

QGC EXHIBIT 1

Natural Gas Vehicles

Natural gas can help lead the way in improving air quality and breaking America's dependence on oil imports from outside North America.

Natural gas can immediately be put to use across the country to fuel a wide range of transportation options, from fleet and light duty vehicles to heavy duty trucking and off-road applications.

- The United States imports 45 percent of the petroleum it consumes, and the transportation sector is the single largest contributor to our oil demand.
- Natural gas is less than half the price of gasoline and diesel at the pump on an energy equivalent basis, according to the Clean Cities Alternative Fuel Price Report.
- There are more than 15 million natural gas vehicles (NGVs) in use worldwide, but only 140,000 NGVs on U.S. roads today.
- There are over 1,000 NGV fueling stations in the U.S., and about half of them are open to the public.
- In the United States, about 50 different manufacturers produce 100 models of light, medium and heavy-duty natural gas vehicles and engines, and most major car companies, including Ford, General Motors, Chrysler, Honda, and Mercedes Benz, make passenger NGVs that are available in foreign markets.
- Honda's CNG Civic GX is available in the U.S. and was named the 2012 Green Car of the Year by *Green Car Journal*. Kelly Blue Book also named the 2012 Civic as one of the 10 Best Green Cars of 2012.

Natural gas as a transportation fuel offers the same mobility benefits while improving air quality.

- Using natural gas in place of petroleum-based fuels in vehicles results in a 20 to 30 percent reduction in greenhouse gases on a well-to-wheels basis.
- Natural gas vehicles produce 60 to 90 percent lower emissions of criteria pollutants than most gasoline and diesel vehicles on the road today.
- Natural gas emits virtually no sulfur dioxide, mercury or particulate pollution.



Where can we make the biggest difference right now?

- **Providing equitable tax treatment for liquefied natural gas (LNG).** Currently, each gallon of LNG sold incurs an effective excise tax rate of \$0.41 per diesel gallon equivalent versus \$0.243 for diesel fuel. This is because LNG has a lower energy density per gallon than diesel, but the tax is applied on a volume (gallon) basis rather than an energy equivalent basis. This discrepancy has been corrected for the sale of CNG, but not for LNG, and provides an unfair disincentive to the sale of LNG.
- **Continue to encourage the production of NGVs** by implementing vehicle standards that acknowledge the benefits of natural gas. The Corporate Average Fuel Economy (CAFE) rule is scheduled to be finalized in 2013 for heavy-duty vehicles, and similar to the light-duty rulemaking, should recognize the role of natural gas in promoting energy security and reaching environmental goals.
- **Converting Your Fleets:** In November 2011, four states entered into a Memorandum of Understanding (MOU) calling on carmakers to produce CNG vehicles that would be purchased by state, county and municipal fleets. To date, 22 states are in support of this MOU, and states and communities have begun placing orders and expressing their interest in NGVs.