Evaluating Investments in Natural Gas Vehicles and Infrastructure for Your Fleet





Vehicle Infrastructure Cash-Flow Estimation – VICE 2.0

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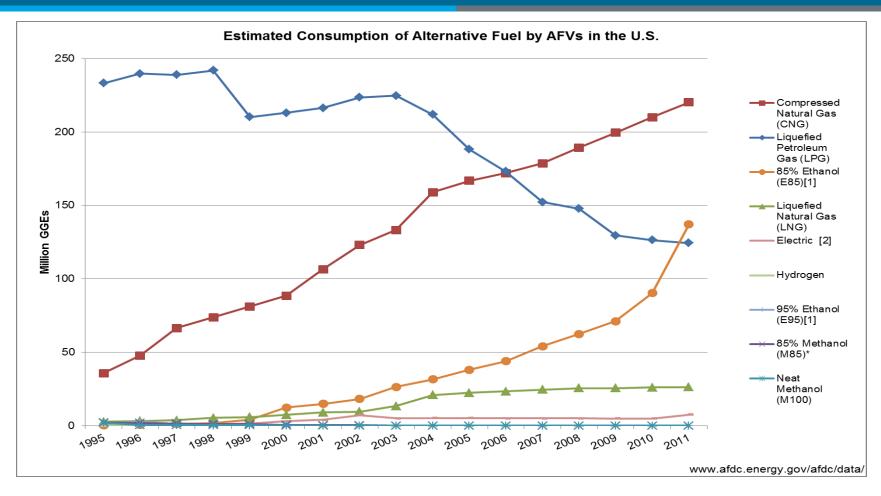
Agenda



- Trends in alternative fuel use
- Natural gas in transportation
- Natural gas as a fleet fuel
- Vehicle and Infrastructure Cash-Flow Evaluation Model (VICE 2.0)
 - Inputs
 - Calculation
 - Output
 - Sensitivities
- Additional Clean Cities tools

Alternative Fuel Consumption





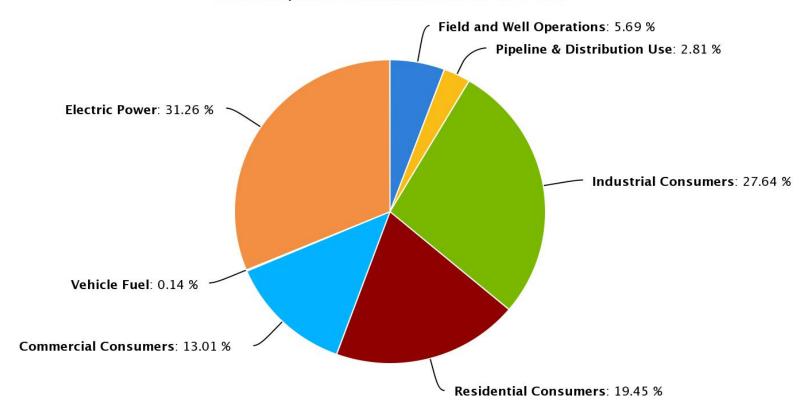
Alternative fuels have shown stead growth with the exception of propane

Data Source:EIA's Alternative Fuel Vehicle Data Alternatives to Traditional Transportation Fuels, (http://www.eia.gov/renewable/afv/users.cfm#tabs_charts-2)

Natural Gas Market



Consumption of Natural Gas in the U.S.

