

**Alaska Department of Transportation and Public Facilities**  
**State of Alaska Vehicle Fleet Compressed Natural Gas Pilot Program Recommendations/Costs**



Mercury Associates, Inc. concluded

- Compressed natural gas (CNG) is a feasible fuel for certain Alaskan fleets.
- Expansion of the program would be beneficial towards Alaska's sustainability efforts.

The pilot program as recommended would require an initial \$5.3M from the legislature to accomplish

- Upgrading the 5 existing compressed natural gas stations within the municipal boundaries.
- Acquiring a fuel management system for State bulk fuel tanks to manage existing fuel use and future program savings.
- Conversion costs of new vehicles; 25 State light duty vehicles, 4 school buses for the Anchorage school district, 4 waste trucks and 2 transit buses for the Municipality of Anchorage.
- Contracting with or designation of an inter-government program coordinator to facilitate
  - Finding external financial support such as federal grants to move to the next phase
  - Working with Anchorage to acquire Clean Cities status.
  - Significant buy-in from the public and private sector for long term sustainability of the project.

Economic Advantages:

- Fuel cost per mile is lower. (savings approx \$1.25 GGE )
- Ability to fuel onsite overnight with unattended filling, enhancing productivity.
- Price stability versus diesel and gasoline.
- Alternative fuel excise tax credit of \$.50 per gallon extended through 2011 (including credits for tax exempt fleets.)
- Compressed natural gas has regained momentum in the vehicle market.
- Potential for increased engine life/vehicle life.

Economic Disadvantages:

- Vehicle cost premium, \$16 -\$24K increase per light duty vehicle.
- Fueling station cost premium.
- Limited number of public fueling stations.
- Additional gas storage required in Cook Inlet to meet peak winter natural gas demand.
- Secondary resale market for natural gas vehicles is lacking.
- Limited choices in the original equipment manufacturers equipment market.
- Upgrade costs for accommodation of natural gas vehicles in garages.