

## Florida Businesses and Local Governments Invest in CNG

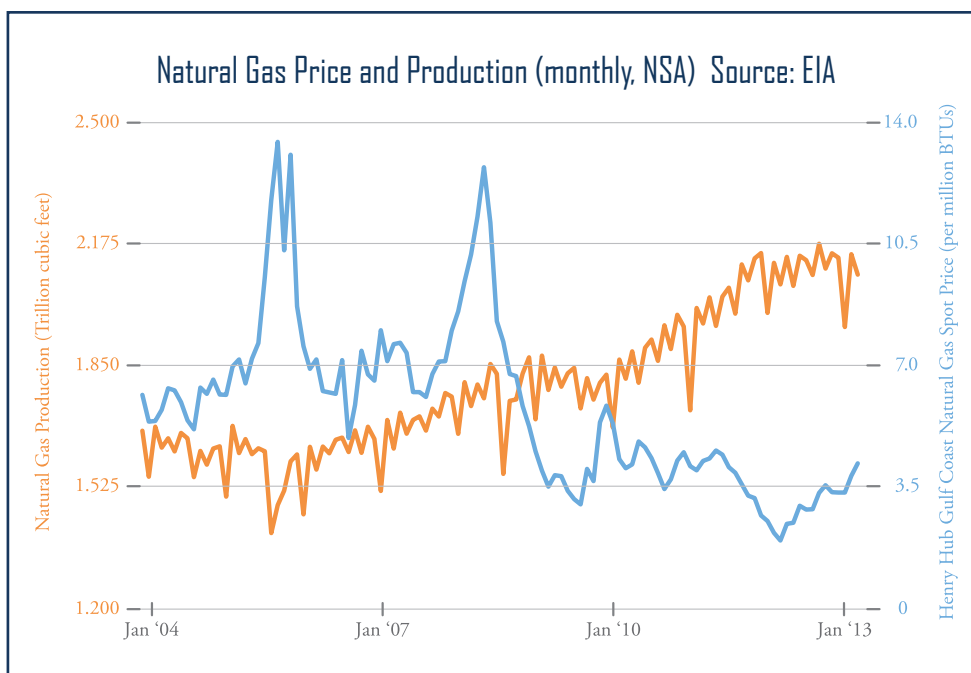
Florida consumes more than 728 billion cubic feet of natural gas<sup>1</sup> annually, 85 percent of which is used by electric utilities. Further, 59 of Florida's 67 counties have natural gas services available for industrial, commercial and residential use. While Floridians have taken advantage of the benefits of natural gas for electricity purposes, this alternative fuel may provide ample opportunities for both commercial and personal transportation developments.

The 2013-14 Florida Legislature provided an incentive for Florida companies with the passage of House Bill 579, which allows companies that expand their Compressed Natural Gas (CNG) fleets to apply for a tax rebate of up to \$25,000 per vehicle, totaling up to \$250,000 per year. In addition, the CNG fuel tax has been postponed until January 1, 2019. This allows both commercial users and individual users of CNG to receive benefits if they would like to either purchase ready-made CNG vehicles, or have their vehicles converted to bi-fuel so they can run CNG or gasoline.

Most natural gas consumed in the United States is domestically produced, reducing our dependence on foreign oil suppliers. An estimate by the U.S. Energy Information Administration indicates the potential U.S. supply of natural gas at 125 years, given the current proven reserves and current consumption rates.

U.S. production of natural gas has been increasing for the past eight years, leading to decreases in prices. Its average cost per gallon equivalent is \$2.30,<sup>2</sup> as compared to the state's current gas (\$3.55) and diesel (\$3.86) averages.<sup>3</sup>

The state of Florida has experienced a boom in the use of natural gas. Many companies in the Sunshine State such as Disney,



<sup>1</sup> Natural Gas can be stored in liquid form (LNG) and in compressed form (CNG). CNG is stored at high pressure, while LNG is stored in a liquid form at a very low temperature. The cost of production and storage for CNG is much lower, given that it does not require the cooling process and cryogenic tanks.

