Clean Energy Fuels Corp.
Form 10-K
March 07, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
(Mark
One)

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 2016
or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-33480
CLEAN ENERGY FUELS CORP.
(Exact name of registrant as specified in its charter)

Delaware	33-0968580
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

4675 MacArthur Court, Suite 800, Newport Beach, CA 92660
(Address of principal executive offices, including zip code)

(949) 437-1000
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	The NASDAQ Global Select Market

Securities registered pursuant to section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer x	Non-accelerated filer o (Do not check if a smaller reporting company)
		Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes o No x

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2016, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $338,632,713 (computed by reference to the price at which the registrant's common stock was last sold on such date, as reported by The NASDAQ Global Select Market). Shares of common stock held by the registrant's officers and directors and holders of 10% or more of the outstanding shares of the registrant's common stock have been excluded from the calculation of this amount because such persons may be deemed to be affiliates; however, this determination of affiliate status is not, and shall not be considered, a determination of affiliate status for any other purpose.

As of February 28, 2017, the number of outstanding shares of the registrant's common stock was 149,591,164.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2017 annual meeting of stockholders are incorporated in Part III of this report by reference to the extent stated therein.

Clean Energy Fuels Corp.
Annual Report on Form 10-K
For the Fiscal Year Ended December 31, 2016
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report on Form 10-K contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements relate to future events or circumstances or our future financial performance and are based upon our current assumptions, expectations and beliefs concerning future developments and their potential effect on our business. In some cases, you can identify forward-looking statements by the following words: "if," "may," "might," "shall," "will," "can," "could," "would," "should," "expect," "intend," "plan," "goal," "objective," "initiative," "anticipate," "believe," "estimate," "predict," "project," "forecast," "potential," "continue," "ongoing" or the negative of these terms or other comparable terminology, although the absence of these words does not mean that a statement is not forward-looking. We believe that the statements that we make in this report regarding the following subject matters are forward-looking by their nature:

- Future supply, demand, use and prices of crude oil, gasoline, diesel, natural gas and other alternative fuels, including electricity, hydrogen, renewable diesel, biodiesel and ethanol;
- Our expectations regarding the market's perception of a need for alternative vehicle fuels generally;
- Our expectations regarding the market's perception of the benefits of natural gas relative to gasoline and diesel and other alternative vehicle fuels, including with respect to factors such as cost savings, supply, environmental and safety benefits;
- Expected adoption of and growth in the market for natural gas as a vehicle fuel and our ability to capture a substantial share of and enhance our leadership position within this market, when and if it expands;
- Development, commercial availability and adoption of natural gas vehicles, including for heavy-duty trucks and medium- and light-duty applications, and the factors that may impact these events, such as estimated incremental costs, annual fuel usage and annual fuel cost savings for vehicles using natural gas instead of gasoline or diesel;
- Our business plans and our ability to successfully implement them, including, among others, our nationwide network of natural gas-truck friendly fueling stations (we refer to this network as "America's Natural Gas Highway" or "ANGH") and our objective to fuel a substantial number of natural gas heavy-duty trucks;
- The competitive environment in our industry, including the potential for a significant number of established businesses to enter the market for natural gas and other alternatives for use as vehicle fuels;
- The effect of advances in conventional fuels and other alternative vehicle fuels and technologies, including improvements in the efficiency, fuel economy or greenhouse gas emissions of engines for conventional and alternative vehicles;
- The availability and effect on our business of environmental, tax or other regulations, programs or incentives that promote natural gas as a vehicle fuel, including, among others, a federal alternative fuels tax credit (“VETC”) and the programs under which we generate and sell credits by selling natural gas and renewable natural gas ("RNG") as a vehicle fuel, including Renewable Identification Numbers ("RINs" or "RIN Credits") under the federal Renewable Fuel Standard ("RFS") Phase 2 and credits under the California and Oregon Low Carbon Fuel Standards (collectively, "LCFS Credits");
- Potential adoption of government policies favoring vehicle fuels other than natural gas, including gasoline and diesel fuel, or favoring alternative vehicles, including growing support for electric and hydrogen-powered vehicles;
- The impact of, or potential for changes to, emissions requirements on gasoline- and diesel-powered vehicles, as well as on liquefied natural gas (“LNG”), compressed natural gas (“CNG”) and RNG production and LNG and CNG fueling stations and fuel sales
- The effect of environmental regulations on oil and natural gas production and distribution;
- The success and importance of acquisitions, divestitures, investments or other strategic relationships or transactions;
- Our efforts to expand our CNG business, including our efforts to add CNG fueling to our ANGH stations and our anticipated CNG trailer needs;
- The success of our business of selling RNG as a vehicle fuel and the completion of our proposed sale of our assets relating to our existing RNG production business;
- The performance of our subsidiary Clean Energy Compression, which manages our business of manufacturing and internationally selling natural gas fuel compressors and other equipment;

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- Strategic benefits of owning our subsidiaries, including Clean Energy Compression, Clean Energy Renewables ("Renewables") (which manages our RNG business) and NG Advantage, LLC ("NG Advantage") (which manages our "virtual natural gas pipeline" business);
- General political, regulatory, economic and market conditions, including the impact of general uncertainty regarding the U.S. regulatory and economic environment as a result of the recent U.S. presidential election;
- Our need for and access to additional capital to fund the growth of our business or repay our debt, through selling assets or pursuing debt or equity financing; and
- Our expectations regarding our cash balances and other operating and financial results, including, among other things, projected capital expenditures, project development costs and other funding requirements.

The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. Although the forward-looking statements in this report reflect our good faith judgment, based on currently available information, they are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements. Factors that might cause or contribute to such differences include, among others, those discussed below under Item 1A. Risk Factors. As a result of these and other potential risk factors, the forward-looking statements in this report may not prove to be accurate. All forward-looking statements in this report are made only as of the date of this document and, except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason, including to conform these statements to actual results or to changes in our expectations. You should, however, review the factors and risks we describe in the reports we will file from time to time with the Securities and Exchange Commission after the date we file this report.

Unless the context indicates otherwise, all references to "Clean Energy," the "Company," "we," "us," or "our" in this report refer to Clean Energy Fuels Corp., together with its majority and wholly owned subsidiaries. Although we do not use the "™" symbol in each instance in which one of our common law trademarks appears in this report, we own unregistered trademark rights to Redeem,™ NGV Easy Bay,™ Clean Energy,™ Clean Energy Renewables,™ Clean Energy Compression™ and Clean Energy Cryogenics.™

PART I

Item 1. Business

Overview

We are the leading provider of natural gas as an alternative fuel for vehicle fleets in the United States and Canada, based on the number of stations operated and the amount of gasoline gallon equivalents ("GGEs") of CNG, LNG and RNG delivered.

Our principal business is supplying CNG, LNG and RNG (which can be delivered in the form of CNG or LNG) for light, medium and heavy-duty vehicles and providing operation and maintenance ("O&M") services for natural gas fueling stations. As a comprehensive solution provider, we also: design, build, operate and maintain fueling stations; manufacture, sell and service non-lubricated natural gas fueling compressors and other equipment used in CNG stations and LNG stations; offer assessment, design and modification solutions to provide operators with code-compliant service and maintenance facilities for natural gas vehicle fleets; transport and sell CNG and LNG to industrial and institutional energy users who do not have direct access to natural gas pipelines; sell RNG; sell tradable credits we generate by selling natural gas and RNG as a vehicle fuel, including LCFS Credits and RIN Credits; help our customers acquire and finance natural gas vehicles; and obtain federal, state and local credits, grants and incentives.

We serve fleet vehicle operators in a variety of markets, including heavy-duty trucking, airports, refuse, public transit, government fleets, and industrial and institutional energy users. We believe these fleet markets will continue to present a growth opportunity for natural gas vehicle fuel for the foreseeable future. As of December 31, 2016, we serve nearly 1,000 fleet customers operating over 45,000 natural gas vehicles and we own, operate or supply over 570 natural gas fueling stations in 42 states in the United States and four provinces in Canada.

Market for Natural Gas as an Alternative Vehicle Fuel

As of December 31, 2016, Natural Gas Vehicles for America ("NGV America") estimates that there were approximately 1,750 natural gas fueling stations in the United States and about 153,000 natural gas vehicles on American roads, including 39,500 heavy-duty vehicles (e.g. tractors, refuse trucks and buses), 25,800 medium-duty vehicles (e.g. delivery vans and shuttles) and 87,000 light-duty vehicles (e.g. passenger cars, small utility vehicles, trucks and vans).

We believe that natural gas is an attractive alternative to gasoline and diesel for use as a vehicle fuel in the United States because it is plentiful, domestically produced, cleaner and typically cheaper than gasoline or diesel. Historically, oil, gasoline and diesel prices have been highly volatile, while natural gas prices have generally been stable and lower than the cost of oil, gasoline and diesel on an energy equivalent basis. Additionally, we expect increasingly stringent federal, state and local air quality regulations, additional regulations mandating low carbon fuels and expanding initiatives by fleet operators to lower greenhouse gas emissions and increase fuel diversity, all of which may increase market adoption of natural gas as an alternative to gasoline and diesel as a vehicle fuel. We believe these factors may encourage the development of an opportunity to market natural gas as a vehicle fuel in the United States.

Benefits of Natural Gas Fuel

Domestic and Plentiful Supply. Technological advances in natural gas drilling and production, including the widespread deployment of horizontal drilling techniques and the use of hydraulic fracturing, have unlocked vast natural gas reserves. The United States produces the highest volume of natural gas in the world, with proven, abundant and growing reserves of natural gas.

Less Expensive. Due to the abundance of natural gas, the cost of natural gas in the United States is less than the cost of crude oil, on an energy equivalent basis. Based on projections from the U.S. Energy Information Administration, we believe that natural gas will remain cheaper than gasoline and diesel for the foreseeable future. In addition, because the price of the natural gas commodity makes up a smaller portion of the cost of a GGE of CNG or LNG relative to the commodity portion of the cost of a GGE of diesel or gasoline, the price of a GGE of CNG or LNG is less sensitive to increases in the underlying commodity cost.

