CNG station.



Allie Freeman, Chairman of Central Arkansas Transit Authority Board of Directors, cuts ribbon.

## Pulaski Technical College Adds Alternative Fuel Training To Curriculum



Starting this fall, Pulaski Technical College (PTC) will be offering Alternative Fuels training. Once all courses have been satisfactorily completed, the student will achieve a Certificate of Proficiency.

This program will train students to convert traditional gasoline-fueled engines to liquid petroleum gas (LPG) and/or compressed natural gas (CNG). Students will also be taught how to maintain and repair these converted engines.

There are four courses to complete the required 17 hours.

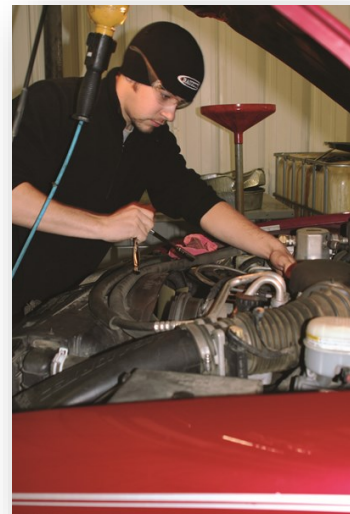
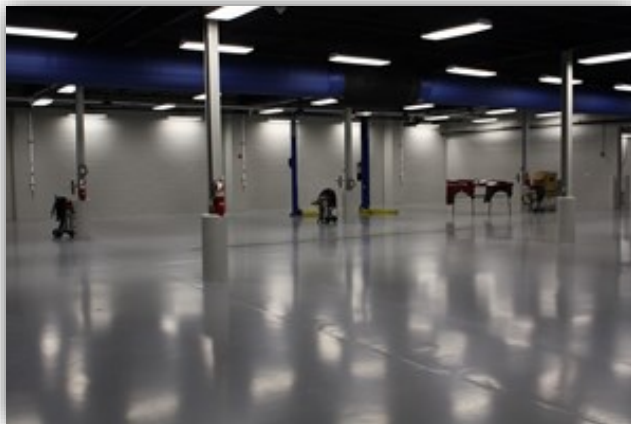
- ⇒ Engine Performance
- ⇒ Conversion and Installation of Alternative Fuel Systems
- ⇒ Diagnosis and Repair of Alternative Fuel Systems
- ⇒ Maintenance of Alternative Fuel Systems

In order to register for classes at PTC, new students must complete the admissions process and meet with an academic advisor to register for their first semester of classes.

However, potential students will need to hurry! August 7th is the last day to register for the fall semester.

The Alternative Fuels training will be held at the Little Rock-South campus located at 13000 Interstate 30 (near the Pulaski/Saline County line).

For more information on how to apply for admission and to register for classes, go to [http://www.pulaskitech.edu/admission/how\\_to\\_apply.asp](http://www.pulaskitech.edu/admission/how_to_apply.asp).



*Top and bottom left - Vehicle workshop with multiple bays for various projects*

*Top and bottom right - students get hands on experience working on vehicles*

*Photos courtesy of Pulaski Technical College*

# U.S. House Passes Highway Bill with Alt-Fuel Tax Parity Provision

On July 15, 2015, the U.S. House of Representatives passed a highway and transportation funding bill that includes a provision meant to help level the playing field for how certain alternative fuels are taxed in relation to conventional fuels.

[H.R. 3038](#), legislation to fund and extend the authorization for the country's highway and transit programs through the end of 2015, passed the House in a 312-119 vote.

According to U.S. Representative Todd Young, R-Ind., who sponsored the Alternative Fuel Tax Parity Act with other lawmakers earlier this year, the tax parity provision now included in H.R. 3038 would ensure the federal highway excise taxes on liquefied natural gas (LNG) and propane autogas are levied based on the fuels' energy output, rather than on their volume.