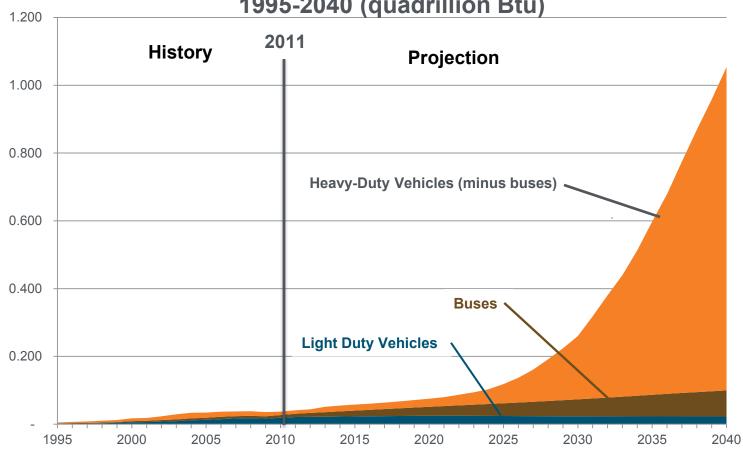


Vehicle fuel is a small fraction of overall usage

Natural Gas in Transportation



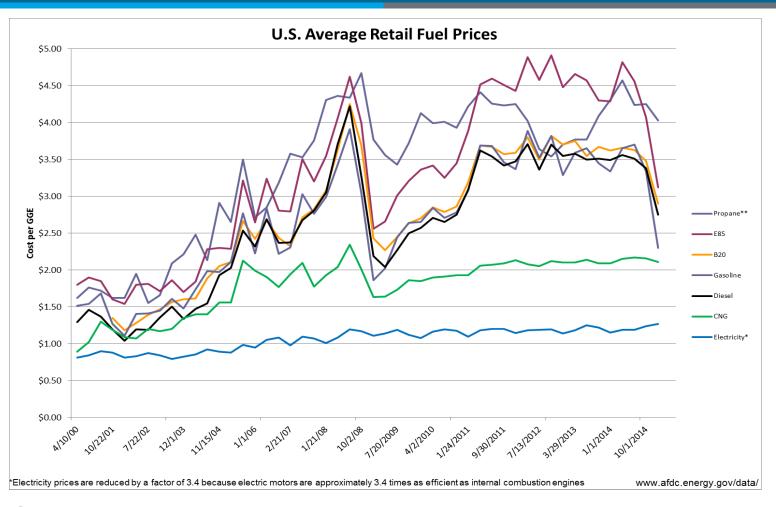
Natural Gas Consumption in the Transportation Sector 1995-2040 (quadrillion Btu)



Significant heavy-duty vehicle usage forecasted

Retail Fuel Prices





- CNG provides cost stability and predictability
- Commercial natural gas is even more stable

Natural Gas as a Fleet Fuel



Interest in natural gas as a transportation fuel

- Lower cost and less market volatility than gasoline and diesel
- Increased, steady supply of domestic natural gas
- Potential environmental benefits associated with lower GHG emissions from vehicles.

Hurdles to using natural gas as a transportation fuel

- 1,235 CNG stations nationwide, compared with 157,000 gasoline/diesel stations
- Incremental costs for vehicles can be significant and are more pronounced for light-duty
- Continued favorable economics depend on natural gas prices remaining lower than petroleumbased fuel prices.

National Average Price Between January 1 and January 15, 2015								
Fuel	Price							
Biodiesel (B20)	\$4.55/gallon							
Biodiesel (B99-B100)	\$5.44/gallon							
Electricity	\$0.12/kWh							
Ethanol (E85)	\$3.21/gallon							
Natural Gas (CNG)	\$3.42/GGE							
Propane	\$2.34/gallon							
Gasoline	\$3.44/gallon							
Diesel	\$4.32/gallon							

Source: <u>Alternative Fuel Price Report,</u>

<u>January 2015</u> And <u>U.S. Energy Information</u>

<u>Administration</u>

Where is Natural Gas Being Used?

Vehicles with predictable and central refueling patterns (i.e., fleets)

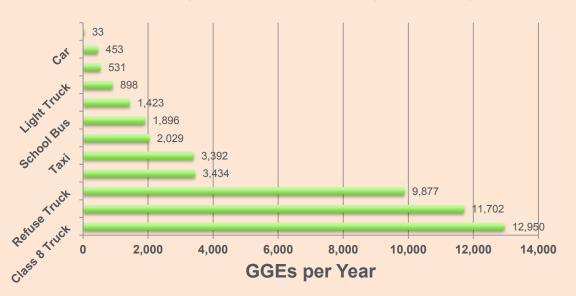
✓ Fleets benefit from shared infrastructure costs and logistics



High mileage and heavy fuel users

✓ Economic benefits come through fuel savings

Average Annual Fuel Use by Vehicle Type



Vehicle and Infrastructure Cash-Flow Evaluation (VICE) Model – The Original



- Assesses finances for transit, refuse, school fleets, and mixes thereof
- Contrasts the cash flow for CNG infrastructure, vehicles, and fuel with that of a diesel fleet
- Determines discounted payback period, NPV, and ROI
- Excel-based.

VICE 2.0



- Customizable to better represent your fleet
- Vehicle only OR Vehicle & Infrastructure
- Separate or combined investments
- Expanded vehicle choices
 - Light-duty and gasoline

- 20-year investment matrix for vehicles and infrastructure
- Conventional fuel displacement and GHG savings
- Multiple visual and reporting enhancements
- Still Excel-based.

