

DEC 22 2010



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Via Electronic Submission & Hand-Delivery

Sunset Advisory Commission
1501 North Congress Ave.
6th Floor, Robert E. Johnson Bldg.
Austin, Texas 78701

Re: Sunset Advisory Commission
Sunset Review of the Texas Commission on Environmental Quality
Comments of Clean Energy Fuels

To the Honorable Sunset Advisory Commission:

Clean Energy would like to thank the Commission for the opportunity to submit written comments into the record for the Sunset Advisory Commission's review of the Texas Commission on Environmental Quality (TCEQ). Clean Energy is the leading provider of natural gas (compressed natural gas (CNG) and liquefied natural gas (LNG)) for transportation in North America. The company has a broad customer base in the refuse, transit, ports, shuttle, taxi, trucking, airport, and municipal fleet markets, fueling more than 17,200 vehicles daily at over 190 strategic locations across the United States and Canada.

The Sunset Advisory Commission's Staff Report does not address the TCEQ's Texas Emissions Reduction Plan (TERP) grant programs because at the time the staff was preparing its final report, the State Auditor's Office (SAO) was also conducting an in-depth audit of the TERP program. Clean Energy generally supports the SAO's report, although Clean Energy is concerned that the TERP program already imposes highly burdensome requirements on grant applicants, particularly where large fleets are interested in deploying natural gas vehicles if incentive funds are available through TERP grant programs. While some changes to the TERP requirements may be warranted, Clean Energy urges that these revisions be limited, targeted, and focused on high-risk applicants (individual or small owner operators), not fleet operators (privately held or publicly traded companies).

Clean Energy's primary concern is that the TERP program requirements currently exclude a significant pool of grant applicants that can bring real, quantifiable surplus emissions reductions to the State of Texas through the deployment and operation of natural gas vehicles. Through working with grant applicants for TERP funding, Clean Energy has encountered numerous challenges faced by many fleet operators wishing to retire older model diesel vehicles early and purchase clean burning natural gas vehicles. Clean Energy believes that these regulatory obstacles should be revised or eliminated to allow for additional fleet operators to compete for TERP funding. Removing these obstacles would allow the TCEQ to achieve significant additional cost-effective emissions reductions.

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Should you have any questions regarding these comments, please do not hesitate to contact me. We look forward to working with the Commission to improve the TERP program.

Respectfully submitted,



Gary D. Compton
Counsel for Clean Energy Fuels

cc: Barbara Johnson, Clean Energy
Diedra Garcia, Jackson Walker L.L.P.