Cleaner. Natural gas contains less carbon than any other fossil fuel and thus produces fewer carbon dioxide emissions when burned. The California Air Resources Board ("CARB") has concluded that a natural gas vehicle emits fewer greenhouse gas emissions than a comparable gasoline or diesel fueled vehicle on a well-to-wheel basis.

Additionally, a study from Argonne National Laboratory, a research laboratory operated by the University of Chicago for the U.S. Department of Energy, indicates that natural gas vehicles produce at least 13% to 21% fewer greenhouse gas emissions than comparable gasoline and diesel fueled vehicles.

For natural gas vehicles that run on RNG, we estimate, based on CARB data, that the greenhouse gas emissions produced are from 50% to 125% less than comparable gasoline and diesel fueled vehicles, depending on the source of biogas. We believe

the RNG we sell for use as a vehicle fuel, which is distributed under the brand name Redeem™, is the first commercially available RNG vehicle fuel made from organic waste.

Safer. As reported by NGV America, CNG and LNG are relatively safer than gasoline and diesel because they dissipate into the air when spilled or in the event of a vehicle accident. When released, CNG and LNG are also less combustible than gasoline or diesel because they ignite only at relatively high temperatures. The fuel tanks and systems used in natural gas vehicles are subjected to a number of federally required safety tests, such as fire, environmental hazard, burst pressure and crash testing, according to the U.S. Department of Transportation National Highway Traffic Safety Administration. Additionally, CNG and LNG are stored in above-ground tanks and therefore will not contaminate soil or groundwater in the event of a spill or leak.

Natural Gas Vehicles

Natural gas vehicles use internal combustion engines similar to those used in gasoline or diesel powered vehicles and the acceleration and other performance characteristics of natural gas vehicles are similar to those of gasoline or diesel powered vehicles of the same weight and engine class. Additionally, natural gas vehicles, whether they run on CNG or LNG, are refueled using a hose and nozzle that makes an airtight seal with the vehicle's gas tank.

Natural gas vehicles have engines specially tuned to run on natural gas fuels, which have higher octane content than gasoline or diesel, and fuel tanks and lines specially designed to hold CNG and LNG and deliver it to the vehicle’s engine. These special features, including primarily the fuel tanks that hold CNG and LNG, cause natural gas vehicles to typically cost more than gasoline- or diesel-powered vehicles. Additionally, for heavy-duty vehicles, spark ignited natural gas vehicles generally operate more quietly than diesel-powered vehicles.

Virtually any car, truck, bus or other vehicle is capable of being manufactured or modified to run on natural gas. Many models of heavy-, medium- and light- duty natural gas vehicles and engines are available in the United States and Canada. These vehicles include long-haul tractors, refuse trucks, regional tractors, transit buses, ready-mix trucks, delivery trucks, vocational work trucks, school buses, shuttles, passenger sedans, pickup trucks and cargo and passenger vans. We expect that additional models and types of natural gas vehicles will become available if natural gas is increasingly adopted as a vehicle fuel in the United States.

Products, Services and Other Business Activities

CNG Sales. CNG is natural gas that is compressed and dispensed in gaseous form. We typically deliver CNG by obtaining natural gas from local utilities or third-party marketers and then compressing, storing and dispensing it into our customers' vehicles. Some of the natural gas we obtain from third parties for CNG sales is purchased under take-or-pay contracts that require us to purchase minimum volumes of natural gas.

We sell CNG for use as a vehicle fuel through fueling stations located on our customers' properties and through our network of public access fueling stations. Our CNG vehicle fuel sales are made primarily through contracts with our customers. Under these contracts, pricing is principally determined on an index-plus basis, which is calculated by adding a margin and delivery cost to the local index or utility price for natural gas. As a result, CNG vehicle fuel sales determined by an index-plus methodology increase or decrease as a result of an increase or decrease in the cost of natural gas which includes transportation charges, utilities, and other fees. The remainder of our CNG vehicle fuel sales are on a per fill-up basis at prices we set at public access stations based on prevailing market conditions.

Our subsidiary, NG Advantage also sells CNG for non-vehicle purposes. NG Advantage uses a fleet of 70 high-capacity tube trailers to deliver CNG to institutions and industrial energy users, such as hospitals, food processors, manufacturers and paper mills that do not have direct access to natural gas pipelines. Utilizing its trailer fleet, NG Advantage creates a "virtual natural gas pipeline" that allows oil, diesel or propane users to take advantage of the cost savings and environmental benefits of natural gas. We anticipate that NG Advantage will need to purchase or lease additional trailers in the future to transport CNG in support of its operations.

LNG Production and Sales. LNG is natural gas that is cooled at a liquefaction facility to approximately -260 degrees Fahrenheit until it condenses into a liquid. We obtain LNG from our own liquefaction plants and from third party suppliers. We own and operate LNG liquefaction plants near Houston, Texas and Boron, California, which we call the "Pickens Plant" and the "Boron Plant," respectively. The Pickens Plant has the capacity to produce 35 million gallons of LNG per year and includes a tanker trailer loading system and a 1.0 million gallon storage tank that can hold up to 840,000 usable gallons. The Boron Plant is capable of producing 60 million gallons of LNG per year and has a dual

tanker trailer loading system and a 1.8 million gallon storage tank that can hold up to 1.5 million usable gallons. In 2016, we purchased 44% of our LNG from third-party suppliers and we produced the remainder of our LNG at the Pickens Plant and the Boron Plant. Some natural gas we obtain from third-parties for LNG sales is purchased under “take or pay” contracts that require us to purchase minimum volumes of natural gas.

We sell LNG for use as a vehicle fuel on a bulk basis to fleet customers, who often own and operate their fueling stations, and through our network of public access fueling stations. We deliver LNG via our fleet of 84 tanker trailers to fueling stations, where it is stored and then dispensed in liquid form into vehicles. We contract with third parties to provide tractors and drivers. The need to liquefy and transport LNG generally causes LNG to cost more than CNG. We sell LNG through supply contracts that are priced on an index-plus basis, such that LNG sales under these contracts increase or decrease as a result of an increase or decrease in the cost of natural gas. We also sell LNG vehicle fuel on a per fill-up basis at prices we set at public access stations based on prevailing market conditions. Additionally, we sell LNG for non-vehicle purposes, including to customers who use LNG in oil fields, and for industrial, utility, marine and rail applications.

O&M Services. We perform O&M services for CNG and LNG fueling stations that we do not own. For these services, we generally charge a fixed or a per-gallon fee based on the volume of fuel dispensed at the station. We have an operations team performing preventive maintenance and available to respond to service requests.

VETC. Under separate pieces of U.S. federal legislation from October 1, 2006 through December 31, 2015, we were eligible to receive a federal alternative fuels tax credit ("VETC") of $0.50 per gasoline gallon equivalent of CNG and $0.50 per liquid gallon of LNG that we sold as vehicle fuel. From January 1, 2016, the new credit was the same as the credit it replaced, except that the credit for LNG sold as a vehicle fuel in 2016 was based on the diesel gallon equivalent of LNG sold rather than the liquid gallon of LNG sold. Based on the service relationship with our customers, either we or our customers claimed the credit. VETC ceased to be available after it expired on December 31, 2016, and it may not be available for any subsequent period.

Station Construction and Engineering. We design and construct fueling stations and facility modifications and sell or lease some of these stations to our customers. We charge construction or other fees or lease rates based on the size and complexity of the project.

Since 2008, we have served as general contractor or supervised qualified third-party contractors to build 416 natural gas fueling stations. We acquired the additional stations that we own but did not build through acquisitions of assets or businesses. We use a combination of custom designed and off-the-shelf equipment to build fueling stations. Equipment for a CNG station typically consists of dryers, compressors (including those manufactured by Clean Energy Compression), dispensers and storage tanks. Equipment for a LNG station typically consists of storage tanks and dispensing equipment. Many of our fueling stations have separate public access areas for retail customers, which generally have the look, feel and dispensing rates of gasoline and diesel fueling stations.

We also offer assessment, design and modification solutions to provide operators with code-compliant service and maintenance facilities for natural gas vehicle fleets. For example, our NGV Easy Bay™ product is a natural gas vapor leak barrier developed specifically for natural gas vehicle facilities.

RNG Production and Sales. RNG is produced from waste streams such as landfills, animal waste digesters and waste water treatment plants. RNG production plants are connected to natural gas pipelines, which allow RNG to be transported to vehicle fueling stations where it can be compressed and dispensed as CNG, and to LNG liquefaction facilities where it is converted to LNG.

We obtain RNG through our own production plants as well as through third-party producers. Our subsidiary, Renewables, currently owns RNG production facilities located at Republic Services landfills in Canton, Michigan and North Shelby, Tennessee, and has entered into long-term fixed-price sale contracts for the majority of the RNG that we expect these facilities to produce over the next seven years. Additionally, we have sought to expand our RNG business by pursuing additional RNG production projects, either on our own or with project partners. For instance, Renewables, entered into agreements to form joint ventures with Aria Energy Operating LLC, a developer of RNG production facilities, to develop RNG production facilities at a Republic Services landfill in Oklahoma City, Oklahoma and an Advanced Disposal landfill near Atlanta, Georgia.

We sell some of the RNG we produce through our natural gas fueling infrastructure for use as a vehicle fuel. In addition, we purchase RNG from third party producers and sell that RNG for vehicle fuel use through our fueling infrastructure. The RNG we sell for vehicle fuel is distributed under the name Redeem™.

In February 2017, we entered into an agreement to sell the assets related to our existing RNG production business, including our two existing RNG production facilities and our interest in the two new RNG production facilities in

development. We expect this sale to close on or before March 31, 2017, and thereafter we will continue to procure and sell RNG as Redeem.

Sales of RINs and LCFS Credits. We generate LCFS Credits when we sell RNG and conventional natural gas for use as a vehicle fuel in California and Oregon, and we generate RIN Credits when we sell RNG for use as a vehicle fuel in the United States. We can sell these credits to third parties who need the RINs and LCFS Credits to comply with federal and state emissions requirements. Generally, the amount of RINs and LCFS Credits we generate increases as we sell higher volumes of natural gas as a vehicle fuel, but the amount of these credits that we sell and our revenue from these sales can vary depending on the market

for these credits, which has historically been volatile and subject to significant price fluctuations, and changes to applicable regulations.

