

MANAGING CHANGE
NGVs – Now!
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Managing Change to Sustain NGV Market Growth

- Change Sign Posts
- Modified NGV Market Sustainability Model
 - Low-Cost Infrastructure
 - Higher Value NGVs
- Next Steps
- CVEF's Action Plan
- Conclusion



Change Sign Posts

- Oil prices hit 21-year record high
- Fluctuation of NG prices – still lower
- New NGV opportunities materializing
- Hydrogen Highway Vision compatible with NGV market

Modified NGV Market Sustainability Model

- Minimize NGV infrastructure – costs
- Create higher-value NGVs
- In next few years, compete economically with heavy-duty diesel

Low-Cost Infrastructure

- Goal: Minimize fuel production, distribution and fueling facility costs
 - Small-scale LNG production plants
 - FuelMaker Phill
 - Both concepts facilitate transition to hydrogen future

ICTC



Small Scale Liquefier



Harris Ranch LNG

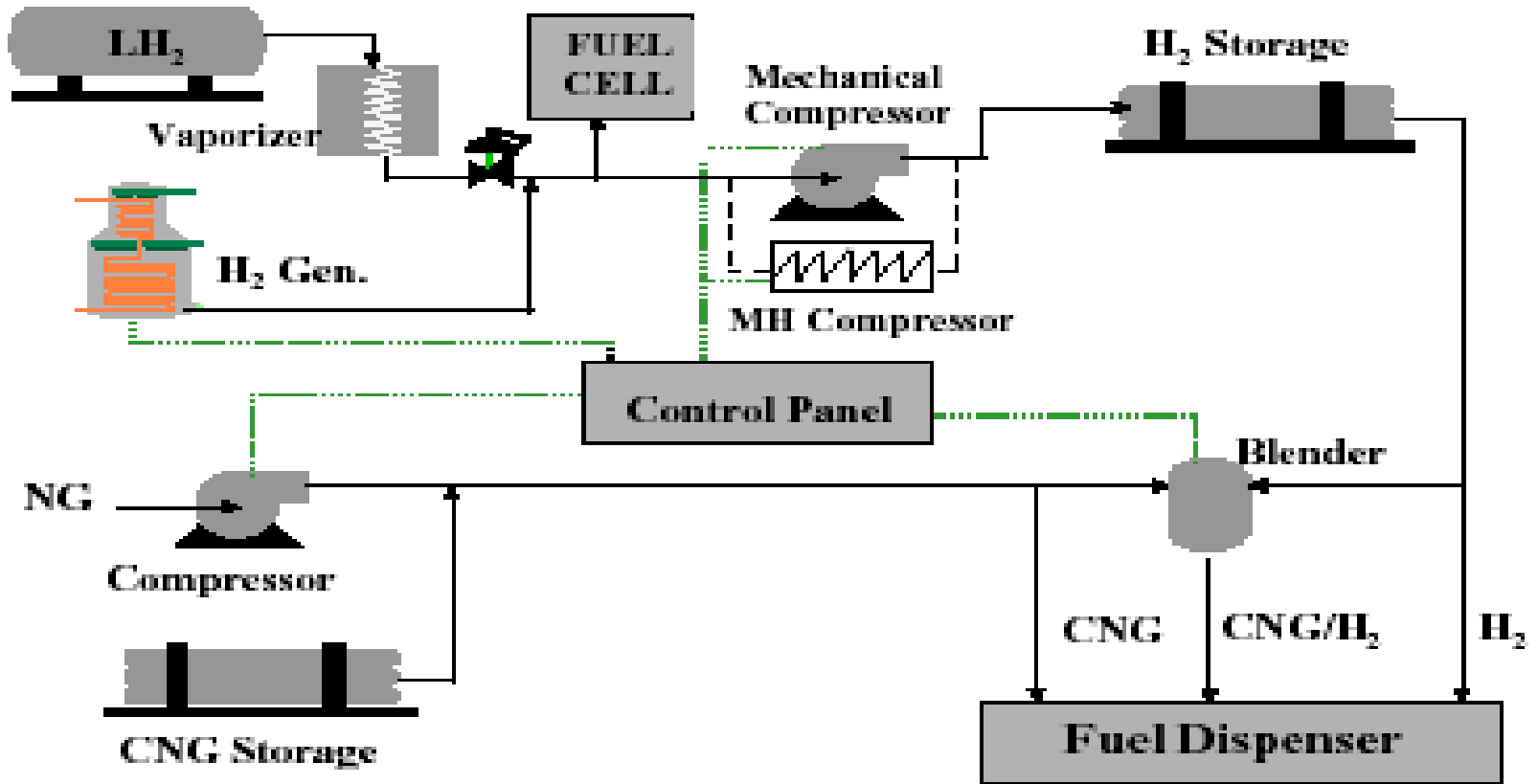


Mobile LNG Fueling



Future Fueling Options

Fuel Station



Las Vegas Fueling Station



Higher-Value NGVs

- Variety of light-duty benefits
 - Lower private fuel operating costs
 - Fleet differentiation by goodwill, PR and investor relations
- Educate fleet owners of NGV benefits
 - Entice manufacturers to produce commercial products
- NG is 80% hydrogen

HOV Access



FuelMaker Phill



Higher-Value NGVs

- Variety of light-duty benefits
 - HOV access
 - At-home fueling
 - Lower private fuel operating costs
 - Fleet differentiation by goodwill, PR and investor relations
- Educate fleet owners of NGV benefits
 - Entice manufacturers to produce commercial products
- NG is 80% hydrogen

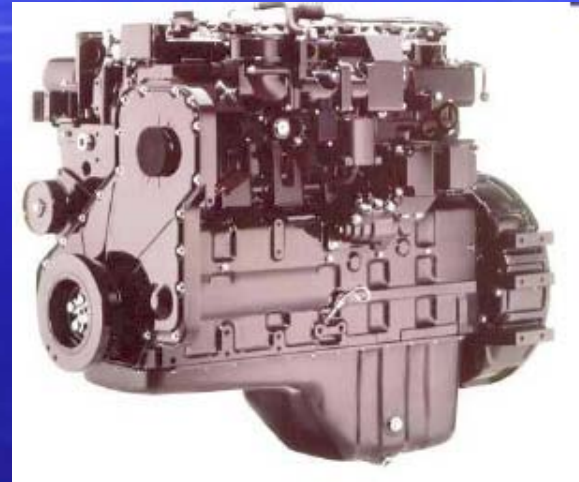
Next Steps

- Change customer outreach strategy
 - Participate in customer conferences
- Preserve public NGV fleet use and continued purchases while reacting to change
- Assess real cost post 2007 diesel and NGV & home refueling economics
- Create sufficient demand for NGV products
 - OEM production and product expansion

Caterpillar



Cummins Wesport



John Deere



Micro Turbines



CVEF's Action Plan

- Market Analysis Committee interacting with targeted industry organizations
- Initiating Utility and Trucking Users' Group
- Lifecycle Analysis of '07 diesel vs. NGV
- Continued Codes and Standards Support

Conclusion

- Market changes –
 - translate into near-term opportunities
 - play to our strengths
- “NG is the 80% hydrogen fuel” - the bridge to the hydrogen highway
- CVEF is leading the transition & needs your sponsorship to succeed