VICE 2.0 – How It Can Be Used



VICE 2.0 can be used to investigate the operation of your fleet

How many vehicles does it take to make a project profitable?

VICE 2.0 may be used to look at effect of operational variables

- Changes in vehicle lifespan
- Variations in fuel costs
- Changes in incremental cost
- Changes in operating cost.

VICE 2.0 – Inputs



Section 1 - Project and Investment Type Selection

	Cell Name	Select from List	Value
Project Type More info	Project_Type	1 = Vehicle & station (default)	1

- 1 = Vehicle and infrastructure investment
- 2 = Vehicle aguisition investment only

	Cell Name	Select from List	Value
Investment Type More info	Invest_Type	1 = Vehicle & station coupled (default)	1

- 1 = Coupled: Ties infrastructure investment to vehicle investment so they happen in the same year throughout the life of the project.
- 2 = Decoupled: Allows vehicle investment and infrastructure investment to be made in different years throughout the life of the project.

If you chose project type 2, then the investment type selection is ignored.

Section 2 - Tax Exemption Status

	Cell Name	Select from List	Value
Is your fleet tax exempt? More info	Tax_Status	Yes	Υ

Note: Excise tax exemptions for diesel and gasoline = 0.38 \$/gal if you are a tax-exempt fleet.

Section 3 - Vehicle pata

Change the data in the yellow cells to reflect your individual fleet data and improve estimations.

Vehicle No.	Vehicle Type	Base fuel Used	Incremental Cost	Average VM.T	Average Vehicle Life	Base Fuel Economy (MPG base fuel)	CNG Fuel Economy Loss	CNG Fuel Economy (mpGGE)	Realized Fed Vehicle Incentive	Hostlers or Attendants Needed
1	Transit Bus ^{A,C,G}	Diesel	\$50,502	35,286	15	3.4	7.6%	3.1	\$0	0
2	School Bus ^A	Diesel	\$31,376	12,000	15	7	12.5%	6.1	\$0	0
3	Trash Truck ^{A,C}	Diesel	\$30,295	25,000	12	2.8	10.5%	2.5	\$0	0
4	Para. Shuttle ^{A, B}	Gasoline	\$17,500	24,680	3.6	6.6	5.3%	6.3	\$0	0
5	Delivery Truck ^{A, D}	Gasoline	\$15,000	13,469	6.5	6.6	5.3%	6.3	\$0	0
	Gasoline PU Truck ^A	Gasoline	\$10,000	13,401	7.4	13.9	5.3%	13.2	\$0	0
7	Gasoline Taxi ^{E, F}	Gasoline	\$8,000	56.520	7.4	16.5	5.3%	15.6	\$0	0

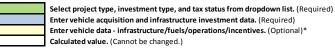
Comoral Courses

- B: Transportation Energy Data Book, Edition 31, Table 4.33, Summary Statistics on Demand Response Vehicles
- C: Transportation Energy Data Book, Edition 31, Table 5.1, Summary Statistics on Class 3-8 Single Unit Trucks
- D: Transportation Energy Data Book, Edition 31, Table 4.3, Summary Statistics on Class 1, 2, 2b Trucks
- E: Transportation Energy Data Book, Edition 31, Table 4.1, Summary Statistics for Cars
- F: Public Transportation Fact Book 2011: http://www.apta.com/resources/statistics/Documents/FactBook/APTA_2011_Fact_Book.pdf
- G: Report &- State of the Industry: U.S. Classes 3-8 Used Trucks, http://www.actresearch.net/reports/usedtrucksample.pdf

VICE 2.0 Model Inputs

Input your fleet information in the colored cells to evaluate the financial soundness of converting your fleet to compressed natural gas (CNG).

Input Cell Key



* Changing defaults to match your operating parameters will enhance the accuracy of the results.