Natural Gas Fueling Compressors. Our subsidiary Clean Energy Compression manufactures, sells and services non-lubricated natural gas fueling compressors and related equipment for the global natural gas fueling market. Clean Energy Compression is headquartered near Vancouver, British Columbia, has an additional manufacturing facility near Shanghai, China, and has sales and service offices in the United States, Bangladesh, Colombia and Peru. Clean Energy Compression enables us to satisfy our internal compressor needs since compressors are the most important piece of equipment for a CNG station. Clean Energy Compression also allows us to offer a high-quality and price competitive "equipment only" solution for customers who do not want our full suite of engineering and construction services.

Vehicle Acquisition and Finance. We offer vehicle finance services, including loans and leases, to help our customers acquire natural gas vehicles. As appropriate, we apply for and receive federal, state and local incentives associated with natural gas vehicle purchases and pass these benefits through to our customers. We may also secure vehicles to place with customers and/or pay deposits with respect to these vehicles prior to receiving a firm order from our customers, which we may be required to purchase if our customers fail to purchase the vehicle as anticipated.

Sales and Marketing

We have sales representatives covering all of our major operating territories, including the United States, Canada, China, Peru, Columbia, Mexico and Europe.

We market primarily through our direct sales force, attendance at trade shows and participation in industry conferences and events. Our sales and marketing group also works closely with federal, state and local government agencies to provide education on the value of natural gas as a vehicle fuel and to keep abreast of proposed and newly adopted regulations that affect our industry.

Key Markets and Customers

We serve customers in a variety of markets, such as trucking, airports, refuse, public transit, industrial and institutional energy users and government fleets. We believe these customers markets are well-suited for the adoption of natural gas vehicle fuel because they use relatively high volumes of fuel, can be served by a fueling infrastructure that is centralized or along well-defined routes and/or are facing increasingly stringent emissions or other environmental regulations.

Trucking. We believe that heavy-duty trucking represents one of the greatest opportunities for natural gas to be used as a vehicle fuel in the United States, and as of December 31, 2016 we fuel over 3,000 heavy-duty trucks. Because these high-mileage vehicles consume substantial amounts of fuel, they can derive significant benefits from the lower cost of natural gas. Many well-known shippers, manufacturers, retailers and other truck fleet operators have started to adopt natural gas fueled trucks to move their freight. Such companies include Honda, Frito-Lay, FedEx, Anheuser-Busch, Verizon, Bimbo, Johnson & Johnson, The Home Depot, AT&T, Colgate-Palmolive, Costco Wholesale, Lowes, Pepsi, UPS, MillerCoors, HP, Unilever, Starbucks, Kraft, Kroger, P&G, Hertz and Owens Corning.

To help facilitate the transition of trucking fleets to natural gas, we have negotiated favorable CNG and LNG tank pricing from manufacturers, which we are passing along to our customers, and we've built America's Natural Gas Highway. Many existing ANGH stations are located at Pilot Flying J Travel Centers, one of the largest truck fueling operators in the United States. Building ANGH has required, and may continue to require, a commitment of capital and other resources. For instance, most of our ANGH stations were initially built to provide LNG, which costs more than CNG on an energy equivalent basis, and we have been spending, and expect to continue to spend, additional capital to add CNG fueling capability to many of our ANGH stations.

Airports. We estimate that vehicles serving airports in the United States, including airport delivery fleets, rental car and parking passenger shuttles and taxis, consume an aggregate of approximately two billion gallons of fuel per year. Additionally, many U.S. airports face emissions challenges and are under regulatory directives and political pressure to reduce pollution, particularly as part of any expansion plans. As a result, many of these airports have adopted various strategies to address tailpipe emissions, including rental car and hotel shuttle consolidation, and requiring or encouraging service vehicle operators to switch their fleets to natural gas. To assist in this effort, airports are

contracting with service providers to design, build and operate natural gas fueling stations in strategic locations on their properties.

We serve customers at 39 airports, including Atlanta Hartsfield Jackson International, Baltimore Washington International, Dallas-Ft. Worth International, Denver International, Dulles International, George Bush International, Las Vegas, Logan International, LaGuardia, John F. Kennedy International, Los Angeles International, Newark International, Oakland International, Orlando, Phoenix Sky Harbor International, San Francisco International, San Diego International, SeaTac International (Seattle) and Tampa, International.

Refuse. According to INFORM, there are nearly 200,000 refuse trucks in the United States that collect and haul refuse and recyclables, which collectively consume approximately two billion gallons of fuel per year. We estimate that approximately 55% of new refuse trucks in 2016 operate on natural gas, up from approximately 3% of new refuse trucks in 2008. Refuse haulers are increasingly adopting trucks that run on CNG to realize operating savings and to address their customers' demands for reduced emissions.

We fuel over 10,000 refuse vehicles for customers including Waste Management and Republic Services, as well as other waste haulers such as Atlas Disposal, Burrtec, Recology, South San Francisco Scavenger, Waste Connections and Waste Pro, among others. We also provide vehicle fueling services to municipal refuse fleets, including fleets in Dallas, Los Angeles, San Antonio, and New York City, among other locations.

Transit Agencies. According to the American Public Transportation Association, there are over 71,000 municipal transit buses operating in the United States. In many areas increasingly stringent emissions standards have limited the fueling options available to public transit operators. Also, transit agencies typically fuel at a central location and use high volumes of fuel. We estimate that transit agencies in the United States consume approximately 1.5 billion gallons of fuel per year. Many transit agencies have been early adopters of natural gas vehicles, and over 25% of existing transit buses and over 35% of new transit buses operate on natural gas.

We fuel close to 9,000 transit vehicles and our U.S. public transit customers include the following: Los Angeles Metropolitan Transit Authority, Foothill Transit, Orange County Transit Authority, Santa Monica Big Blue Bus, Dallas Area Rapid Transit Phoenix Transit, Jacksonville Transportation Authority, NICE Bus and Washington Metro Area Transportation Authority. We also serve public transit customers in British Columbia.

Industrial and Institutional Customers. See "Business - Products, Services and Other Business Activities" above for a description of industrial and institutional customers we supply with CNG and LNG.

Government Fleets. In 2014, 2015 and 2016, approximately 18%, 18% and 16% of our revenue, respectively, were derived from contracts with government entities such as municipal transit fleets. As government regulations on pollution continue to become more stringent, government agencies are evaluating ways to make their fleets cleaner and run more economically.

Our representative government fleet customers include the California Department of Transportation, State of New York, State of Colorado, City of New York, City of Denver, City and County of Los Angeles, City of Newport Beach, South Coast Air Quality Management District, City and County of San Francisco, City of Oakland, City and County of Dallas, City of Phoenix, The University of California, and Oklahoma State University.

Grant Programs

We apply for and help our fleet customers apply for federal, state and local grant programs in areas where we operate. These programs provide funding for natural gas vehicle conversions and purchases, natural gas fueling station construction and natural gas vehicle fuel sales.

Competition

The market for vehicle fuels is highly competitive. We believe the biggest competition for CNG and LNG is gasoline and diesel, as the vast majority of vehicles in the United States and Canada are powered by gasoline and diesel. We also compete with suppliers of other alternative vehicle fuels, including renewable diesel, biodiesel and ethanol, as well as fuelers of alternative vehicles, including hybrid, electric and hydrogen-powered vehicles. Additionally, our stations compete directly with other natural gas fueling stations and indirectly with electric vehicle charging stations and other alternative fueling stations. Further, for certain of our key customer markets, such as airports and public transit, we indirectly compete with companies such as Uber and Lyft that provide alternative transportation methods.

A significant number of established businesses, including oil and gas companies, alternative vehicle and alternative fuel companies, refuse collectors, utilities and their affiliates, industrial gas companies, truck stop and fuel station operators, fuel providers and other organizations have entered or may enter the market for natural gas and other alternatives for use as vehicle fuels. Many of these competitors have longer operating histories, larger customer bases, greater brand recognition and market penetration and substantially greater financial, marketing, research, and other resources. As a result, they may be able to respond more quickly to changes in customer preferences or legal requirements, devote greater resources to the development, promotion and sale of their products, adopt more aggressive pricing policies, devote substantially more resources to infrastructure and systems development or exert

more influence on the regulatory landscape that impacts the vehicle fuels market. Additionally, utilities and their affiliates typically have additional and unique competitive advantages, including a lower cost of capital, substantial and predictable cash flows, long-standing customer relationships, greater brand awareness and large and well-trained sales and marketing organizations.

We believe we have approximately 75 competitors in the market for natural gas vehicle fuels, including:

- Providers of CNG fuel infrastructure and fueling services, including Love's Trillium, Gain Clean Fuels, TruStar Energy, AmpCNG and EVO CNG, ;
- Fuel station owners, such as Kwik Trip, a company that owns CNG fueling stations in the Midwestern United States;
- Shell Oil Products U.S., which operates LNG fueling stations;
- Applied LNG Technology, Stabilis and Prometheus Energy, each of which distributes LNG; and
- Utilities and their affiliates in several states, including California, Utah, Georgia, Michigan, New Jersey, North Carolina and Washington, which own and operate public access CNG stations that compete with our stations. In addition, utilities are seeking approval from the California Public Utilities Commission to spend approximately $1.0 billion on electric vehicle charging infrastructure for trucks, buses and other vehicles which infrastructure, if built, would compete with our stations.

We also manufacture and sell CNG fueling equipment through Clean Energy Compression. The market for CNG fueling equipment is highly competitive and our competitors in this market include Aspro, GNC Galileo, GE, SAFE, ANGI Energy Systems, and Atlas Copco. Numerous other equipment or compressor manufacturing companies may also enter this market in the future. We also compete with many third parties for the rights to develop RNG production facilities, the rights to acquire RNG from third party producers and for customers to purchase the RNG that we sell. In addition, we sell CNG to industrial and institutional energy users through NG Advantage and compete with other participants in this highly competitive market, including Xpress Natural Gas, OsComp Systems and Irving Ltd.

