California Electric Transportation Coalition

October 22, 2018

California Air Resources Board
1001 I St.
Sacramento, CA 95814

Re: **Proposed Fiscal Year 2018-19 Funding Plan for Clean Transportation Incentives for Low Carbon Transportation Investments and the Air Quality Improvement Program**

The California Electric Transportation Coalition (CalETC) appreciates the opportunity to comment on the California Air Resources Board (CARB) *Proposed Fiscal Year 2018-19 Funding Plan for Clean Transportation Incentives for Low Carbon Transportation Investments and the Air Quality Improvement Program* (Proposed Funding Plan).[1]

CalETC supports and advocates for the transition to a zero-emission transportation future as a means to spur economic growth, fuel diversity and energy independence, ensure clean air, and combat climate change. CalETC is a non-profit association committed to the successful introduction and large-scale deployment of all forms of electric transportation including plug-in electric vehicles of all weight classes, transit buses, port electrification, off-road electric vehicles and equipment, and rail. Our board of directors includes: Los Angeles Department of Water and Power, Pacific Gas and Electric, Sacramento Municipal Utility District, San Diego Gas and Electric, Southern California Edison, and the Southern California Public Power Authority. Our membership also includes major automakers, manufacturers of zero-emission trucks and buses, and other industry leaders supporting transportation electrification.

Although California is leading the nation in zero-emission vehicle (ZEV) adoption, our state still has a long way to go to reach the goals in the new Governor's Executive Order B-48-18: 5 million ZEVs on California roads by 2030 and specified levels of zero-emission vehicle infrastructure by 2025 to support the transition to these vehicles. In addition, the state must implement SB 1275 (De León) [Chapter 530, Statutes of 2014] and SB 1204 (Lara) [Chapter 524, Statutes of 2014], which set targets for the deployment of 1 million zero- and near-zero-emission vehicles by 2023, access to these vehicles by disadvantaged and low- and moderate-income communities, and deployment of zero- and near-zero-emission medium- and heavy-duty vehicle technologies.

CalETC supports CARB's efforts to increase the adoption of clean-transportation technologies. CARB's regulatory and funding actions have resulted in almost half of all ZEV sales in the U.S.

[1] Proposed Funding Plan available at: https://www.arb.ca.gov/msprog/aqip/fundplan/proposed_1819_funding_plan.pdf

occurring in California, despite California making up only ten percent of the U.S. market for vehicles. Although California is leading the nation in ZEV adoption, California must continue to support the zero-emission transportation market to meet the state's light-, medium-, and heavy-duty targets. Overall, CalETC supports the funding levels in the Proposed Funding Plan. If approved by the CARB Board, this Plan will help California reach its ZEV targets and meet its air-quality and climate-change mandates.

We support CARB staff's proposed light-duty and equity investments. The Clean Vehicle Rebate Project (CVRP) has been instrumental in accelerating the adoption of light-duty plug-in electric and hydrogen vehicles. Additionally, CARB's equity investments increase awareness and exposure to clean transportation and mobility options, help low-income and disadvantaged communities afford clean vehicles, install home chargers, and participate in clean vehicle ride sharing, car sharing, vanpooling, ride-hailing, and other clean transportation and mobility options across California.

Regarding the Zero- and Near Zero-Emission Freight Facilities (ZANZEFF) Project, we recommend that staff consider using this funding as an add on voucher for trucks. This would be a simple way to get additional clean trucks on the road, which aligns with the intent of ZANZEFF. We note that the increased emphasis on funding freight projects has resulted in a shift of funding that was previously available for general truck and bus pilots. Should CARB receive additional funding in the next budget cycle, we suggest revisiting pilots to accelerate the market and prove out technologies in these sectors that are not yet commercialized.

