



November 13, 2015
Via email

Re: DRAFT Cap-and-Trade Auction Proceeds, Second Investment Plan: Fiscal Years 2016-17 through 2018-19

The California Electric Transportation Coalition (CalEETC) is pleased to provide comments on the Cap-and-Trade Auction Proceeds, Draft Second Investment Plan.

CalEETC is a non-profit association promoting economic growth, clean air, fuel diversity and energy independence, and combating climate change through the use of electric transportation. CalEETC is committed to the successful introduction and large-scale deployment of all forms of electric transportation including plug-in electric vehicles, 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, and Southern California Edison. Our membership also includes major automakers, manufacturers of zero-emission trucks and buses, and other industry leaders supporting transportation electrification.

We submit the following comments on the Draft Second Investment Plan for your consideration:

Low Carbon Transportation

CalEETC has continuously supported the state's investment in Low Carbon Transportation and the appropriation of greenhouse gas reduction funds for Low Carbon Transportation. These investments in light-, medium-, and heavy-duty technologies as well as in equity programs will be even more important in the next three years given the state's very ambitious transportation goals.

- **Light Duty**

California has been very successful in launching the market for zero- and near-zero emission vehicles. California is nearing 50% of the total plug-in electric vehicle market in the U.S., despite being only 10% of the U.S. car market. This is in large part due to the state's continuing support of consumer incentives, which have been shown to be critical to consumers' decisions to purchase plug-in electric vehicles. These incentives—paired with the billions of dollars being invested by automakers and truck, bus, and equipment providers in zero- and near zero-emission vehicle technologies; utility investments in infrastructure; and other private-sector investments supporting transportation electrification—are key to continued growth in the market.

Even with California's success, the state is only just approaching 5% of new vehicle sales as plug-in electric vehicles and these vehicles still make up less than 1% of the existing vehicle fleet in California. In order to reach the goals adopted by the ARB, Governor, and Legislature (see [ARB's Mobile Source Strategy](#), [Governor Brown's Executive Order B-16-2012](#), [Governor Brown's 2013 ZEV](#)

[Action Plan](#), [Governor Brown's Draft 2015 ZEV Action Plan](#), and [SB 1275 \(De León\)](#). California still has a long way to go. Continuing consumer incentives is essential.

Cap-and-Trade auction proceeds will continue to be needed and the effectiveness of light-duty incentives could be improved with a point-of-sale rebate, e.g., a sales-tax exemption provided at the point of vehicle purchase. Point-of-sale rebates have been demonstrated to motivate consumers to an even greater degree, relative to an incentive provided after the vehicle has been purchased. CARB staff is developing a three-year plan for the light-duty vehicle incentive programs and we believe it will be critical to maintain incentives for light-duty vehicles until such time as there is robust demand for this new technology and the value proposition for consumers is at least equal to the cost of the vehicles.

We are supportive of the Plan's recognition, on pages 29-34, that current investments in Low Carbon Transportation are not sufficient to successfully decarbonize the transportation sector. As identified in the Gaps and Needs Assessment on page 32 of the Plan, rebate programs for zero-emission and plug-in hybrid vehicles are consistently oversubscribed. We agree that additional financial support is needed, and that structural changes could be made to target incentives where they are most necessary to meet the state's goals (e.g., a sales-tax exemption provided at the point of vehicle purchase). We look forward to engaging further on these potential "structural changes," and believe any changes should expand, not restrict, existing programs to promote adoption of ZEV technology among a broader range of consumers, as well as within small business fleets.

- **People and Goods Movement**

California is poised to transform the people- and goods-movement sectors as well, shifting these sectors to zero- and near-zero emission technologies. As outlined in the Plan, there is a continuing need for investment in order to meet California's goals to transform the state's freight and transit systems (see [ARB's Sustainable Freight Discussion Draft](#), [CalSTA's and Caltrans' California Freight Mobility Plan](#), [Governor Brown's 2013 ZEV Action Plan](#), [Governor Brown's Draft 2015 ZEV Action Plan](#), [Governor Brown's Executive Order B-32-15](#), and [SB 1204 \(Lara\)](#)). CalETC supports the Plan's investment concepts as relating to people and goods movement, detailed on pages 32-33. Specifically, we support:

- Investments to accelerate the adoption of clean transit buses, as well as the expansion of clean public transit, such as investments allocated through the Hybrid and Zero Emission Truck and Bus Voucher Incentive Project.
- Investments in demonstrations, pilot projects, and deployment of zero and near-zero emission heavy-duty trucks, freight and non-freight equipment (e.g., forklifts, agricultural equipment, yard trucks, locomotives, ships, and other harbor craft), and airport equipment.
- Investments to support demonstration and implementation of passenger- and freight-efficiency measures to reduce the carbon footprint while increasing capacity and competitiveness (e.g., connected vehicles, information technology, collaborative logistics, etc.).

However, as there is a specific need for clean school buses, we encourage the Plan to explicitly include zero- and near-zero emission school buses as a funding priority.

Transitioning the goods and people movement sectors to zero-emission technologies will be a tremendous challenge. It will require substantial public funding and leveraging the commitment of the industries, including utilities, bus and truck manufactures and others, that are supportive of transportation electrification.

- **Disadvantaged Communities**

We support the overarching theme of climate action in disadvantaged communities and we believe that Low Carbon Transportation investments are one of the best ways to ultimately provide climate and air quality benefits for these communities. We are hopeful that the proposed focus on integrated projects will not increase complexity, rule out compelling projects, or undermine program effectiveness.

The programs developed in the Low Carbon Transportation effort to specifically target disadvantaged communities were developed with substantial input from community representatives and should not see any funding cuts. As stated on page 34, many GHG-emission reduction strategies for transportation uniquely address the needs, as well as the serious local air pollution issues, of disadvantaged communities across the state. The Plan also recognizes that half of the Low Carbon Transportation and the Affordable Housing and Sustainable Communities investments are targeted to benefit disadvantaged communities. We encourage the Department of Finance, CARB, and other state agencies to keep the programs intended to accelerate the market for transportation-electrification technologies as simple and streamlined as possible at this very early stage of the market, so that we will continue to see the benefits of these programs in disadvantaged communities and across the state.

Transportation and Energy Co-Benefits

Transportation electrification directly links the electricity grid to the transportation system. There are many co-benefits that can be realized as a result of this grid and vehicle linkage. For example, consumer-facing programs that encourage charging at certain times or freight hubs that have storage capacity could help better integrate renewable resources into the grid and enhance grid reliability, efficiency, and affordability. We encourage the Plan to explicitly recognize the potential co-benefits transportation electrification brings to the electricity grid.

Beyond 2020

CalETC is pleased to see language recognizing the importance of zero and near-zero emission systems in the long term. We support the draft Plan's forward-looking approach. It is imperative that the state continues support for successful existing programs, while also focusing beyond 2020.

Thank you for your consideration and we look forward to working with the multi-agency workgroup and other stakeholders as the Second Investment Plan process continues.

Regards,

A handwritten signature in blue ink, appearing to read "EWTutt".

Eileen Wenger Tutt, Executive Director
California Electric Transportation Coalition