Seven vehicle types





VICE 2.0 – Inputs (continued)



Section 4 - Infrastructure, Fuels, Operations, and Incentives

Infrastructure	Cell Name	Value	Unit	Default
CNG Station Salvage Value	CNG_Station_Salv	20%	% of original price	20%
Monthly Cost of Hostler	Hostler_Cost	\$0.00	\$/month	\$4,167
Infrastructure tax credit rate	infra_tax_credit_rate	0%	percent	0%
Infrastructure tax credit cap	infra_tax_credit_cap	\$30,000	\$	\$30,000
realized infrastructure tax credit	infra_tax_credit_realized	\$0	\$	Calculated
Fuels	_			
Alt Fuel Excise Tax Credit	Excise_Tax_Credit	\$0.00	\$/GGE	\$0.00
Realized Alt Fuel Excise Tax Credit	Realized_Excise_Tax_Credit	\$0.000	\$/GGE	Calculated
Price of CNG (per GGE)	CNG_Price	\$1.18	\$/GGE	\$1.18
CNG Price Increase	CNG_Inflation	1.8%	% per year	1.8%
CNG Lifecycle Greenhouse Gas Factor (per GGE)	CNG_GHG	22.5	lbs/GGE	22.5 lbs
Diesel Fuel Price	Diesel_Price	\$3.91	\$/gallon	\$3.91
Diesel Price Increase	Diesel_Inflation	2.9%	%/year	2.9%
Federal Diesel Excise Tax	Fed_Diesel_tax	\$0.244	\$ per gallon	\$0.244
State Diesel Excise Tax	State_Diesel_Tax	\$0.244	\$ per gallon	\$0.243
Realized Diesel Excise Tax Exemption	Diesel_tax_exempt	\$0.488	\$ per gallon	Calculated
DGE/GGE Conversion factor	GGE_DGE_Conv	0.904	DGEs per GGE	0.904
Diesel Lifecycle Greenhouse Gas Factor (per GGE)	Diesel_GHG	25.4	lbs/GGE	25.4 lbs
Gasoline Fuel Price	Gasoline_Price	\$3.45	\$/gallon	\$3.450
Gasoline Price Increase	Gasoline_Inflation	2.5%	%/year	2.5%
Federal Gasoline Excise Tax	Fed_Gas_tax	\$0.184	\$ per gallon	\$0.184
State Gasoline Excise Tax	State_Gas_Tax	\$0.235	\$ per gallon	\$0.235
Realized Gasoline Excise Tax Exemption	Gasoline_Tax_Exemption	\$0.419	\$ per gallon	Calculated
Gasoline Lifecycle Greenhouse Gas Factor (per GGE)	Gasoline_GHG	24.8	lbs/GGE	24.8 lbs
Operations	-		•	
CNG Vehicle Maintenance Costs	CNG_Diesel_Maint_Costs	\$0.52	\$/mile	\$0.52
Diesel Vehicle Maintenance	Diesel_Maint	\$0.52	\$/mile	\$0.52
Total Number of Vehicles	No_Vehicles	50	Vehicles	Calculated
LDV Gasoline Vehicle Maintenance ^{AAA}	Gasoline_Maint	\$0.047	\$/mile	\$0.047
LDV CNG Vehicle Maintenance Costs	CNG_LDV_Maint_Costs	\$0.047	\$/mile	\$0.047
Incentives	-			•
Required Rate of Return / Nominal Discount Rate	Required ROR	6.000%	%	6.00%
Federal Vehicle Tax Incentive	Tax_Incentive	0.00%	% of Inc_Cost	0%
Realized Fed Veh Incentive	Total_Realized_Incentive	\$0	\$	Calculated
Post-Incentive Incremental Cost	Total_Inc_Cost	\$2,525,100	\$	Calculated

Base Case Parameters

- Numerous data sources
 - Most published, a few from interviews
 - multiple sources averaged
- Common starting point
- Links provided for updating



VICE 2.0 – Inputs (continued)

