

HTUF: A CALSTART national program partnership to speed the commercialization of hybrid and more efficient medium- and heavy-duty vehicles.

> 48 S. Chester Ave. Pasadena, CA 91106

www.calstart.org

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Participating Fleets and Manufacturers: (partial list)

Alabama Power Allison Transmission American Electric Power Anheuser Busch Arvin Meritor Autocar Azure Dynamics Baltimore Gas & Electric BoschRexroth California Dept. of Trans. City of Chicago City of Houston City of Fayetteville City of Renton City of Seattle Coca Cola Duke Energy Eaton Corporation Enova Systems Entergy Exelon FedEx Express FedEx Ground Florida Power & Light Freightliner Freightliner Čustom Chassis FritoLay Georgia Power Hydro Quebec International Truck & Engine **ISE** Corporation King County Kenworth Trucks Los Angeles County Mack Trucks Manitoba Hydro Missouri Dept. of Trans. Odyne Corporation Paccar, Inc. Pacific Gas & Electric Pepco Pepsico Peterbilt Trucks PermoDrive Pierce County **Purolator Courier** Southern California Edison Snohomish County Texas Utilities United Parcel Service Volvo Trucks Waste Management Workhorse Custom Chassis

April 22, 2009

Mary Nichols, Chair California Air Resources Board 1001 I Street Sacramento, CA 95814

RE: Comments on the AB 118 Air Quality Improvement Program's Hybrid Truck and Bus Voucher Incentive Project (HVIP)

Dear Chairman Nichols,

CALSTART and HTUF (Hybrid Truck Users Forum) strongly support the Hybrid Truck and Bus Voucher Incentive Project (HVIP) outlined in the Proposed AB 118 Air Quality Improvement Program Funding Plan for FY 2009-2010. We commend the Air Resources Board staff for their work in developing this innovative plan to accelerate the development and deployment of hybrid trucks and buses throughout California. The approach that staff has taken in crafting a simple and streamlined voucher program is visionary and should serve as a model for other clean transportation technology commercialization efforts, both in California and around the country. It is important to keep this program simple and streamlined in order to maximize its effectiveness.

Hybrid trucks and buses are a valuable, next generation technology. Hybrids provide significant greenhouse gas and criteria emission reductions, and can also help to reduce the State's petroleum use. This important technological tool is on the cusp of widespread deployment. However, growing demand for hybrid trucks has been hampered by high prices caused by low production volumes. High prices continue to keep hybrid trucks out of reach for struggling fleet owners, with incremental costs for hybrid trucks currently as high as 50% or more. Our national HTUF program and its user and manufacturer Working Groups have identified this issue as a major barrier to commercialization.

The HVIP program directly addresses this barrier. The voucher approach, which provides a buy-down right at the point of purchase, directly matches the needs of fleet operators and manufacturers to facilitate and accelerate hybrid truck purchases. This approach is consistent with the HTUF recommendations and will be far more valuable than a tax credit or other indirect buy-down mechanism. This voucher program will jumpstart the commercialization of hybrid technologies, accelerating deployment and the benefits that full





commercialization will bring. With these targeted vouchers, ideally over the next three to five years, we believe hybrid technology will be fully sustaining as a commercial product and no longer need incentives.

We would like to stress the need to keep this program simple, as outlined in the staff proposal. A simple and straightforward program will be fast, efficient, and easy to understand. We believe this program should have a statewide focus, with the option to add regional enhancements as desired. We do not recommend further complicating the program by adding geographical or other restrictions beyond those contained in the staff recommendations.

California's innovative policy will not only speed the early introduction of hybrids and help the state meet its 2020 greenhouse gas reduction goals, but it will help jumpstart a national technology with tremendous carbon, criteria emission and petroleum reduction benefits together with green job and economic growth value. We believe the HVIP can and should serve as a national model. CALSTART and HTUF are working to make this vision a reality. We are currently in discussions with other states and federal policymakers on this issue, and are pointing to the HVIP as a model that should be copied.

CALSTART and HTUF thank the ARB for the opportunity for provide input throughout this process, and for the outstanding and innovative staff work that went into developing this program.

Sincerely,

Senior Vice President, CALSTART HTUF Program Executive