<sup>2</sup> Average estimated from prices reported for the state of Florida in CNGprices.com

<sup>3</sup> Prices retrieved from AAA on July 15, 2013.

Florida Power & Light, Waste Management, TECO, Verizon, and AT&T have begun to run some of their vehicles with CNG. AT&T currently operates more than 5,000 vehicles that run on CNG. Verizon has purchased Ford E-250 cargo vans to save more than 1.62 metric tons of carbon dioxide a year as an effort to conserve energy and reduce greenhouse gas emission and improve air quality. Disneyland Resort currently operates a CNG fueling station that was recently expanded. Saddle Creek Corporation in Lakeland has recently purchased 40 CNG trucks, and is expecting to purchase 80 more.<sup>4</sup>

Recently Waste Management, the leading provider of comprehensive waste management and environmental solutions in North America, inaugurated its new CNG fueling station in Venice, FL. The company currently operates throughout the state a 141 fleet that runs on natural gas which represents the largest CNG fleet in the waste industry in the state. The company has promised to add 70 more trucks to its fleet by 2014. It has also invested around \$50 million in CNG trucks and fueling stations in Florida.

## A Public-Private Partnership

An interesting Public-Private Partnership was recently launched in Leon County, Florida, between *nopetro*, a Florida-based energy company, and Leon County Schools (LCS) formed a partnership that will offer a cost-saving option for the school district. LCS's new fleet of 44 CNG buses will be fueled in a recently-opened *nopetro* station in Tallahassee (photo right).

This is the only facility in Florida and likely in the country where the entire local governmental community - City, County and School District - is utilizing a privately-funded CNG fueling facility. LCS will also benefit from royalty payments from private sector sales. It is also the largest, most expensive CNG fueling station on the East Coast. The facility is also open to the public for use by both companies and individuals.

Further benefits have been observed from switching to CNG. Ronnie Youngblood, a Divisional Director of Transportation for the Leon County Schools indicated that discipline issues on their buses has gone down, mainly because the buses are quieter. It's also more comfortable for kids who have asthma and other medical issues. Youngblood further indicates that it's not only good for the environment, the decision is also good financially for the school system. Leon County Schools are expected to save about \$7,000 a year per bus by using CNG. Other counties are considering conversion of their bus fleets, as well. Mayor Carlos Gimenez recently announced that Miami-Dade Transit was working on a program to obtain natural gas buses.



A City of Tallahassee work vehicle and Leon County School bus fill up at the Tallahassee *nopetro* station.

<sup>4</sup> <http://www.truckinginfo.com/channel/fuel-smarts/article/story/2012/03/florida-3pl-adding-natural-gas-trucks-to-for-hire-fleet.aspx?prestitial=1>

Senators Galvano and Simpson, Representative Boyd, with Sarasota County Commissioner Christine Robinson at Waste Management's Venice, Florida CNG Fueling Station opening.



## Switching to CNG

Converting “traditional” fuel cars and trucks typically costs a few thousand dollars, due mainly to the expense of the fuel tank required. However, several manufacturers have begun producing CNG and LNG vehicles. Honda produces a CNG-only car called the Civic Natural Gas. U.S. manufacturers such as Caterpillar and Cummins are building engines used in multiple product lines, such as generators and trucks.

## Training CNG Experts

Increased usage of CNG vehicles requires an increase in CNG technicians. Currently, Lively Technical Center (Lively Tech) in Tallahassee offers CNG courses to its students. One course is the certified CNG conversion course, where students are taught how to install conversion kits and to service CNG vehicles. The CNG tank inspector course is also offered, which helps

students prepare for fuel-system inspector positions. Once students complete this course, they may take the CSA Certification Exam, which validates them as certified CNG fuel system inspectors.

## Conclusion

As U.S. production of natural gas increases, Florida can expect more companies and local governments to transition to natural gas vehicles, taking advantage of lower fuel prices. This transition can help reduce transportation budgets, reduce dependence on foreign oil supplies, and increase the U.S. manufacturing of engines and vehicles.

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