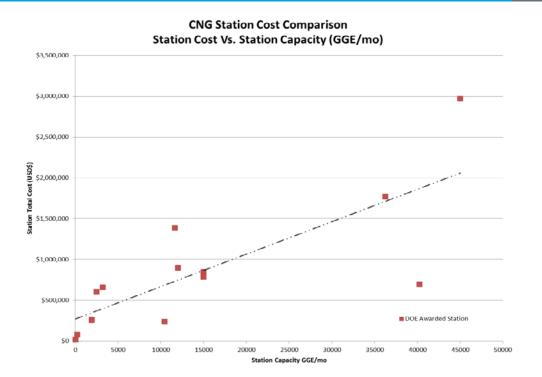


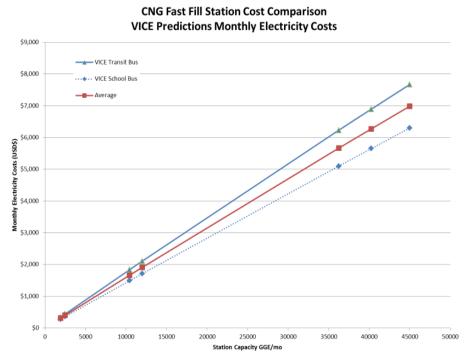
Section 5 - Vehicle A	acquisition N	Natrix Veh	icle type, numl	ber of vehicles, and	desired project year must	t be entered.		/		ehic ny ti								s car	n be	mad	le at	
nter the number of vehicles of each	specific type to be pu	rchased in years 0	through 20.																			
Project Year	0	1_		3	4	3	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Total
Vehicle Type			X	-																		Vehicles
No_Transit_Buses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
No_School_Buses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
No_Trash_Trucks	0	0	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
No_ParaShuttle	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
No_Delivery_Truck	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
No_Pickup_Trucks	0	-	Û	U	0	0	0	0	0	0	0	0	0	0	0	0	0	U	Ü	-0	_	0
No_Taxis	-0-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		-
Total Vehicle Investments	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ection 6 - Station I	nvestment N	latrix Only	fill in if you ch	ose project type 1 (verticle and station) and ir	ovestment typ	oe 1 (coupled) in Section 1.														
Project Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Station Investment Input ¹ (\$)	ŞU	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	S 50
Station Investment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	¢η	\$0	\$0	\$0	ć
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- 20-year project life
- Input matrices for both vehicle acquisitions and infrastructure investment

VICE 2.0 – Station Calculations







- Cost versus throughput from DOE-awarded stations
 - Utility costs based on throughput
- Fleet composition and operation determines throughput

VICE 2.0 – Results & Visualizations



VICE 2.0 Results

Project/investment type: Combined vehicle and infrastructure investment (coupled)

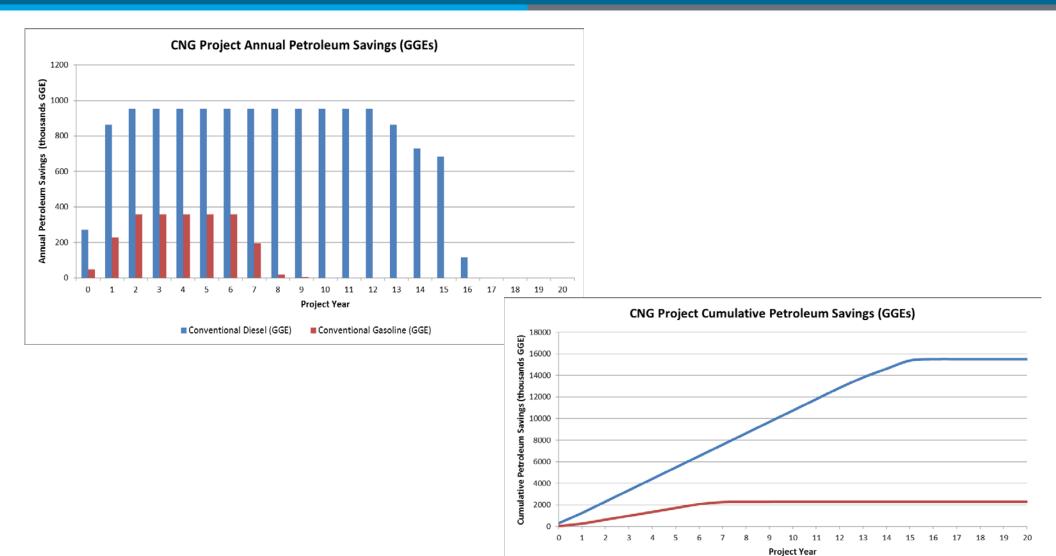
Business Case Results Summary								
Net Present Value	\$14,261,317							
Payback Period (yrs)	5.79							
Simple Payback Period (yrs)	5.13							

Petroleum and Greenhouse Gas Reduction Summary								
Displaced Diesel (GGEs) 15,497,								
Displaced Gasoline (GGEs)	2,291,604							
Total Petroleum Displacement (GGEs)	17,789,161							
Project Lifetime GHG Displaced (tons)	188,968							

Vehicle Types	Vehicles Acquired	Total Incremental Cost (\$)
Transit Bus	66	\$3,333,132
School Bus	0	\$0
Trash Truck	30	\$908,850
Para. Shuttle	0	\$0
Delivery Truck	120	\$1,800,000
Gasoline PU Truck	30	\$300,000
Gasoline Taxi	25	\$200,000
		\$6,541,982
Total Infrastructure		

