



DATE: October 19, 2015
TO: California Air Resources Board
FROM: Ryan Schuchard, Policy Director, CALSTART
RE: Comments on 2030 Draft Mobile Source Strategy

**Clean Transportation
Technologies and Solutions**

www.calstart.org

Board of Directors

Mr. John Boesel
CALSTART

Mr. Michael Britt
United Parcel Service

Mr. Jack Broadbent
Bay Area Air Quality
Management District

Ms. Caroline Choi
Southern California Edison

Ms. Donna DeMartino
San Joaquin Valley Regional
Transit District

Mr. Frank De Rosa
SunEdison

Ms. Karen Hamberg
Westport Innovations

Mr. Brian Olson
QUANTUM Technologies
World Wide Inc.

Mr. Puon Penn
Wells Fargo Bank

Dr. Jeffrey Reed
Southern California Gas
Company

Mr. Pasquale Romano
ChargePoint

Mr. Dipender Saluja
Capricorn Investment Group

Mr. Chris Stoddart
New Flyer Industries Limited

Mr. George Survant
Time Warner Cable

Mr. Stephen Trichka
BAE Systems

CALSTART appreciates the opportunity to provide comments on the California Air Resources Board's (CARB) 2030 draft Mobile Source Strategy.¹ Following are comments which the board may wish to consider as it develops further plans. Several comments made here were also summarized orally during the workshop on October 16.

1. General Approach

CALSTART believes that general approach proposed in the draft Mobile Source Strategy ("strategy") is sound. We applaud CARB's continued leadership in developing policies that meet essential climate, health, and development objectives, while encouraging business investment that improves California's economic vitality.

In particular, we support the continued general effort to combine technology-forcing fleet average standards for new vehicles, cleaner-burning fuels, durability requirements and inspection programs to ensure clean in-use performance, sales requirements for advanced technologies, pilot programs to demonstrate technologies, and incentive programs to accelerate technology deployment.

We also are appreciative that the strategy represents a diversified approach with all "three legs of the stool" for sustainability of mobile sources: (1) increased technology efficiency; (2) reduced GHG/pollutant intensity of fuels, and (3) reduced vehicle miles traveled (or alternatively, increased system efficiency).

As CARB moves ahead to consider tradeoffs among specific activities, we propose that it considers prioritizing initiatives that advance the following key principles:

1. Maximize increased quantities of clean, low-carbon fuels, infrastructure vehicles, while bringing average costs down for the whole market;
2. Make targeted investments in overlapping product development cycles, in particular by encouraging demonstration projects to be connected to a wider arc of market study and commercialization activities;
3. Use performance-based incentives that give higher rewards for higher positive impacts;
4. Streamline permitting and certification processes in order reduce barriers to technology innovation and speed of introduction, noting that CARB needs industry to engage in aggressive, steady innovation to reduce carbon over next

¹ California Air Resources Board (October 2015). Draft Mobile Source Strategy: Discussion Draft. Available at http://www.arb.ca.gov/planning/sip/2016sip/2016mobsrc_dd.pdf



- 35 years and current regulatory structure not suited to rapid innovation (Innovative Technology Regulation) is a good example of this); and
5. Build a sense of stability and consistency in order to encourage long-term, substantial investments of business capital.

In order to make the strategy successful, the private sector will need to make major investments. Fortunately, hundreds of companies already view this strategy as an area of opportunity. However, in order to generate substantial additional levels of investments, companies need to broadly perceive consistency and continuity among legislative and agency initiatives overall, especially in the face of low oil prices.

However, the current delay being experienced with allocations of 2015-16 GGRF funding is creating mixed messages that are causing some companies to express concern about whether or not there will be long term support. Therefore, we encourage CARB to consider ways to add enhancement of stability and consistency of incentive funding as a core component of the strategy.

2. Measures for On-Road (LDV and HDV)

Autonomous Vehicles. The discussion document references autonomous vehicles briefly. We agree that this technology demonstrate promise for increased efficiencies, but it also creates significant potential to increase VMT, both in consumer and commercial fleet sectors. Study on this topic should be added to the strategy.

Intelligent Logistics. It is widely understood that strategies for increasing system efficiency, such as platooning, show good promise for reducing GHG and pollution and reducing petroleum use. However, there remains a lack of good data on how this is working in practice, the size of the opportunity, and what activities should be incentivized. We would like to see California be a leader in research and planning on systems for freight and vehicle efficiency, and therefore suggest integrating this into the strategy.

Fleet Leadership. We believe that more can be done to accelerate investments by fleets, especially in the heavy duty sector, by more formally recognizing steps they are taking and encouraging them to take additional actions. Sustainable fleet accreditation systems exist that aim to create a so-called “race to the top,” which and could be adopted or adapted.² We suggested adding this to the strategy.

3. Measure for Fuel

Importance of Fuels. It is vital to ramp up decarbonization of fuels, particularly in the HD/goods movement space, as vehicle efficiency improvement opportunities will become increasingly limited by 2035. We are generally supportive of additional measures in the fuels category (whereas there is currently only one outlined).

² For example, NAFA and CALSTART have developed a Sustainable Fleet Accreditation program assesses fleet actions on energy, emissions and efficiency. More information is available at visit: <http://www.nafa.org/about-nafa/nafa-sustainable-fleet/>



Renewable Diesel. The requirement for 50% low emissions diesel for HDV by 2030 as proposed is important. We support this measure and in particular strongly favor the technology neutral aspect. We would also like to see this extended to gasoline and the LDV sector.

Investment Vehicles. In the stationary power sector, over 40 large companies have made voluntary commitments to being powered by 100% renewable energy, which is being done with long term voluntary PPAs (at least a half dozen doing 10-20 year PPAs of over 100 MW that is additional to RPS requirements.) We believe that it is worth considering lessons from this sector and using them to develop new measures for fuel that strengthen investment confidence and increase the attractiveness of long-term, collaborative financing across fuels as a broad category.

(end)