We compete for vehicle fuel users based on demand for the type of fuel, which may be affected by such factors as fuel cost, supply and availability, cost and availability of vehicles, convenience and accessibility of fueling stations, the quality, cleanliness and safety of the fuel, and brand recognition. As of December 31, 2016, we owned, operated or supplied over 570 CNG and LNG fueling stations, which we estimate is approximately four times the number of CNG fueling stations operated by our next largest competitor. We believe we are the only company in the United States or Canada that provides both CNG and LNG vehicle fuel on a significant scale, and our natural gas fueling operations cover more states and provinces than any of our competitors.

We expect competition to increase in the alternative fuel markets generally and, if the demand for natural gas vehicle fuel increases, the market for natural gas fuel.

Government Regulation and Environmental Matters

Certain aspects of our operations are subject to regulation under federal, state, local and foreign laws. Further, if we were to violate these laws or if the laws were to change, it could have a material adverse effect on our business, financial condition and results of operations. Regulations that significantly affect our operations are described below. We believe we are in material compliance with these and other regulatory requirements known to apply to our business. Compliance with these regulations has not had a material effect on our capital expenditures, earnings or competitive position to date, but new laws or regulations or amendments to existing laws or regulations to make them more stringent, such as more rigorous air emissions requirements or increased regulation of greenhouse gas emissions, could require us to undertake significant capital expenditures in the future.

CNG and LNG Stations. To construct a CNG or LNG fueling station, we must satisfy permitting and other requirements and either we or a third party contractor must be licensed as a general engineering contractor. Each CNG and LNG fueling station must be constructed in accordance with federal, state and local regulations pertaining to station design, environmental health, accidental release prevention, above-ground storage tanks and hazardous waste and other materials. We are also required to register with certain state agencies as a retailer/wholesaler of CNG and LNG.

Transfer of LNG. Federal safety standards require each transfer of LNG to be conducted in accordance with specific written safety procedures. These procedures must be located at each transfer location and must require that qualified personnel be in attendance during all LNG transfer operations.

LNG Liquefaction Plants. To build and operate LNG liquefaction plants, we must apply for facility permits or licenses that address many factors, including storm water and wastewater discharges, waste handling and air emissions related to production activities or equipment operations. The construction of LNG plants must also be approved by local planning boards and fire departments.

Financing. State agencies generally require the registration of finance lenders. For example, in California, pursuant to the California Finance Lenders Law, one of our subsidiaries is required to be registered as a finance lender with the California Department of Corporations.

Natural Gas Fueling Compressors. Our manufacturing facility for natural gas fueling compressors and other equipment is located in Canada and is registered with the British Columbia Safety Authority and the Society of Mechanical Engineers for manufacturing and operating pressure vessels. Additionally, CNG fueling equipment is manufactured to meet the electrical and mechanical design standards of the country where the equipment will be installed.

RNG. RNG production facilities are required to comply with Title V of the Clean Air Act. In addition, RNG projects must produce RNG that meets the gas quality specifications of the local utilities that accept the gas. These specifications are approved by the applicable state utilities commission.

RIN Credits. In February 2010, the U.S. Environmental Protection Agency ("EPA") finalized the RFS (which was established by the Energy Policy Act of 1992/2005), which creates RINs that can be generated by the production and use of RNG in the transportation sector and can be sold to fuel providers that are not compliant under the RFS.

Greenhouse Gas Emissions. California has adopted laws requiring statewide reductions of greenhouse gas emissions to 1990 levels by 2020, 40% below 1990 levels by 2030, and 80% below 1990 levels by 2050. As of January 1, 2015, California's AB 32 law began regulating the greenhouse gas emissions from transportation fuels, including the emissions associated with LNG and CNG vehicle fuel.

Under AB 32, the LNG vehicle fuel provider is the regulated party with respect to LNG vehicle fuel use. We will incur costs to comply with AB 32 based on how much LNG vehicle fuel we sell that is regulated, CARB's guidance on the regulation of LNG vehicle fuel, potential regulatory changes and the cost of carbon credits under AB 32. We anticipate that we will pass the costs we incur to comply with this law through to our LNG customers. With respect to CNG, the regulated party under AB 32 is the utility that owns the pipe through which the fossil fuel natural gas is sold. We anticipate that, over time, as the utilities' compliance costs increase, we or, to the extent we pass these costs through to our customers, our CNG customers will be required to pay more for CNG vehicle fuel to cover the increased AB 32 compliance costs of the utility. The amount of these costs that we or our CNG customers will be required to pay will be determined by the amount the utility spends to buy any carbon credits needed to comply with AB 32 and the amount of natural gas we or our customers buy through a utility’s pipeline.

Although our Redeem™ RNG vehicle fuel may qualify for an exemption from AB 32 when sold as LNG or CNG, the availability of any such exemption is uncertain at this time due to the complexity of the requirements that must be met in order to qualify for such an exemption and the possibility of changes to the law. Any Redeem™ volumes that are not exempt would incur compliance costs commensurate with sales of CNG and LNG derived from fossil fuel natural gas.

To help achieve the greenhouse gas emissions reductions for mobile sources that are mandated by AB 32, CARB approved the Low Carbon Fuel Standard, which encourages low carbon "compliant" transportation fuels (including CNG, LNG and RNG) in the marketplace by allowing producers of these fuels to generate LCFS Credits that can be sold to noncompliant regulated parties.

The federal and other state governments are also considering measures to regulate and reduce greenhouse gas emissions. Any of these regulations, if and when implemented, may regulate the greenhouse gas emissions produced by or associated with our LNG production plants, our CNG and LNG fueling stations, our existing RNG production facilities (which we expect to sell on or before March 31, 2017, as described under "- Products, Services and Other Business Activities - RNG Production and Sales" above) or the CNG, LNG and RNG we sell, and could require us to obtain emissions credits or invest in costly emissions prevention technology. We cannot estimate the potential costs associated with compliance with potential federal, state or local regulation of greenhouse gas emissions and these unknown costs are not contemplated by our existing customer agreements or our budgets and cost estimates.

Employees

As of December 31, 2016, we employed 832 people. We have not experienced any work stoppages and none of our employees is subject to collective bargaining agreements. We believe that our employee relations are good.

Financial Information about Segments and Geographic Areas

We operate our business in one reportable segment. For information about our revenue, operating income (loss) and long-lived assets in different geographic areas, see Note 17 to our consolidated financial statements included in this report. We are subject to certain risks attendant to our foreign operations, which are described below in Item 1A. Risk Factors.

Corporate Information; Acquisitions and Divestitures

We were incorporated under the laws of the State of Delaware in 2001. We have completed, and we anticipate continuing to pursue, acquisitions, investments, divestitures, joint ventures and other partnerships as we become aware of opportunities that

we believe can increase our competitive advantages, expand our product offerings, take advantage of industry developments, enhance our market position or provide other benefits, including streamlining operations and reducing our costs. Recent significant transactions of this nature include: our acquisition of the manufacturing and servicing business of Clean Energy Compression in September 2010; our sale of our former natural gas vehicle conversion business in June 2013; our acquisition of a controlling interest in NG Advantage in October 2014; our sale of our interest in a RNG production facility in Dallas, Texas in December 2014; and our proposed sale of the assets related to our RNG production business, which we expect to occur on or before March 31, 2017.

Additional Information

Our website is located at www.cleanenergyfuels.com. We make available, free of charge on our website, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. The reference to our website is an inactive textual reference and the contents of our website are not incorporated into this report.

Item 1A. Risk Factors

An investment in our Company involves a high degree of risk of loss. You should carefully consider the risk factors discussed below and all of the other information included in this annual report on Form 10-K before you make any investment decision regarding our securities. We believe the risks and uncertainties described below are the most significant we face. The occurrence of any of the following risks could harm our business, financial condition, results of operations, prospects and reputation and could cause the trading price of our common stock to decline. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business.

We have a history of losses and may incur additional losses in the future.

In 2014, 2015 and 2016, we incurred pre-tax losses of $89.8 million, $133.8 million and $12.4 million, respectively. During these periods our losses were substantially decreased by approximately $28.4 million, $31.0 million and $26.6 million of revenue, respectively, from the VETC alternative fuels tax credit, which ceased to be available as of January 1, 2017 and may not be available for any subsequent period. We may continue to incur losses, the amount of our losses may increase, and we may never achieve or maintain profitability, which would adversely affect our business, prospects and financial condition, and may cause the price of our common stock to fall.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our debt.

As of December 31, 2016, our total indebtedness was approximately $314.3 million in principal amount, which includes amounts incurred under the 7.5% Notes, 5.25% Notes, Canton Bonds, and Plains Note, each of which is defined and discussed in Note 10 to our consolidated financial statements included in this report and is reflected under “Contractual Obligations” in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this report. As of December 31, 2016, approximately $6.1 million, $189.6 million, $55.5 million, $54.6 million, $4.0 million and $4.5 million of the principal amount of our indebtedness matures in 2017, 2018, 2019, 2020, 2021 and thereafter, respectively. We expect our total interest payment obligations relating to our indebtedness to be approximately $19.7 million in 2017.

We generally intend to make payments under our various debt instruments when due and pursue opportunities for earlier repayment and/or refinancing if and when opportunities arise.

Our ability to make payments of the principal and interest on our indebtedness, whether at or prior to their due dates, depends on our future performance, which is subject to economic, financial, competitive and other factors, including those described in these risk factors, many of which are beyond our control. Our business may not generate cash flow from operations sufficient to service our debt.

In that case, we may be required to pursue one or more alternatives to meet our debt obligations. For instance, as of the date of this report, we are permitted to repay up to $125.0 million of our outstanding indebtedness at maturity with shares of our common stock rather than cash, with the amount of shares determined by the then-current trading price of our common stock. Any repayment of our debt with equity would increase the number of our outstanding shares and may significantly dilute the ownership interest of our stockholders. Additionally, any shortfall of cash from operations to service our debt may lead us to seek capital from other sources, such as selling assets, restructuring or

refinancing our debt or obtaining additional equity capital or debt financing. Our ability to engage in any of these activities, should we decide to do so, would depend on the capital markets, the state of our industry and our business and our financial condition at the time, and we may not be successful in obtaining

additional capital on desirable terms, at a desirable time or at all. Any failure to make payments on our debt when due, either in cash or stock, could result in a default on our debt obligations.