VICE 2.0 – Results & Visualizations



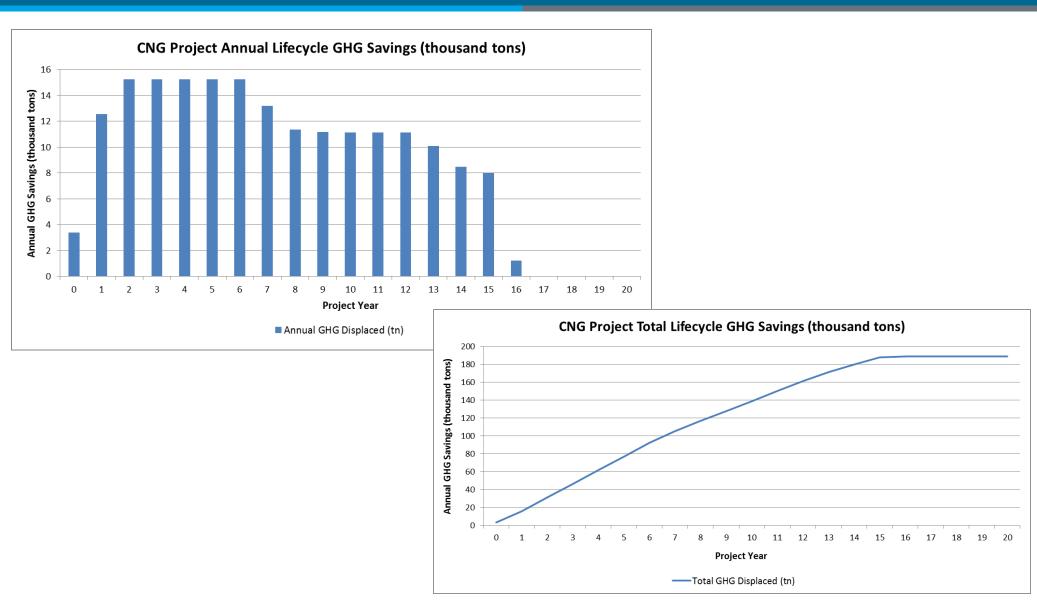


——Conventional Diesel (GGE)

——Conventional Gasoline (GGE)

VICE 2.0 – Results & Visualizations (continued)





VICE 2.0 – Sensitivity Analysis



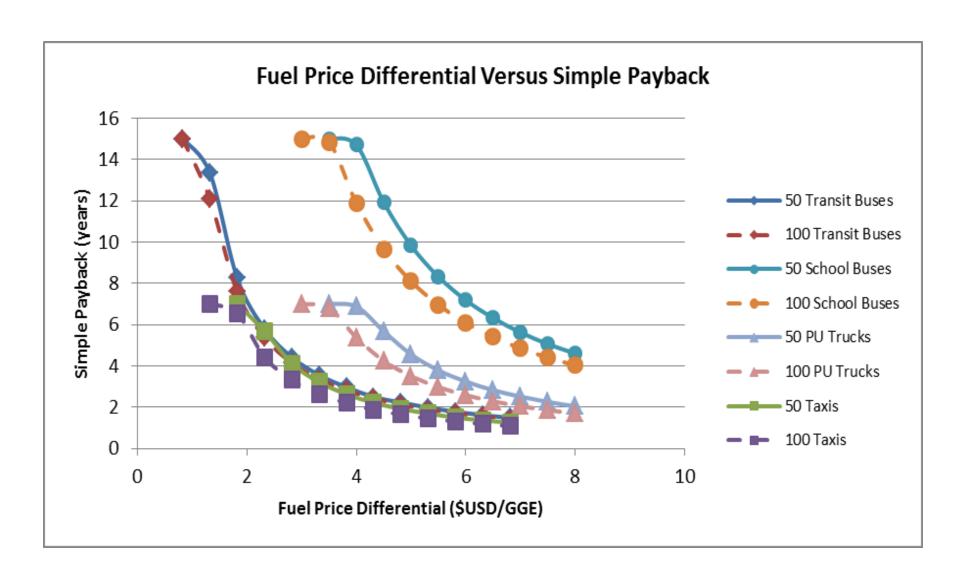
Mixed Fleet A ^a	Mixed Fleet Bb	Mixed Fleet C ^c
Diesel Fuel Price	Diesel Fuel Price	Gasoline Fuel Price
Fuel Economy	Fuel Economy	Fuel Economy
VMT	VMT	CNG Vehicle M&O Costs
Vehicle Life	Vehicle Life	Required ROR/Nominal Discount Rate
CNG Vehicle M&O Costs	CNG Vehicle M&O Costs	Diesel Fuel Price
Price of CNG (per GGE)	Price of CNG (per GGE)	VMT
Vehicle Number	Required ROR/Nominal Discount Rate	Vehicle Life
Monthly Station M&O Cost	Gasoline Fuel Price	Price of CNG (per GGE)
Required ROR/Nominal Discount Rate	Vehicle Number	Vehicle Number
Diesel Price Increase	Incremental Cost	Incremental Cost
Gasoline Fuel Price	Diesel Price Increase	Monthly Station M&O Cost
Incremental Cost	Monthly Station M&O Cost	Diesel Price Increase
Realized Diesel Excise Tax Exemption	Monthly Electricity Costs	Realized Gasoline Excise Tax Exemption
Monthly Electricity Costs	Realized Diesel Excise Tax Exemption	Gasoline Price Increase
CNG Price Increase	Light-Duty Vehicle CNG Vehicle M&O Costs	Light-Duty Vehicle CNG Vehicle M&O Costs
Light-Duty Vehicle CNG Vehicle M&O Costs	CNG Price Increase	Realized Diesel Excise Tax Exemption
Realized Gasoline Excise Tax Exemption	Realized Gasoline Excise Tax Exemption	Monthly Electricity Costs
Gasoline Price Increase	Gasoline Price Increase	CNG Price Increase
CNG Station Salvage Value	CNG Station Salvage Value	CNG Station Salvage Value

