

Top GOP leader blasts SEPTA for snubbing natural gas buses

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A powerful Republican state representative who is a strong supporter of Marcellus Shale gas development is threatening to punish SEPTA for buying buses that are fueled with diesel rather than natural gas.

Rep. Stan Saylor, the House majority whip, blames "bad management" and "politics" for SEPTA's decision this year to continue buying diesel-electric hybrid buses rather than vehicles fueled with compressed natural gas (CNG). He said the legislature should penalize the regional transit agency by cutting its funding.

"The rest of the state is saying, 'We're not giving you any more money if you can't get your own fiscal house in order,' " the York County representative said in a telephone interview on Friday. "I tell you, if we ever do a transportation bill, I will do everything I can to stop SEPTA from getting any more money until they change their management practices."

Saylor, the third-ranking Republican in the House, first aired his complaints about SEPTA at a May 31 forum on alternative-fuel vehicles that the Pennsylvania Public Utility Commission held at Drexel University. He said the state was missing an opportunity to "make sure every mass-transit system in this state is run on natural gas"

SEPTA officials last week defended their decision to buy the fuel-efficient hybrid-diesel buses, though they were careful not to criticize Saylor. The state provides 48 percent of SEPTA's \$1.3 billion operating budget, and though the cash-strapped agency's relationship with the legislature is often strained, it cannot afford to alienate Harrisburg.

"We understand that we're in this together with the state of Pennsylvania, that it's important to the governor and legislature to move forward with CNG," said Fran Kelly, SEPTA assistant general manager for public and government affairs. "We're doing everything we can."

As an alternative, SEPTA has offered to buy natural gas to produce electricity for its rail system, but not to fuel its buses.

SEPTA officials say natural gas buses are more expensive to maintain and operate, even though CNG is cheaper than diesel. They also say the emissions benefits of natural gas buses are comparable to newer generation hybrid diesel buses.

But Saylor said he did not believe SEPTA officials, who met with him in Harrisburg last year when the agency was preparing to accept bids for new buses. SEPTA awarded a four-year contract in March for 245 new buses, including 160 hybrids whose higher cost is funded partly by a federal grant.

Saylor says the hybrid diesel buses are more expensive than CNG vehicles. "It just makes no economic sense, no environmental sense, what SEPTA's doing," he said. "Their arguments don't bear up. It's just absurd."

His effort to pressure the state's largest transit system to convert its 1,400-bus fleet to CNG is a reflection of the aggressive stance the state has taken to promote shale-gas development, which Gov. Corbett has welcomed as a long-term economic engine that he hopes will rival the coal and steel booms.

Shale-gas production is so successful that the market is oversupplied and prices for the commodity have dipped to the lowest point in decades. Natural gas producers hope to drive up demand — and prices — by encouraging more consumption by power generators, manufacturers, and exporters.

One of the more promising new markets for natural gas is as an alternative transport fuel for heavy trucks. Natural

gas advocates say CNG or liquefied natural gas could displace big quantities of imported oil, improving national security. One of the biggest potential markets for CNG is municipal bus fleets.

Saylor was a cosponsor of Marcellus Works legislation last year to provide state incentives to develop a natural gas refueling infrastructure. Pennsylvania's new natural gas drilling law, Act 13, includes \$20 million in funding for natural gas vehicles (NGV). Saylor has also proposed legislation to divert \$6 million a year from the state's Clean Air Fund to offset the higher cost of NGVs for corporate buyers.

Saylor's campaign has received a total of \$2,250 in contributions in the last two years from three natural gas operators — Chesapeake Energy Corp., Range Resources Corp., and Chief Oil & Gas Co. — but Saylor said he had no financial interest in the industry: "This isn't about Stan Saylor and money."

For SEPTA officials, the attack on their hybrid diesel fleet tarnishes the agency's highly touted environmentally friendly effort. Though each diesel hybrid costs \$140,000 more than a conventional bus — a new 40-foot hybrid bus costs \$550,000 — the hybrids get 29 percent better mileage than conventional buses and produce cleaner emissions. SEPTA's purchases have been subsidized by federal clean-fuels grants.

SEPTA bought its first hybrid diesels in the late 1990s, but it committed to the technology in 2008, when it bought the first of 472 New Flyer hybrids. Its current supplier is Nova Bus, a Canadian subsidiary of Sweden's Volvo Bus Corp.

SEPTA said it considered CNG vehicles but the numbers did not work.

"We gathered a lot of data and conducted independent evaluations," said Luther Diggs, SEPTA assistant general manager for operations. "We really didn't go into this haphazardly."

SEPTA says the big hindrance for CNGs is the up-front cost of building natural-gas refueling stations at its eight garages. Chief Financial Officer Richard Burnfield said just two of the stations would cost \$40 million. He said the agency was also concerned about the safety of dispensing high-pressure natural gas in garages near residential areas.

A 2008 report on New York City buses by the National Renewable Energy Laboratory said CNG vehicles had higher maintenance costs — \$1.29 a mile compared to 75 cents a mile for diesel hybrids. The CNG buses also achieved worse fuel mileage, getting 1.7 miles for a diesel-gallon equivalent compared to 3 miles per gallon for the diesel hybrids. All told, the Energy Department laboratory said CNG buses cost 64 percent more per mile to operate — \$2.31 per mile compared to \$1.41 for a diesel hybrid. That price differential has closed because natural gas prices have plummeted — CNG prices are quoted at about \$2 or less for a gallon equivalent. SEPTA says it pays an average price of \$2.58 a gallon for diesel because it buys in bulk (16 million gallons a year) and does not have to pay taxes on the fuel. So the CNG price advantage does not represent as attractive an alternative for SEPTA as it might for a commercial fleet operator.

Believing that Harrisburg's desire is mainly to increase markets for natural gas, SEPTA offered to explore building a natural-gas powered generator at its Wayne Junction station to produce electricity for its rail system and heat for the station.

"We understand the importance of natural gas to the commonwealth," Burnfield said. "We get that."

This summer, SEPTA will seek proposals to build the cogeneration plant, which it estimates would consume as much natural gas as 150 buses.

Saylor was not particularly impressed.

"That's great," he said. "But it's not like that is innovative."

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