CalETC supports CARB staff's proposed Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) allocation, as this program has been critical to accelerating the market for medium- and heavy-duty clean vehicles. Specific to HVIP, we offer the following feedback:

- CalETC supports the amendment to allow for flexibility on voucher amounts to offset tariffs and other market impacts.
- However, we do not support the removal of the first three voucher plus-up option and suggest keeping this option in HVIP, or delaying removal of the option until the next funding cycle.[2]
- We suggest the funding levels for trucks and buses funded by HVIP provide for appropriate cost offsets. The funding tables were not adjusted for truck, transit bus, or school bus this year and we suggest bus and truck funding levels be based on GVWR and on the same baseline costs, as exists for school buses. We also support including all buses in the same category as articulated buses for HVIP funding.[3]

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[2] The added bonus on the first three vehicles is particularly important in the truck space, where fleets are currently behind transit agencies. Rather than removing the plus-up, as an alternative we suggest doubling the bonus for the first three vehicles to see if that moves the needle. As a compromise, this could only apply to a customer's first order up to three. If a customer only orders two trucks, they would get the double bonus on those, but when they buy their third in a year, they would not qualify for a bonus.

[3] Additional specific feedback on HVIP funding amounts:

We have and will continue to support the state's investment in low-carbon transportation. While we are pleased that these important projects will be funded in FY 2018-19, CalETC will continue to work with the larger Low Carbon Transportation Coalition to advocate for the level of funding necessary to support a self-sustaining market for ZEVs, especially in the medium-, heavy-, and off-road sectors.

Funding certainty is essential to incentivize customers and support industries' investments in zero-emission transportation. Year-to-year investment does not accurately reflect the commitment of this Administration nor Legislature to a low-carbon transportation future. A continuous allocation for low-carbon transportation, particularly for zero-emission transportation is preferred; at the very least, a three- to five-year allocation is needed. Private investment will follow clear, consistent public commitment and investment. CARB's three-year heavy-duty strategy is a step in the right direction to ensure certainty for customers, fleets, manufacturers, and others supporting the clean-transportation market. However, the update to this strategy in the Proposed Funding Plan recognizes, as CalETC does, that there is not enough funding to address CARB's key areas of interest in the medium-, heavy-, and off-road sectors.

CalETC thanks CARB staff for their commitment to involve stakeholders throughout the development of the Proposed Funding Plan. CalETC and all members of the Low Carbon Transportation Coalition participated in the numerous workgroup meetings in 2018, and provided extensive input on staff's proposed allocations and modifications for the low-carbon transportation programs.

- We recommend changes to the smaller vehicle funding amounts including the 30- to 39-foot HVIP bus category, 14,000-16,000 school bus, and 14,000-19,500 truck. These buses are more typically used by smaller agencies, for medical and school buses designed for disabled passengers, and trucks that tend to be higher volumes in regional delivery, which need additional support to transition to zero-emission technologies. Given the greater level of need, we recommend raising the per-vehicle incentive to at least $125,000 per vehicle.
- We recommend double-decker and coach bus funding be on par with articulated buses. Double-decker and coach buses have 3 axles, and carry many more passengers than smaller buses.
- Regarding school buses, we suggest Type A and C school buses funding amounts be increased in parallel with Type D, as Type D school buses have a larger cost offset. Smaller school buses have advantages including reduced road wear and Type A are usually used for persons with disabilities, so those students should have equal opportunity to benefit from zero-emission buses.
- We also support expanding the break-down of vehicle types or increasing the baseline voucher amount. For example, private shuttle buses, vocational vehicles, and specialty vehicles do not fit into the current breakdown of truck, school bus, and transit bus. Small-volume vehicles need incentives similar to that of school buses in order to justify the non-recurring, engineering costs that come with electrifying these vehicles. New electric vehicle types including bookmobiles and medical outreach both expand access to traditionally stationary assets like libraries or medical clinics, yet the funding level does not account for the increase costs associated with smaller volume products.
- For classes 4 through 6, incremental costs are less than half offset by current voucher amounts, whereas for class 7 there is a much higher incremental voucher amount. We recommend that staff adjust funding levels to ensure all applications have greater support in transitioning to ZEVs.

Thank you for your consideration. Please do not hesitate to contact Eileen Wenger Tutt or Hannah Goldsmith at (916) 551-1943, or eileen@caletc.com or hannah@caletc.com should you have any questions.

Sincerely,

Eileen Wenger Tutt, Executive Director
California Electric Transportation Coalition