Color key: green = vehicle parameters; orange = CNG vehicle O&M; grey = fuel cost parameters; blue = RoR or discount rate and infrastructure O&M parameters

^a 20 Transit, 20 School, 15 Trash, 15 Shuttle, 10 Delivery, 10 Pickup, 10 Taxi
^b 8 Transit, 30 School, 8 Trash, 5 Delivery, 36 Pickup, 5 Taxi
^c 5 Transit, 5 school, 2 Trash, 22 Shuttle, 22 Delivery, 22 Pickup, 22 Taxi

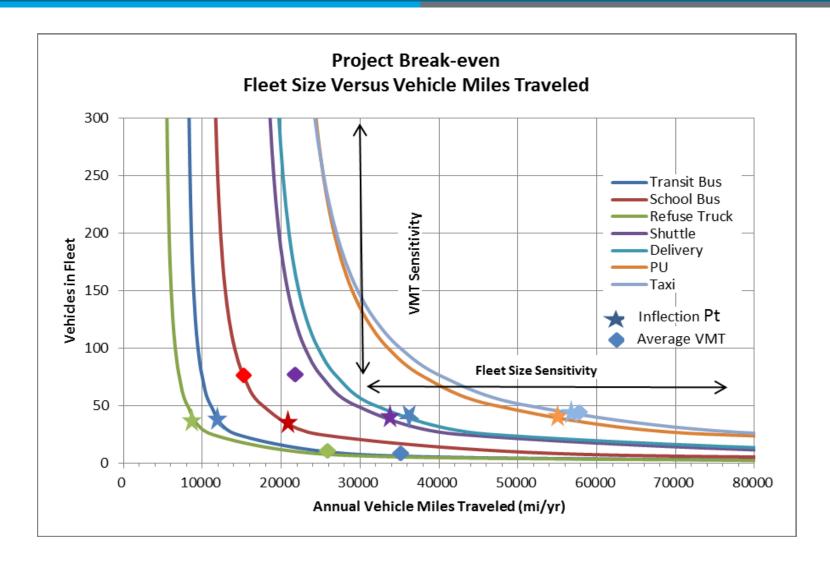
VICE 2.0 – Sensitivity Analysis (continued)





VICE 2.0 – Sensitivity Analysis (continued)





VICE 2.0 – Sensitivity Analysis (continued)



