HONDA

May 18, 2007

Mr. Edwin T. Harte
Low Emission Vehicle Program Manager
Southern California Gas Company
555 W. Fifth Street, GT15E4
Los Angeles CA. 90013

Subject: CNG Fuel Specification for the Honda Civic GX.

Dear Mr. Harte,

Based on laboratory testing as well as recent experiences in the market place, Honda supports the Southern California Gas Company in requesting a statewide CARB CNG fuel specification exemption for light duty CNG vehicles, as well as companion home refueling appliances.

Honda is currently the only major OEM producing a dedicated consumer natural gas vehicle in the United States. For years, Honda sales have been predominantly to the fleet market. In May 2006, Honda announced it would begin selling its dedicated natural gas Honda Civic to consumers as well as fleets. Honda is presently selling their natural gas vehicle through 34 specially trained Honda dealerships across the state.

Several years ago, Honda began working with FuelMaker in Canada to develop a home refueling appliance tailored to the fuel demands of the Civic for the consumer market. The Phill home refueling appliance has been on the market for over two years. Honda is marketing both the Civic and the Phill to the consumer market in California and other states. The home refueling appliance offers the capability to market dedicated natural gas vehicles to the consumer market even though the public infrastructure for natural gas fueling is small but growing. The home refueling capability will become the primary fueling for the consumer market. It will allow the consumer to take round trips from home without the need for fueling at public CNG refueling stations. The 2007 Honda Civic has an 8 gallon fuel capacity and gets 28/38 miles per gallon CNG.

Over many years, Honda engineers have evaluated the performance of its natural gas vehicles under varying natural gas compositions in operation all over the world. Honda's engine control strategy and experience with a wide range of fuels gives Honda confidence that emissions performance, durability and reliability will not be sacrificed using natural gas compositions ranging from Methane Number 106 to Methane Number 62[1].

To date, a significant impediment in sighting Phill units is that all natural gas in the state does not meet the CARB CNG fuel specification. California gas utilities are abiding by the current CARB CNG fuel specification and evaluating gas quality at the location of each and every request for installation of a Phill. This requirement can take well over a month to complete based on the need for a formal engineering review. A problem for Honda is the fact that when a consumer purchases a new vehicle from a Honda dealer, they also sign up to purchase a Phill unit. There have been several instances where the utility has denied service for a Phill based on local gas composition. This utility decision is made weeks after the initial purchase of the vehicle and Phill by the consumer. As a result, Honda is supporting a blanket light-duty CNG vehicle and home refueling appliance exemption so the Honda Civic and its companion home refueling appliance, Phill, can be sold to the consumer market without excessive delays.

Honda recognizes that there are many other issues that need to be resolved before a gas composition standard is set for the entire state and for all CNG vehicles. However, we believe that sufficient evidence is currently available to grant a narrow exemption to the CARB CNG fuel specification for all light-duty CNG vehicles and home refueling appliances. Such an exemption would greatly assist Honda and it's customers in driving the cleanest vehicle in the world, the CNG Honda Civic, while ensuring that CARB fulfills its mission to clean the air for all Californians.

Sincerely,

Gunnar Lindstrom
Senior Manager
AFV Sales & Marketing
American Honda Motor Co., Inc.
Torrance, CA

[1] Methane Number formula using the CARB method of calculation.