Additionally, certain of the agreements governing our indebtedness contain restrictive covenants, and any failure by us to comply with any of these covenants could also cause us to be in default under the agreements governing the indebtedness. In the event of any default on our debt obligations, the holders of the indebtedness could, among other things, elect to declare all amounts owed immediately due and payable, which could cause all or a large portion of our available cash flow to be used to pay such amounts and thereby reduce the amount of cash available to pursue our business plans or force us into bankruptcy or liquidation, or, with respect to our indebtedness that is secured, elect to foreclose on the assets that secure the debt, which could force us to relinquish rights to assets that are revenue generating or profitable or that we believe are otherwise beneficial or essential to our business. In addition, the substantial amount of our indebtedness, combined with our other financial obligations and contractual commitments, could have other important consequences. For example, it could make us more vulnerable to adverse changes in general U.S. and worldwide economic, industry and competitive conditions and government regulations, limit our flexibility to plan for, or react to, changes in our business and industry, place us at a disadvantage compared to our competitors who have less debt or limit our ability to borrow additional amounts as needed.

We may need to raise additional capital to continue to fund the growth of our business or repay our debt, which may not be available when needed, on acceptable terms or at all.

As of December 31, 2016, we had total liquidity of $109.8 million consisting of cash and cash equivalents of $36.1 million and short-term investments of $73.7 million. Our business plan calls for approximately $29.0 million in capital expenditures for 2017, as well as additional capital expenditures thereafter. We may also require capital to make principal or interest payments on our indebtedness, either prior to or at their due dates, or for unanticipated expenses, mergers, acquisitions or strategic investments. As a result, we may find it necessary to raise additional capital through selling assets or pursuing debt or equity financing.

Asset sales and equity or debt financing options may not be available when needed on terms favorable to us, or at all. Any sale of our assets may limit our operational capacity and could limit or eliminate any revenue streams or business plans that are dependent on the sold assets. Additional issuances of our common stock or securities convertible into our common stock (including through our established at-the-market offering program or other equity offerings) would increase the number of our outstanding shares and dilute the ownership interest of our stockholders. We may also pursue debt financing since, despite the high level of our existing indebtedness, the agreements governing much of this indebtedness do not restrict our ability to incur additional secured or unsecured debt or require us to maintain financial ratios or specified levels of net worth or liquidity. Debt financing options that we may pursue include, among others, equipment financing, sales of convertible notes, high-yield debt, asset-based loans, term loans, project finance debt, municipal bond financing, loans secured by receivables or inventory or commercial bank financing. Any debt financing we obtain may require us to make significant interest payments and to pledge some or all of our assets as security. In addition, higher levels of indebtedness could increase our risk of non-repayment and could adversely affect our creditworthiness, which could limit our ability to obtain further debt or equity financing as needed and restrict our flexibility in responding to changing business, industry and economic conditions. Further, we may incur substantial costs in pursuing any future capital-raising transactions, including investment banking, legal and accounting fees, printing and distribution expenses and other similar costs. On the other hand, if we are unable to obtain capital in amounts sufficient to fund our contractual obligations, business plans, unanticipated expenses, capital expenditures, mergers, acquisitions or strategic investments, we could be forced to suspend, delay or curtail these plans, expenditures or other transactions, which could negatively affect our business and prospects.

Our success is dependent upon the willingness of fleets and other consumers to adopt natural gas as a vehicle fuel, which may not occur in a timely manner or at all.

Our success is highly dependent upon the adoption by fleets and other consumers of natural gas as a vehicle fuel. If the market for natural gas as a vehicle fuel does not develop as we expect or develops more slowly than we expect or if a market does develop but we are not able to capture a significant share of the market or the market subsequently declines, our business, prospects, financial condition and operating results would be harmed.

The market for natural gas as a vehicle fuel is a relatively new and developing market characterized by intense competition, evolving government regulation and industry standards and changing consumer demands and behaviors. Factors that may influence the adoption of natural gas as a vehicle fuel include, among others:

- Increases, decreases or volatility in the prices of oil, gasoline, diesel, natural gas and other vehicle fuels;

- The availability of natural gas compared to gasoline, diesel and other vehicle fuels;

- Natural gas vehicle cost, availability (including for heavy, medium and light duty applications), quality, safety, design and performance, all relative to vehicles powered by other fuels;
- The existence of government programs, policies, regulations or incentives promoting natural gas, including tax credits, grants, renewable fuel standards and low carbon fuel standards;
- The availability or perceived availability of, consumer acceptance of and favor by lawmakers, regulators and other policy makers for non-natural gas fuels and vehicles, including gasoline and diesel powered vehicles and growing favor for electric and hydrogen-powered vehicles;
- Improvements in the efficiency, fuel economy or greenhouse gas emissions of engines for gasoline and diesel-powered and alternative vehicles;
- Perceptions about greenhouse gas emissions from natural gas production and transportation methods, natural gas fueling stations and natural gas vehicles, and the environmental consciousness of fleets and consumers;
- Access to natural gas fueling stations and the convenience and cost to fuel and service natural gas vehicles; and
- The other risks discussed in these risk factors.

Increases, decreases and general volatility in oil, gasoline, diesel and natural gas prices could adversely affect our business.

In recent years, the prices of oil, gasoline, diesel and natural gas have been volatile, and this volatility may continue. Additionally, prices for crude oil in recent years have been low, due in part to over-production and increased supply without a corresponding increase in demand. Market adoption of CNG, LNG and RNG (which can be delivered in the form of CNG or LNG) as vehicle fuels could be slowed or limited if the low prices and over-supply of gasoline and diesel, today's most prevalent and conventional vehicle fuels, continue or worsen, or if the price of natural gas increases without equal and corresponding increases in prices of gasoline and diesel. Any of these circumstances could decrease the market's perception of a need for alternative vehicle fuels generally and could cause the success or perceived success of our industry and our business to materially suffer. In addition, low gasoline and diesel prices contribute to the differential between the cost of natural gas vehicles and gasoline or diesel-powered vehicles. Generally, natural gas vehicles cost more initially than gasoline or diesel powered vehicles, as the components needed for a vehicle to use natural gas add to the vehicle's base cost. Operators seek to recover the additional costs of acquiring or converting to natural gas vehicles over time through the lower costs of fueling natural gas vehicles; however, operators may perceive an inability to timely recover these additional costs if we do not offer CNG and LNG fuel at prices lower than gasoline and diesel. Our ability to offer our customers an attractive pricing advantage for CNG and LNG and maintain an acceptable margin on our sales becomes more difficult if prices of gasoline and diesel decrease or if prices of natural gas increase. These pricing conditions exacerbate the cost differential between natural gas vehicles and gasoline or diesel powered vehicles, which may lead operators to delay or refrain from purchasing or converting to natural gas vehicles at all. Any of these outcomes would decrease our potential customer base and harm our business prospects. Further, fluctuations in natural gas prices affect the cost to us of the natural gas commodity. High natural gas prices adversely impact our operating margins in cases where we cannot pass the increased costs through to our customers. Conversely, lower natural gas prices reduce our revenue in cases where the commodity cost is passed through to our customers. As a result, these fluctuations in natural gas prices can have a significant and adverse impact on our operating results.

Factors that can cause fluctuations in gasoline, diesel and natural gas prices include, among others, changes in supply and availability of crude oil and natural gas, government regulations and political conditions, inventory levels, consumer demand, price and availability of other alternative fuels, weather conditions, negative publicity surrounding drilling, production or importing techniques and methods for oil or natural gas, economic conditions and the price of

foreign imports.

With respect to natural gas supply and use as a vehicle fuel, there have been recent efforts to place new regulatory requirements on the production of natural gas by hydraulic fracturing of shale gas reservoirs and other means and on transporting, dispensing and using natural gas. Hydraulic fracturing and horizontal drilling techniques have resulted in a substantial increase in the proven natural gas reserves in the United States. Any changes in regulations that make it more expensive or unprofitable to produce natural gas through these techniques or others, as well as any changes to the regulations relating to transporting, dispensing or using natural gas, could lead to increased natural gas prices.

If pricing conditions worsen, or if all or some combination of factors causing further volatility in natural gas, oil and diesel prices were to occur, our business and our industry would be materially harmed.

Vehicle and engine manufacturers produce very few natural gas vehicles and engines for the United States and Canadian markets, which limits our customer base and our sales of CNG, LNG and RNG.

Original equipment manufacturers produce a relatively small number of natural gas engines and vehicles, including heavy duty trucks, medium duty applications and other types of vehicles, in the U.S. and Canadian markets. Further, these manufacturers may not decide to expand, or they may decide to discontinue or curtail, their natural gas engine or vehicle product lines. This limited production of natural gas engines and vehicles increases the cost to purchase these vehicles and limits their availability, which restricts their large-scale introduction and adoption. As a result of these and other factors, the limited supply of natural gas vehicles could reduce our potential customer base and natural gas fuel sales, which could harm our business and prospects.

The failure of our America's Natural Gas Highway initiative and objective to fuel a greater number of natural gas heavy-duty trucks would materially and adversely affect our financial results and business.

We are seeking to fuel a substantial number of natural gas heavy-duty trucks and in connection with that effort we have built a nationwide network of natural gas-truck friendly fueling stations, which we refer to as America's Natural Gas Highway. Our ability to successfully execute these initiatives faces substantial risks, including, among others:

- The adoption of natural gas engines that are well-suited for heavy duty trucks is essential to the success of these initiatives. We have no influence over the development, production, sales and marketing, cost or availability of natural gas trucks powered by these engines. Currently, Cummins Westport is the only natural gas engine manufacturer for the heavy-duty market, and we have no control over whether and the extent to which Cummins Westport will remain in the natural gas engine business or whether other manufacturers will enter the natural gas engine business;

- These initiatives depend upon the development and expansion of the U.S. natural gas heavy duty market. Operators may not adopt heavy-duty natural gas trucks due to cost, actual or perceived performance issues, or other factors that are outside of our control. To date, adoption and deployment of natural gas trucks have been slower and more limited than we anticipated;

- As a natural gas heavy-duty truck market develops in the United States, truck and other vehicle operators may not fuel at our stations due to lack of access or convenience, fuel prices or other factors.