As Young explains, LNG produces 58% of the energy output of diesel, but the two fuels are currently taxed at the same 24.3 cents per gallon rate. Similarly, propane produces 72% of the energy output of gasoline, but those two fuels are taxed at the same 18.3 cents per gallon rate. Young says the tax parity provision recognizes these disparities and sets the energy equivalent rates for LNG (14.1 cents per gallon) and propane (13.2 cents per gallon).

"Dozens of homegrown companies in my Indiana district have developed and adopted alternative fuel technologies," says Young in a press release. "This provision prevents Washington from picking winners and losers and provides this burgeoning sector of our economy equitable treatment within the federal tax code."

In a [press release](#) from NGV America, the organization says the legislation would correct a longstanding inequity for LNG, as the alternative fuel is effectively taxed at a rate that is 70% higher than that of diesel.

"We commend the House of Representatives for including this common-sense fix that further strengthens the economic value proposition of natural gas as a transportation fuel," states NGV America President Matthew Godlewski. "This is great news for current and prospective LNG fleet operators, who will see even greater savings on their fuel costs should this fix become law."



UPS, whose massive green fleet includes natural gas and autogas vehicles, has also welcomed the tax parity provision.

Young's press release cites Laura Lane, UPS' president of global public affairs, as saying, "LNG and propane are both clean, readily available fuels, produced in the United States. Removing this economic disincentive in the tax code will speed the penetration of LNG and propane vehicles into the marketplace, and expand the use of LNG and propane vehicles on America's roadways."

The authorization for federal transportation funding expires at the end of July, which necessitates the passage of an extension by the U.S. Congress. The Senate must still consider H.R. 3038 or its own transportation funding legislation. The Senate previously voted to fix the LNG tax inequity as recently as 2014.

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Article courtesy of NGT News <http://www.ngtnews.com/>

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**NGVOK**



THE PIPELINE + ENERGY EXPO™



August 24-26, 2015  
Tulsa, Oklahoma

The NGVOK 2015 CNG Summit will be held August 24-26 in Tulsa, OK. NGVOK is designed to educate public and private fleet managers while giving exhibitors and sponsors an opportunity to connect, learn, and grow their businesses.

Registration for this conference is \$495.00 per person. Arkansas Clean Cities Coalition stakeholders can qualify for a 25% discount by using Reference Code 2525 when registering online.

For more information, go to <http://ngvok.com/>.

## Clean Cities Technical Response Service Question of the Month

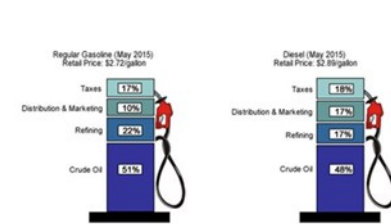
### Question of the Month: What factors affect fuel prices?

**Answer:** When gasoline and diesel prices spike, we often want to blame someone for our pain at the pump. The reality is that the oil industry is a complex market. Though there are numerous factors that could ultimately influence the price of fuel, such as weather, government policies, and international relations, there are four factors that have the most significant influence. These factors include the cost of crude oil, refining costs and profits, distribution and marketing costs, and fuel taxes. Alternative fuels, such as natural gas, propane, electricity, and biofuels, can mitigate some price fluctuations attributable to short-term events, like natural disasters, because they diversify the fuel supply; however, some alternative fuel prices are also dependent on similar factors.

In May 2015, the average retail price of regular gasoline was \$2.72, according to the Energy Information Administration (EIA). Below is a summary of the factors that affect gasoline prices, and the relative percentage of each component. We have also described how each of these factors may affect alternative fuel prices.

### Crude Oil

As of May, approximately **51%** of the cost of gasoline was related to the price of crude oil. The fluctuation in crude oil price is the biggest factor in the volatility of the price of gasoline, as the other costs (described below) are relatively static.



