

GOOD MORNING! ON BEHALF OF SHELLEY LAUNEY, DIRECTOR, NATIONAL CLEAN CITIES PROGRAM, WHO REGRETS SHE WAS UNABLE TO BE WITH YOU TODAY, IT MY PLEASURE TO WELCOME YOU TO THE 22ND NATIONAL NGV CONFERENCE & EXHIBITION.

AS MOST OF YOU KNOW, THE DEPARTMENT OF ENERGY'S CLEAN CITIES PROGRAM IS A VOLUNTARY FEDERAL PROGRAM DESIGNED TO ENCOURAGE LOCAL GOVERNMENTS AND ORGANIZATIONS TO FORM PUBLIC/PRIVATE COALITIONS TO DEVELOP MARKETS FOR ALTERNATIVE FUEL VEHICLES.

THIS YEAR'S NGV CONFERENCE IS APPROPRIATE FOR THIS REGION OF THE COUNTRY SINCE TEXAS LEADS THE NATION IN NATURAL GAS PRODUCTION AND THE SURROUNDING STATES OF LOUISIANA, OKLAHOMA AND NEW MEXICO ARE ALL AMONG THE NATION'S TOP FIVE NATURAL GAS PRODUCING STATES.

TODAY THERE ARE CHALLENGES IN THE NATURAL GAS INDUSTRY, BUT DISPUTE THESE CHALLENGES, THERE ARE SOME POSITIVE ASPECTS AS WELL.

O 1ST - EACH YEAR THE CLEAN CITIES PROGRAM FUNDS 50% OF IT'S BUDGET FOR STATE ENERGY PROGRAM SPECIAL PROJECT GRANTS. IN FY2004, WE FUNDED \$5.4 MILLION FOR PROJECTS PRIMARILY FOR ALTERNATIVE FUEL VEHICLES AND INFRASTRUCTURE. 57% OF THE FUNDED PROJECTS WERE FOR NATURAL GAS - 22 ACTUAL AWARDS. OVERALL, THE ODDS OF GETTING A PROPOSAL FUNDED WAS ABOUT 30%.

O 2ND - IN AN ERA OF FLAT BUDGETS, WE DON'T SOLICIT NEW COALITIONS TO JOIN THE CLEAN CITIES PROGRAM. THE PROCESS A COALITION GOES THROUGH TO BECOME A DESIGNATED COALITION IS A RIGORIOUS ONE. OF PRIMARY IMPORTANCE IS THEIR POTENTIAL TO INCREASE ALTERNATIVE FUEL VEHICLES AND INFRASTRUCTURE. EVEN THOUGH IT IS A LOT OF WORK TO BECOME DESIGNATED, THEY ARE STILL COMING!

DURING 2004 WE HAVE DESIGNATED PALMETTO STATE, SOUTH CAROLINA, EAST TEXAS, AND SOUTH EAST TEXAS AND THIS FALL WE WILL BE DESIGNATING THE EAST TENNESSEE CLEAN FUELS COALITION, CLEAN CITIES OF MIDDLE TENNESSEE, CENTRALINA, NORTH CAROLINA AND LAREDO, TEXAS. THIS WILL MAKE A TOTAL OF 88 COALITIONS NATIONWIDE, OF WHICH NINE ARE LOCATED HERE IN THE GREAT STATE OF TEXAS!

O 3RD - THE TREND IN NATURAL GAS VEHICLES IS PRIMARILY A NICHE MARKET AND THE LARGEST NICHE MARKET IS THE TRANSIT BUS SECTOR

WHERE ONE IN FOUR NEW TRANSIT BUS PURCHASES IS NATURAL GAS. HEAVY-DUTY SALES OF NATURAL GAS VEHICLES ARE ALSO INCREASING AND INTEREST IS GROWING IN AIRPORTS, REFUSE COLLECTION AND SCHOOL BUSES, AND

4TH – ACCORDING TO THE ENERGY INFORMATION ADMINISTRATION, NATURAL GAS USE IN THE TRANSPORTATION SECTOR HAS GROWN FROM 104 MILLION GGES IN 2001 TO 142 GGES IN 2003.

NOT ONLY DOES THE NATURAL GAS INDUSTRY FACE CHALLENGES, SO DOES OUR NATION. WE'VE TALKED ABOUT ENERGY SECURITY IN THIS COUNTRY FOR THE PAST 30 YEARS, YET TODAY WE CONSUME 26% OF THE WORLD'S TOTAL OIL CONSUMPTION, WHILE PRODUCING JUST 9% OF THE WORLD'S OIL. NET IMPORTS AS A PERCENT OF THE OIL USE CONTINUES TO RISE - 56.1% IN 2003 TO A PROJECTED 57% IN 2004 AT AN ESTIMATED COST OF \$156 BILLION DOLLARS.

CLEAN CITIES WILL CONTINUE TO DO EVEN MORE TO WEAN THE NATION FROM ITS DEPENDENCE ON PETROLEUM. WHILE THE CORNERSTONE OF THE PROGRAM REMAINS TO INCREASE USE OF ALTERNATIVE FUEL VEHICLES, WE ARE ALSO NOW WORKING ON:

- ENCOURAGING THE USE OF IDLE REDUCTION TECHNOLOGIES
- EXPANDING THE USE OF BLENDS, SUCH AS B5, E10, ETC.
- ACCELERATING THE SALE OF HYBRIDS
- AND PROMOTING INFORMED CONSUMER CHOICE ON FUEL ECONOMY

CLEAN CITIES COALITIONS ARE THE PATHFINDERS -- THEY'RE LEADING THE WAY.- A 17%/YR GROWTH RATE IN AFVS IN CLEAN CITIES COALITIONS COMPARED TO A 2%/YR GROWTH IN REST OF U.S.

I INVITE YOU TO VISIT THE NATIONAL CLEAN CITIES EXHIBIT AND THE TEXAS CLEAN CITIES COALITIONS EXHIBIT IN THE EXPOSITION HALL.

WITH THE CONTINUED STRONG SUPPORT OF EACH OF YOU HERE TODAY— JOINING AFV ADVOCATES ACROSS THE NATION, WE CAN CONTRIBUTE TO A MORE ENERGY SECURE FUTURE FOR OUR NATION.

I HOPE EACH OF YOU ENJOY THE CONFERENCE AND HAVE A GOOD TIME IN SAN ANTONIO.

THANK YOU!