- Building ANGH has required, and may continue to require, a commitment of capital and other resources and we may not be able to raise sufficient capital to complete it.

- Most of our ANGH stations were initially built to provide LNG, which costs more than CNG on an energy equivalent basis. We have been spending, and expect to continue to spend, additional capital to add CNG fueling capability to many of our ANGH stations, and we may not have sufficient capital in the future for this purpose.

- Our ANGH stations may experience mechanical or operational difficulties, which could require significant costs to repair and could reduce customer confidence in our stations.

- We may not be able to obtain acceptable margins on fuel sales at ANGH stations.

- As of December 31, 2016, we had 39 completed ANGH stations that were not open for fueling operations. We expect to open these stations when we have sufficient customers to fuel at the locations, but we do not know when this will occur. As long as these stations remain unopened, we will continue to have substantial investments in assets that do not produce revenue.

We must effectively manage these risks and any other risks that may arise in connection with the completion of ANGH to successfully execute our business plan. If the U.S. market for heavy-duty natural gas trucks does not develop, our financial results, operations and business, including our ability to repay our debt, would be materially and adversely affected.

We face increasing competition from a variety of businesses, many of which have far greater resources, customer bases, and brand awareness than we have, and we may not be able to compete effectively with these businesses.
The market for vehicle fuels is highly competitive. We believe the biggest competition for CNG and LNG is gasoline and diesel, as the vast majority of vehicles in the United States and Canada are powered by gasoline and diesel. We also compete with suppliers of other alternative vehicle fuels, including renewable diesel, biodiesel and ethanol, as well as fuelers of alternative vehicles, including hybrid, electric and hydrogen-powered vehicles. Additionally, our stations compete directly with other natural gas fueling stations and indirectly with electric vehicle charging stations and other alternative fueling stations. Further, for certain

of our key customer markets, such as airports and public transit, we indirectly compete with companies such as Uber and Lyft that provide alternative transportation methods. We also face high levels of competition with respect to our other business activities, including our manufacture and sale of natural gas compressors and other equipment, our production and sale of RNG and our sale of CNG and LNG to industrial and institutional energy users.

A significant number of established businesses, including oil and gas companies, alternative vehicle and alternative fuel companies, refuse collectors, utilities and their affiliates, industrial gas companies, truck stop and fuel station owners, fuel providers and other organizations have entered or may enter the market for natural gas and other alternatives for use as vehicle fuels. Many of these competitors have longer operating histories, larger customer bases, greater brand recognition and market penetration and substantially greater financial, marketing, research and other resources. As a result, they may be able to respond more quickly to changes in customer preferences or legal requirements, devote greater resources to the development, promotion and sale of their products, adopt more aggressive pricing policies, devote substantially more resources to infrastructure and systems development or exert more influence on the regulatory landscape that impacts the vehicle fuels market. Additionally, utilities and their affiliates typically have additional and unique competitive advantages, including a lower cost of capital, substantial and predictable cash flows, long-standing customer relationships, greater brand awareness and large and well-trained sales and marketing organizations. We may not be able to compete effectively against these organizations.

We expect competition to increase in the alternative fuels market generally and, if the demand for natural gas vehicle fuel increases, the market for natural gas vehicle fuel. Any such increased competition may lead to pricing pressure, reduced operating margins and fewer expansion opportunities.

If there are advances in other alternative vehicle fuels or technologies, or if there are improvements in gasoline, diesel or hybrid engines, demand for natural gas vehicles may decline.

Technological advances in the production, delivery and use of gasoline, diesel or other alternative fuels that are, or are perceived to be, cleaner, more cost-effective, more readily available or otherwise more attractive than CNG, LNG or RNG may slow or limit adoption of natural gas vehicles. For example, advances in gasoline and diesel engine technology, including efficiency improvements and further development of hybrid engines, may offer a cleaner, more cost-effective option and make fleet customers less likely to convert their vehicles to natural gas. Additionally, technological advances related to ethanol or biodiesel, which are used as an additive to, or substitute for gasoline and diesel fuel, may slow the need to diversify fuels and affect the growth of the natural gas vehicle fuel market. Further, use of electric heavy-duty trucks, buses and refuse trucks, or the perception that such vehicles may soon be widely available and provide satisfactory performance at an acceptable cost, may reduce demand for natural gas vehicles. In addition, renewable diesel, hydrogen and other alternative fuels may prove to be cleaner, more cost-effective alternatives to gasoline and diesel than natural gas. Advances in technology that reduce demand for natural gas as a vehicle fuel or the failure of natural gas vehicle technology to advance at an equal pace could slow or curtail the growth of natural gas vehicle purchases or conversions, which would have an adverse effect on our business.

Our business is influenced by environmental, tax and other government regulations, programs and incentives that promote cleaner fuels and alternative vehicles, and their adoption, modification or repeal could impact our business.

Our business is influenced by federal, state and local government tax credits, rebates, grants and similar programs and incentives that promote the use of CNG, LNG and RNG as a vehicle fuel, including the VETC, which expired on December 31, 2016 and may not be available in any subsequent period, and various government programs that make available grant funds for the purchase and construction of natural gas vehicles and stations. Additionally, our business is influenced by laws, rules and regulations that require reductions in carbon emissions and/or the use of renewable fuels, such as the California and Oregon Low Carbon Fuel Standards and the federal Renewable Fuel Standard Phase 2, under which we generate LCFS Credits and RIN Credits by selling CNG, LNG and RNG as a vehicle fuel.

These programs and regulations that have the effect of encouraging the use of CNG, LNG or RNG as a vehicle fuel are subject to change, and could expire or be repealed or amended for a variety of reasons. For example, parties with an interest in gasoline and diesel or other alternative fuels, such as electricity, hydrogen, renewable diesel, biodiesel or ethanol, many of whom have substantially greater resources and influence than we have, invest significant time and

money in efforts to delay, repeal or otherwise negatively influence regulations and programs that promote natural gas as a vehicle fuel. Further, changes in federal, state or local political, social or economic conditions could result in the modification or repeal of these programs or regulations. For instance, the results of the recent U.S. presidential election have created increased uncertainty regarding the future of many of these programs and regulations. Any failure to adopt, delay in implementing, expiration, repeal or modification of these programs and regulations, or the adoption of any such programs and regulations that encourage the use of other alternative fuels or alternative vehicles over natural gas, could harm our operating results and financial condition.

Compliance with greenhouse gas emissions regulations affecting our LNG plants, RNG production facilities, LNG and CNG fueling stations or CNG, LNG and RNG fuel sales may prove costly and negatively affect our financial performance.

California has laws requiring statewide reductions of greenhouse gas emissions to 1990 levels by 2020, 40% below 1990 levels by 2030, and 80% below 1990 levels by 2050. As of January 1, 2015, California's AB 32 law began regulating the greenhouse gas emissions from transportation fuels, including the emissions associated with LNG and CNG vehicle fuel.

Under AB 32, the LNG vehicle fuel provider is the regulated party with respect to LNG vehicle fuel use. We will incur costs to comply with AB 32 based on how much LNG vehicle fuel we sell that is regulated, CARB's guidance on the regulation of LNG vehicle fuel, potential regulatory changes and the cost of carbon credits we purchase to comply with AB 32. We anticipate that we will pass the costs we incur to comply with this law through to our LNG customers. With respect to CNG, the regulated party under AB 32 is the utility that owns the pipe through which the fossil fuel natural gas is sold. We anticipate that, over time, as the utilities' compliance costs increase, we or, to the extent we pass these costs through to our customers, our CNG customers will be required to pay more for CNG vehicle fuel to cover the increased AB 32 compliance costs of the utility. The amount of these costs that we or our CNG customers will be required to pay will be determined by the amount the utility spends to buy any carbon credits needed to comply with AB 32 and the amount of natural gas we or our customers buy through a utility’s pipeline. These increased costs of LNG and CNG vehicle fuel as a result of AB 32 may diminish the attractiveness of LNG and CNG as a vehicle fuel for existing and potential future California customers, which could reduce our customer base and fuel sales and cause our performance to suffer.

Although our Redeem™ RNG vehicle fuel may qualify for an exemption from AB 32 when sold as LNG or CNG, the availability of any such exemption is uncertain at this time due to the complexity of the requirements that must be met in order to qualify for such an exemption and the possibility of changes to the law. Any Redeem™ volumes that are not exempt would incur compliance costs commensurate with sales of CNG and LNG derived from fossil fuel natural gas.

The federal and other state governments are also considering measures to regulate and reduce greenhouse gas emissions. Any of these regulations, if and when implemented, may regulate the greenhouse gas emissions produced by or associated with our LNG production plants, our CNG and LNG fueling stations, our existing RNG production facilities (which we expect to sell on or before March 31, 2017, as describe under "Business - Products, Services and Other Business Activities - RNG Production and sales" above) or the CNG, LNG and RNG we sell, and could require us to obtain emissions credits or invest in costly emissions prevention technology. We cannot estimate the potential costs associated with compliance with potential federal, state or local regulation of greenhouse gas emissions and these unknown costs are not contemplated by our existing customer agreements or our budgets and cost estimates. If any of these regulations are implemented, any associated compliance costs that we are not able to pass through to our customers may have a negative impact on our financial performance, reduce our margins, impair our ability to fulfill customer contracts and reduce our cash available for other aspects of our business, including operating costs, investments and debt repayments. Further, these regulations and any increased customer costs may discourage consumers from adopting natural gas as a vehicle fuel.

We are subject to risks associated with station construction and similar activities, including difficulties identifying suitable station locations, zoning and permitting issues, local resistance, cost overruns, delays and other contingencies.

