



July 19, 2016

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RE: Retail Sale of Natural Gas Motor Fuel (Publication 16 - Items 232-8, 237-1, and 337-2)

Dear Mr. Chairman:

The above organizations wish to express their continued support for the adoption of the proposed diesel gallon equivalent (DGE) standard for natural gas, and also with this letter provide comments on the DGE proposal contained in Publication 16 that is scheduled for voting this summer.

The DGE unit and the gasoline gallon equivalent (GGE) unit have been fully embraced by the marketplace and are accepted by consumers, retailers, and policy makers. These units also have become embedded in taxation regulations now adopted by a majority of states and also the U.S. Internal Revenue Service. Requiring retailers to use a different unit would not only result in confusion for consumers and potential users but it could impose new costs on businesses that retail natural gas for transportation use as it would require changes to dispensers, software, and advertising methods. Higher costs could discourage the use of natural gas and thus this could frustrate efforts to increase the use of this domestic, lower-emission energy source.

This is the third year that this issue has been presented to the NCWM for consideration as a voting item. Over the past several years, a number of improvements and changes have been made to the standard to address concerns that have been raised. Changes include: 1) amending the definition sections and labeling language; 2) removing the prohibition against retailers from selling in mass if it is preferred; 3) identifying additional data to support the unit values; and 4) stipulating that dispensers using the gallon equivalent unit must be capable of showing mass on the pump or alternatively on a receipt. The comments submitted herein focus on the fourth change above and respectfully request that the NCWM alter this provision to accommodate concerns being raised by retailers.

Discussion of Issues Related to Adding Information to the Pump

Issue four above is intended to satisfy the continued requests by retailers and natural gas advocates that they be permitted to sell natural gas in units that are easily understood by consumers and allow for ready comparison with gasoline and diesel fuel. It also addresses the desire of some regulatory agencies that information related to mass is presented. The move to present this information on the receipt as opposed to requiring that it be presented on all dispensers was based on concerns about the cost of retrofitting or redesigning pumps. The concerns related to requiring changes to the pump remain strong and do not appear addressable given the current plans of pump manufacturers and the small volume of natural gas dispensers being manufactured each year. Changes to older in-use pumps present even greater concern due to the fact that it would require software changes and changing out the physical pump face.

Discussion of Issues Related to Adding Information to Retail Receipts

When printing a receipt for the sale of a transportation fuel, the point of sale (POS) equipment is programed to show the number of units purchased and the per unit price, any applicable taxes, and the total amount charged. In addition, the POS equipment communicates with accounting and marketing function areas, such as the line items for revenue, inventory, and tax liability within the company's books and records. These communications generate additional activities such as the ordering function and providing other sales data. Once all this has happened, the transaction is closed.

The proposal to require that, in addition to the above, the receipt contain a statement that the buyer purchased a certain number of GGE's or DGE's and then calculate, on the basis of the defined mass of that unit (e.g., 6.059 or 6.384 pounds), how many mass units were transferred, will require the reprograming of the POS controller to create a second dynamic and report it as if it were a second transaction (even though a second sale has not occurred). Moreover, it will require that this be done in a manner which does not interfere with any of the many functions

generated in the actual sales transaction. We have polled the major manufacturers of POS systems. None of them say they have equipment or programs which would produce the results envisioned by the proposal. Moreover, most have indicated that many legacy dispensing units could never comply with this proposed requirement.

The proposal therefore raises concerns about feasibility, equity and cost. However, we believe that it is still feasible to provide information on the receipt that provides additional information for consumers and regulators and therefore satisfies the intent of the proposal. All of the POS providers polled have indicated that they could program a static statement of equivalency on the receipt after the closing of a sales transaction without disrupting the activities programmed into the actual sales transaction report. For example, it is feasible to add information on the bottom of the receipt that spells out the definition of a DGE or GGE and thereby enables the consumer to calculate the total amount of mass units purchased if they desire to do so. The statement would track the statement on the pump label (e.g., 1 Diesel Gallon Equivalent (DGE) means 6.059 pounds of Liquefied Natural Gas, or 1 Diesel Gallon Equivalent (DGE) means 6.384 pounds of Compressed Natural Gas). To ensure that this information fits on the receipt and does not take up more space than is necessary, we request that the statement on the receipt be shortened as follows: 1 DGE = 6.059 lbs. of LNG, or 1 DGE = 6.384 lbs. of CNG.

Proposed changes to incorporate these comments:

S.6. Printer. – When an assembly is equipped with means for printing the measured quantity, the following conditions apply:

- (a) the scale interval shall be the same as that of the indicator;
- (b) the value of the printed quantity shall be the same value as the indicated quantity; ~~except that after January 1, 2018 the printed quantity shall also include mass value if mass is not the indicated quantity (Amended 2016);~~
- (c) After January 1, 2018, when the indicated quantity is in gallon equivalent units and mass is not also an indicated quantity, the printed information provided by a new assembly shall also indicate the number of mass units in the gallon equivalent unit (e.g., “1 Diesel Gallon Equivalent means 6.384 pounds of Compressed Natural Gas”, or in abbreviated form “1 DGE = 6.384 lbs. of CNG”) (Amended 2016);
- (d) Gallon equivalent units to mass units comparison information should only display in the printed information if the indicated quantity is in gallon equivalent units;
- ~~(e)~~ **(e)** a quantity for a delivery (other than an initial reference value) cannot be recorded until the measurement and delivery has been completed;
- ~~(d)~~ **(f)** the printer is returned to zero when the resettable indicator is returned to zero; and

~~(e)~~ **(g)** the printed values shall meet the requirements applicable to the indicated values.

Other changes – typo (strike I below):

2.27.2.3. Method of Retail Sale. –All liquefied natural gas kept, offered, or exposed for sale and sold at retail as a vehicle fuel shall be measured in mass, and indicated in diesel 1-gallon equivalent (DGE) units, or mass. (Added 20XX)

Conclusion

Based on the comments submitted we respectfully request that the NCWM committees amend the proposals concerning natural gas to reflect the proposed changes. These changes and the other changes that already are included in the proposed standard represent a significant advancement of this issue and provide the basis for moving forward with a national standard that aligns with the practices already prevalent in a majority of states while providing consistency with federal law as well.

Cc:

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