Source: EIA, Gasoline and Diesel Fuel Update, July 13, 2015

Crude oil prices are largely a product of supply and demand. Global demand has grown in recent years due to world economic growth and increased access to vehicles, particularly in developing nations. The Organization of Petroleum Exporting Countries (OPEC), which produced about 40% of the world's crude oil between 2000 and 2014, also has significant influence on oil prices by setting production limits among members. Part of the reason oil prices have declined significantly since July 2014 is that OPEC nations are not limiting production, resulting in a global 'glut' of crude oil. Much of this glut stems from a surge in oil production in the United States and Canada over the last few years from unconventional sources, like shale. This price could change dramatically, however, if there is a major global supply disruption.

With the exception of electricity and natural gas, alternative fuel prices can also be impacted by the price of crude oil and the price and demand for petroleum products. Higher or lower demand for gasoline also influences ethanol demand, for example, and ethanol is closely linked to the price of gasoline, as shown in the Clean Cities Alternative Fuel Price Report. Biodiesel wholesale costs are largely influenced by the price of diesel. Propane costs historically tend to follow crude oil prices, though not to the same extent as other fuels, and change seasonally because of the demand for propane as heating fuel in the winter.

Alternative fuel prices are also affected by the applicable commodity price, though the impact varies by fuel. For example, the price of the natural gas only comprises 20% of the compressed natural gas (CNG) price at the pump, according to the American Gas Association (AGA). Because the natural gas is a relatively small percentage of the overall fuel price, a swing in the natural gas commodity prices has less of an effect on the CNG price pump at the pump. In addition, natural gas costs are typically regulated and less expensive than petroleum (on a gasoline gallon equivalent, or GGE, basis) and the infrastructure is independent of oil infrastructure.

### Distribution and Marketing

Since many of us do not live next to oil refineries, gasoline and diesel must be transported to local fueling stations first through a sophisticated system of pipelines, trucks, or barges to a network of fuel terminals, which can also be referred to as a distribution rack. The distributors, also called jobbers, load and blend the gasoline and diesel with other products (e.g., ethanol, biodiesel) in tanker trucks, which is driving to your local retail outlets and placed in underground storage tanks. In every part of the supply chain there are costs associated with employee salaries and benefits, equipment, taxes, insurance, and other types of overhead. In May, these resulting costs equaled about **10%** of the price of a gallon of gasoline.

### Taxes

Finally, motor fuel taxes contribute to the construction and maintenance of the roads we use on a regular basis. In the early 1900s, state governments devised ways to collect taxes on each gallon of fuel to help cover these costs and increase revenue. In May, federal, state, and local taxes accounted for **17%** of the average retail price of a gallon of gasoline. Federal excise taxes are currently \$0.184 per gallon of gasoline or ethanol and \$0.244 per gallon of diesel or biodiesel. Propane and CNG are taxed at \$0.183 per gallon of propane or GGE of CNG, and liquefied natural gas is taxed at \$0.243 per gallon. The September Question of the Month will delve into this topic in more detail.

State and local fuel taxes vary widely by jurisdiction. Though motor fuel taxes are applied to each gallon of gasoline or diesel sold, alternative fuels can also be taxed on an energy equivalent basis with gasoline and/or diesel. Some states use alternatives to traditional state fuel taxes, such as annual fees for alternative fuel vehicles or taxes based on the number of miles traveled. Look for the August Question of the Month for more information on these alternatives.

Though the alternative fuel supply chain differs slightly from conventional fuels, many of the same factors influencing oil prices also impact alternative fuels. Now when you fill up your vehicle, take a moment to think about all the infrastructure and people required to process and deliver fuel from the field to the pump.

Clean Cities - Technical Response Service Team

We're on the web:  
[www.arkansasenergy.org](http://www.arkansasenergy.org)

You have received this newsletter because you visited the Arkansas Clean Cities Coalition website and expressed an interest in receiving information about clean transportation options in Arkansas. Please forward the newsletter to others who may be interested.

If you have clean transportation news or tips for posting in the newsletter, please send it to [energyinfo@arkansasedc.com](mailto:energyinfo@arkansasedc.com).

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