In connection with our station construction operations, we may not be able to identify suitable locations for the stations we or our customers seek to build. Even if preferred sites can be located, we may also encounter land use or zoning difficulties, challenges obtaining and retaining required permits or approvals or other local resistance that prohibit us or our customers from building new stations on these sites or limit or restrict the use of new or existing stations. Any such difficulties, resistance or limitations or any failure to comply with local permit, land use or zoning requirements could restrict our station construction activity or expose us to fines, reputational damage or other liabilities, which would harm our business and results of operations. In addition, we act as the general contractor and construction manager for station construction and facility modification projects and typically rely on licensed subcontractors to perform the construction work. We may be liable for any damage we or our subcontractors cause, or for injuries suffered by our employees or our subcontractors’ employees, during the course of our projects. Shortages

of skilled subcontractor labor for our projects could significantly delay a project or otherwise increase our costs. Our profit on our projects is based in part on assumptions about the cost of the projects and cost overruns, delays or other execution issues may, in the case of projects that we complete and sell to customers, result in our failure to achieve our expected margins or cover our costs, and in the case of projects that we build and own, result in our failure to achieve an acceptable rate of return.

Clean Energy Compression's manufacturing operations could subject us to significant costs and other risks, including product liability claims.

Our subsidiary, Clean Energy Compression, designs, manufactures, sells and services non-lubricated natural gas fueling compressors and related equipment used in CNG stations. The equipment Clean Energy Compression produces and sells may fail to perform, as expected, or according to legal or contractual specifications. Additionally, Clean Energy Compression may incur

significant and unexpected costs during or after the manufacture of its products, including costs incurred to repair product malfunctions. The scope and likelihood of these risks may increase if Clean Energy Compression makes efforts to expand its services to new geographic and other markets. Further, the success of our compressor business is dependent upon the success of the natural gas vehicle fuels market generally, and is thus subject to many of the other risks described in these risk factors. The occurrence of any of these risks may reduce sales of Clean Energy Compression's products and services and revenue to us from this business, damage our customer relationships and reputation, delay the launch of new Clean Energy Compression products and services, force product recalls and/or result in product liability claims.

The global scope of Clean Energy Compression's operations exposes us to additional risks and uncertainties.

Clean Energy Compression, which has operations in Canada, China, Colombia, Bangladesh and Peru, manufactures its natural gas compression equipment primarily in Canada and sells this equipment globally. The global scope of these operations exposes us to a number of risks and uncertainties that can arise from international trade transactions, local business practices and cultural considerations, including, among others:

- Failure to comply with the United States Foreign Corrupt Practices Act and other applicable anti-bribery laws;
- Political unrest, terrorism, war, natural disasters and economic and financial instability;
- Low prices for locally produced oil, gasoline or diesel;
- Changes in environmental and other regulatory requirements;
- Uncertainty related to developing legal and regulatory systems and standards for economic and business activities, real property ownership and application of contract rights;
- Trade restrictions and import-export regulations, including uncertainty in the current political climate regarding existing and proposed trade agreements and the ability to import goods into the United States;
- Difficulties enforcing agreements and collecting receivables;
- Difficulties complying with the laws and regulations of multiple jurisdictions;
- Difficulties ensuring that health, safety, environmental and other working conditions are properly implemented and/or maintained by local offices;
- Differing employment practices and/or labor issues, including wage inflation, labor unrest and unionization policies;
- Limited intellectual property protection;
- Longer payment cycles by international customers;
- Inadequate local infrastructure and disruptions of service from utilities or telecommunications providers, including electricity shortages;
- Difficulties forecasting demand and sales trends in foreign markets;
- Risks associated with currency exchange and convertibility, including vulnerability to appreciation and depreciation of foreign currencies against the U.S. dollar;
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- Uncertain repatriation of earnings as a result of economic, monetary and regulatory factors in some countries that affect our ability to convert funds to U.S. dollars or move funds from accounts in these countries; and
- Potentially adverse tax consequences.

These risks and uncertainties could limit our operations, increase our costs or expose us to fines or other legal sanctions or damages, any of which would negatively impact our business and financial condition.

Our RNG business may not be successful.

As of the date of this report we own RNG production facilities located in Canton, Michigan and North Shelby, Tennessee. We have also sought to expand our RNG business by pursuing additional RNG production projects, either on our own or with project partners, including two new projects in development in Oklahoma and Georgia.

The RNG production business is subject to a number of risks, including risks related to developing and operating the projects and generating a financial return. Generally, projects that produce pipeline-quality RNG have often failed due to a variety of factors, including, among others, the volatile prices of conventional natural gas, technological difficulties associated with operating the production facilities, high costs of operating the production facilities and inabilities to obtain adequate financing to fund these costs; a general lack of government programs and regulations that support these activities, unpredictable RNG production levels , limited availability or unfavorable composition of collected landfill gas, failures to obtain and renew necessary permits, landfill mismanagement and plant shutdowns caused by upgrades, expansion or required maintenance. Additionally, we have experienced difficulties producing the expected volumes of RNG at our RNG plants in the past, due to, among other factors, problems with key equipment, severe weather, landfill conditions and construction delays. These difficulties may continue or worsen in the future at our plants or at the production facilities of third-party producers from which we purchase RNG.

In February 2017, we entered into an agreement to sell the assets related to our RNG production business, including our two existing RNG production facilities and our interest in the two new RNG production facilities in development. Following the completion of this sale and assuming that it occurs when and as planned, which we expect will be on or before March 31, 2017, we will continue to sell RNG for use as vehicle fuel.

In addition to RNG production, the success of our RNG business also depends on our ability to enter into RNG supply agreements with third parties and to either sell RNG at substantial premiums to conventional natural gas prices or to sell, at favorable prices, credits we may generate under federal or state laws, rules and regulations, including RINs and LCFS Credits. If we are not successful at one or more of these activities, our RNG business could fail and our performance and financial condition could be materially harmed.

Although we expect to continue to generate RINs and LCFS Credits from our continued sales of RNG for use as vehicle fuel, we expect the amount of revenue we generate from such credits will decrease if our existing RNG production assets are sold as planned, which could adversely affect our results of operations, particularly in the near term. Further, the market for RINs and LCFS Credits is volatile, and the prices for these credits are subject to significant fluctuations. We have entered into futures contracts for the sale of fixed amounts of RINs over specified periods and at fixed prices, which we expect to sell in connection with the sale of our RNG production assets. These futures contracts subject us to risks based on fluctuations in the prevailing market price for RINs, since we could be forced to purchase RINs in the open market if we are not able to produce sufficient RINs through our operations to satisfy our obligations under these futures contracts. Additionally, the value of RINs and LCFS Credits may be adversely affected by any changes to federal and state programs under which these credits are generated and sold. For example, CARB recently raised the carbon intensity rating of the RNG we sell in California, which reduced the amount of LCFS Credits we generate and may adversely affect our RNG business and our financial results. Additionally, in the absence of federal and state programs that support premium prices for RNG or that allow us to generate and sell LCFS Credits and RINs or other credits, or if our customers are not otherwise willing to pay a premium for RNG, we may be unable to operate our RNG business profitably or at all.

Our warranty reserves may not adequately cover our warranty obligations, which could result in unexpected costs.

We provide product warranties with varying terms and durations for natural gas compressors and stations we build and sell to customers, and we establish reserves for the estimated liability associated with these product warranties. Our warranty reserves are based on historical trends as well as our understanding of specifically identified warranty issues, and the amounts estimated for these reserves could differ materially from the warranty costs that may actually be realized. We would be adversely affected by an increase in the rate of warranty claims or the amounts involved

with warranty claim or by the occurrence of unexpected warranty claims, any of which could increase our costs beyond our established reserves and cause our cash position and financial condition to suffer.

Increased global IT security threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks, products, solutions and services.

Increased global IT security threats and more sophisticated and targeted computer crime pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. Depending on their nature and scope, such threats could potentially lead to the compromise of confidential information, improper use of our systems and networks, manipulation and destruction of data and operational disruptions.

We have significant contracts with government entities that are subject to unique risks.

We have, and will continue to seek, long-term CNG, LNG and RNG station construction, maintenance and fuel sales contracts with various government bodies, which accounted for approximately 18%, 18% and 16% of our annual revenue in 2014, 2015 and 2016, respectively. In addition to normal business risks, including the other risks discussed in these risk factors, our contracts with government entities are often subject to unique risks, some of which are beyond our control. Long-term government contracts and related orders are subject to cancellation if adequate appropriations for subsequent performance periods are not made. The termination of funding for a government program supporting any of our government contracts could result in a loss of anticipated future revenue attributable to that contract, which could have a negative impact on our operations. The current political climate, including uncertainties following the recent U.S. presidential election, may increase these risks.

In addition, government entities with which we contract are often able to modify, curtail or terminate contracts with us at their convenience and without prior notice and would only be required to pay for work completed and commitments made at the time of termination. Modification, curtailment or termination of significant government contracts could have a material adverse effect on our results of operations and financial condition. Further, government contracts are frequently awarded only after competitive bidding processes, which are often protracted. In many cases, unsuccessful bidders for government contracts are provided the opportunity to formally protest certain contract awards through various agencies or other administrative and judicial channels. The protest process may substantially delay a successful bidder’s contract performance, result in cancellation of the contract award entirely and distract management. As a result, we may not be awarded contracts for which we bid and substantial delays or cancellation of contracts may follow any successful bids as a result of these protests.

Our operations entail inherent safety and environmental risks that may result in substantial liability to us.

Our operations entail inherent risks, including equipment defects, malfunctions, failures, and misuses, which could result in uncontrollable flows of natural gas, fires, explosions and other damage. For example, operation of LNG pumps requires special training because of the extremely low temperatures of LNG. Also, LNG tanker trailers and CNG fuel tanks and trailers, if involved in accidents or improper maintenance or installation, may rupture and result in explosions, fires and other damage, including death or serious injury. Further, refueling of natural gas vehicles or operation of natural gas vehicle fueling stations could result in venting of methane gas, which is a potent greenhouse gas, and such methane emissions are regulated by some state regulatory agencies and may in the future be regulated by the EPA and/or by additional state regulators. These safety and environmental risks may expose us to liability for personal injury, wrongful death, property damage, pollution and other environmental damage. We may incur substantial liability and costs if damages are not covered by insurance or are in excess of policy limits or if environmental damage causes us to violate applicable greenhouse gas emissions or other environmental laws. Moreover, any of these occurrences could harm our reputation, our business and adoption levels of natural gas generally.