		Simple Payback (years)											
100-Vehicle Fleet	No Credits (Baseline)	Station Credit Only	Vehicle Credit Only	Fuel Credit Only	All Credits Combined								
Transit Buses	4.33	4.32	2.87	3.26	2.1								
School Buses	12.38	12.31	5.68	9.41	3.9								
Trash Trucks	3.84	3.82	2.49	2.82	1.8								
Para Shuttles	5.93	5.88	3.57	4.14	2.4								
Delivery Trucks	8.65	8.56	4.84	6.0	3.1								
Pickup Trucks	≥ 7	6.87	4.66	5.08	3.0								
Taxis	4.58	4.52	3.34	3.13	2.2								
Mixed Fleet A	5.16	5.13	3.14	3.78	2.2								
Mixed Fleet B	6.36	6.31	3.62	4.61	2.5								

- \$0.50/GGE or \$0.55/DGE fuel excise tax credit (currently expired)
- 80% incremental vehicle cost tax credit (expired)
- \$30,000 station tax credit (expired)

VICE 2.0 – Sensitivities



- Determining the financial soundness of any investment project is vital
- Many aspects of a CNG project combine to define overall profitability
 - Fuel price and fuel economy dominate
 - Vehicle miles traveled (VMT) and vehicle life are influential as well
- Subsidies and tax credits can have a major impact
- Simply put: the more traditional the fuel replaced with CNG, and the larger the price differential, the better the investment

VICE 2.0 – Summary



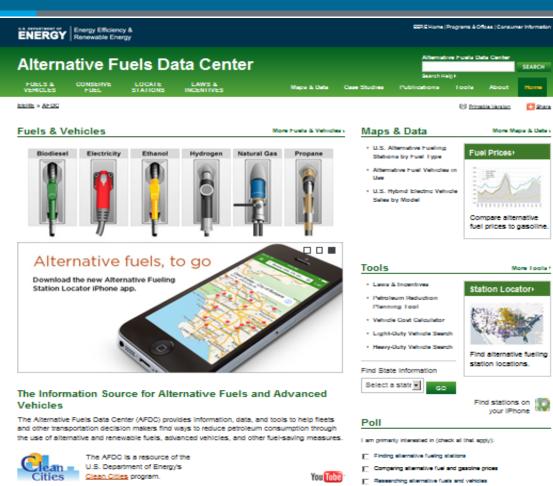
VICE 2.0 is the second generation of NREL's successful Vehicle and Infrastructure Cash-Flow Evaluation model which:

- Allows fleet managers to asses the financial soundness of potentially converting their fleet to operate on CNG
- Allows comparison between different acquisition and investment strategies
- Tailors vehicle fleets to represent what you have
- Allows customization to reflect your local operating environment
- Provides visualizations of cash-flow, fuel availability and use and GHG savings
- Investigates sensitivities to a number of specific operational costs.

Additional AFDC Data & Tools



- Alternative fuels and vehicles
- Fuel conservation
- Station locator
- Laws & Incentives
- Maps & Data
- Case studies
- Tools.



http://www.afdc.energy.gov

View Results

Finding technical scalarance for my project
 Finding alternative transportation data
 Learning about others using atternative fuels
 Finding incentives or funding apportunities
 Researching laws and regulations

VOTE

Additional AFDC Data & Tools (continued)

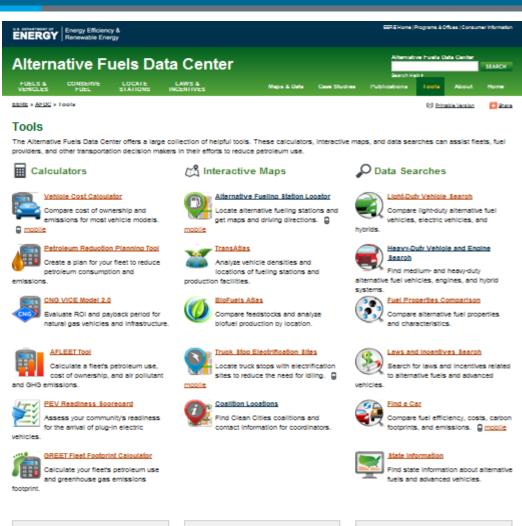


Tools Brochure &

Read more about the AFDC tools

that help reduce petroleum use.

- Light- and Heavy-Duty vehicle search tools
- Vehicle cost of ownership
- VICE 2.0
- Station locator.



Data Downloads

Download data related to

uebloles

alternative fuels and advanced

Widgets >

Get alternative transportation widgets for your website, blog, or



Thank You

Questions? Contact:

George Mitchell
george.mitchell@nrel.gov
303.384.7989

Building a Business Case for Compressed Natural Gas in Fleet Applications: http://www.afdc.energy.gov/uploads/publication/business_case_cng_fleets.pdf