Natural gas purchase commitments may exceed demand, causing our costs to increase.

We are a party to two long-term natural gas purchase agreements that have a take-or-pay commitment, and we may enter into additional similar contracts in the future. Take-or-pay commitments require us to pay for the natural gas that we have agreed to purchase irrespective of whether we can sell the gas. If the market for natural gas as a vehicle fuel declines or fails to develop as we anticipate, if we lose significant natural gas vehicle fueling customers, or if demand under any existing or any future sales contract does not maintain its volume levels or grow, these commitments may exceed our natural gas demand, which could cause our operating and supply costs to increase without a corresponding increase in revenue and our margins and performance may be negatively impacted.

We provide financing to fleet customers for natural gas vehicles, which exposes our business to credit risks.

We lend to certain qualifying customers a portion and occasionally up to 100% of the purchase price of natural gas vehicles they agree to purchase. Risks associated with these financing activities include, among others, that: the equipment financed consists mostly of vehicles, which are mobile and easily damaged, lost or stolen; and the borrower may default on payments, enter bankruptcy proceedings and/or liquidate. As of December 31, 2016, we had $9.1 million outstanding in loans provided to customers to finance natural gas vehicle purchases.

Our business is subject to a variety of government regulations that may restrict our operations and result in costs and penalties.

We are subject to a variety of federal, state and local laws and regulations relating to the environment, health and safety, labor and employment, building codes and construction, zoning and land use, foreign business practices, public reporting and taxation, among others. Additionally, we are subject to changing and complex regulations related to the government procurement process and any political activities or lobbying relating to natural gas or greenhouse gas emissions regulations in which we may engage. It is difficult and costly to manage the requirements of every authority having jurisdiction over our various activities and to comply with their varying standards. These laws and regulations are complex, change frequently and in many cases have become

more stringent over time. Any changes to existing regulations or adoption of new regulations may result in significant additional expense to us and our customers. Further, from time to time, as part of the regular evaluation of our operations, including newly acquired or developing operations, we may be subject to compliance audits by regulatory authorities, which may distract management from our operations and involve significant costs and use of other resources. Also, in connection with our operations, we often need facility permits or licenses to address, among other things, storm water or wastewater discharges, waste handling and air emissions, which may subject us to onerous or costly permitting conditions or delays if permits cannot be timely obtained.

Our failure to comply with any applicable laws and regulations may result in a variety of administrative, civil and criminal enforcement measures, including assessment of monetary penalties, imposition of corrective requirements, or prohibition from providing services to government entities.

We may from time to time pursue acquisitions, divestitures, investments or other strategic relationships or transactions, which could fail to meet expectations and harm our business.

We may acquire or invest in other companies or businesses or pursue other strategic transactions or relationships. Acquisitions, investments and other strategic transactions and relationships involve numerous risks, any of which could harm our business, including, among others:

- Difficulties integrating the technologies, operations, contracts, personnel and service providers of an acquired company or partner;
- Diversion of financial and management resources from existing operations or alternative acquisition, investment or other opportunities;
- Failure to realize the anticipated benefits or synergies of a transaction or relationship;
- Failure to identify all of the problems, liabilities, shortcomings or challenges of a company or technology we may partner with, invest in or acquire, including issues related to intellectual property rights, regulatory compliance practices, revenue recognition or other accounting practices or employee, customer or vendor relationships;
- Risks of entering new customer or geographic markets in which we may have limited or no experience;
- Potential loss of an acquired company's, business' or partners' key employees, customers and vendors in the event of an acquisition or investment, or potential loss of our assets, employees or customers in the event of a divestiture or other similar strategic transaction;
- Inability to generate sufficient revenue to offset costs related to an acquisition, investment or other strategic transaction;
- Additional costs or incurrence of debt or equity dilution associated with funding an acquisition, investment or other relationship; and
- Possible write-offs or impairment charges relating to the businesses we partner with, invest in or acquire.

We depend on key people to generate our strategies and operate our business, and our business could be harmed if we are unable to retain our key people.

We believe that our future success is dependent upon the contributions of our executive officers and directors and certain other key managerial, sales, technical and finance personnel. All of our executive officers and other United States employees may terminate their employment relationships with us at any time. Additionally, our directors may resign at any time or fail to be re-elected by our stockholders on an annual basis. In many cases, these individual’s knowledge of our business and experience in our industry would be extremely difficult to replace. Additionally,

qualified individuals are in high demand, and we may incur significant costs to attract and retain our key people. If we are unable to retain our executive officers and key directors and employees, or if such individuals leave our Company and we are unable to attract and successfully integrate quality replacements in a timely manner, our business, operating results and financial condition could be harmed.

Our quarterly results of operations fluctuate significantly and are difficult to predict.

Our quarterly results of operations, which are disclosed under “Quarterly Results of Operations” in Item 8. Financial Statements and Supplementary Data of this report, have historically experienced significant fluctuations and may continue to fluctuate significantly as a result of a variety of factors, including the amount and timing of compressor and other equipment sales, station construction sales, sales of RINs and LCFS Credits and recognition of government credits, fluctuations in commodity

costs, natural gas prices and sale activity, and our billing, collections and liability payments, as well as the other factors described in these risk factors.

As a result of the significant fluctuations of our operating results in prior periods, period-to-period comparisons of our operating results may not be meaningful and investors in our common stock should not rely on the results of any one quarter as an indicator of future performance. For example, in the four quarterly periods in 2016, our results were positively affected by gains related to repurchases of our outstanding convertible debt, and such gains may not recur regularly, in the same amounts or at all in future periods. Additionally, if our quarterly results of operations fall below the expectations of securities analysts or investors, the price of our common stock could decline substantially.

Risks Related to Our Common Stock

Sales of shares could cause the market price of our stock to drop significantly, regardless of the state of our business.

As of December 31, 2016, there were 145,538,063 shares of our common stock outstanding, 11,467,796 shares underlying outstanding options, 2,072,304 shares underlying restricted stock units and 16,573,799 shares underlying outstanding convertible notes. All outstanding shares of our common stock are eligible for sale in the public market, subject in certain cases to the requirements of Rule 144 of the Securities Act. Also, shares issued upon exercise or conversion of outstanding options and convertible notes are eligible for sale in the public market to the extent permitted by the provisions of the applicable option and convertible note agreements and Rule 144, or if such shares have been registered under the Securities Act. If these shares are sold, or if it is perceived that they may be sold, in the public market, the trading price of our common stock could decline.

As of December 31, 2016, 12,969,485 shares of our common stock held by our co-founder and board member T. Boone Pickens were pledged as security for loans made to Mr. Pickens. We are not a party to these loans. If the price of our common stock declines, Mr. Pickens may be forced to provide additional collateral for the loans or to sell shares of our common stock in order to remain within the margin limitations imposed under the terms of the loans. Any sales of our common stock following a margin call that is not satisfied or any other large sales of our common stock by our officers and directors, such as Mr. Pickens' sale of 3,000,000 shares of our common stock in December 2016, may cause the price of our common stock to decline.

A significant portion of our stock is beneficially owned by a single stockholder whose interests may differ from yours and who is able to exert significant influence over our corporate decisions, including a change of control.

As of December 31, 2016, our co-founder and board member T. Boone Pickens beneficially owned approximately 11.84% of our outstanding common stock (including 12,969,485 outstanding shares of common stock, 725,000 shares underlying options and 4,113,923 shares underlying convertible promissory notes). As a result, Mr. Pickens is able to influence or control matters requiring approval by our stockholders, including the election of directors and mergers, acquisitions or other extraordinary transactions. Mr. Pickens may have interests that differ from yours and may vote in ways with which you disagree and that may be adverse to your interests. This concentration of ownership may also have the effect of delaying, preventing or deterring a change of control of our Company, which could deprive our stockholders of an opportunity to receive a premium for their stock as part of a sale of our Company and affect the market price of our common stock. Conversely, this concentration may facilitate a change of control at a time when you and other investors may prefer not to sell.

The price of our common stock may fluctuate significantly, and you could lose all or part of your investment.

The market price of our common stock has experienced, and may continue to experience, significant volatility. Such volatility may be in response to factors that are beyond our control. In addition to the other factors discussed in these risk factors, factors that may cause volatility in our stock price include, among others:

- Volatility in the supply, demand, use and prices of crude oil, gasoline, diesel, natural gas and other alternative fuels, including renewable diesel, biodiesel, ethanol, electricity and hydrogen;
- The market's perception of a need for alternative vehicle fuels generally;
- The market's perception of the benefits of natural gas relative to gasoline and diesel and other alternative vehicle fuels, including with respect to factors such as cost savings, supply, environmental and safety benefits;

- Expected adoption of and growth in the market for natural gas as a vehicle fuel and our ability to capture a substantial share of and enhance our leadership position within this market, if and when it expands;

- Development, commercial availability and adoption of natural gas vehicles, including for heavy-duty trucks and medium and light duty applications, and the factors that may impact these events, such as estimated incremental costs, annual fuel usage and annual fuel cost savings for vehicles using natural gas instead of gasoline or diesel;

- Successful implementation of our business plans;

- Failure to meet or exceed financial estimates and projections of the investment community, due to fluctuations in our operating results or other factors;

- Increasing competition, as a significant number of established businesses, many of which have substantially greater financial, marketing and other resources than we have, have entered or are planning to enter the market for natural gas and other alternatives for use as vehicle fuels;

- Other competitive developments, including advances in conventional fuels and other alternative vehicle fuels and technologies, such as improvements in the efficiency, fuel economy or greenhouse gas emissions of engines for conventional and alternative vehicles;

- Changes to the availability or effect on our business of environmental, tax or other regulations, programs or incentives that promote natural gas as a vehicle fuel, including, among others, VETC and the programs under which we generate and sell LCFS Credits and RINs;

- Adoption of government policies favoring vehicle fuels other than natural gas, including gasoline and diesel fuel, or favoring alternative vehicles, including growing support for electric and hydrogen-powered vehicles;