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Comments of the California Center for Sustainable Energy regarding the Public Workshop on the Development of the Cap-and-Trade Auction Proceeds Investment Plan

The California Center for Sustainable Energy (CCSE) would like to thank the California Air Resources Board (CARB) for the opportunity to provide these public comments regarding the development of the Cap-and-Trade Auction Proceeds Investment Plan and for its past and continued support in establishing a clean energy future for California.

CCSE in partnership with the California Clean Cab Partnership encourages CARB to consider investing in a statewide incentive, education and outreach program to accelerate the deployment of alternative and clean vehicles within California's taxi fleet. Not only would such an effort reduce greenhouse gas and criteria air pollution but we believe targeting a vertical transportation sector in this manner would provide a blueprint for other fleet sectors including livery vehicles and shuttles for hire. Clean cabs are an important first step due to the high vehicle miles driven each year, the emerging success of hybrid cabs in San Francisco and the co-benefits of fueling savings, low income green workforce development and the opportunity for urban regions in the state to deploy highly visible examples of clean vehicle technologies.

Clean Cab Background:

Throughout California there are more than 9,000 taxis in operation[1] and currently less than 25% of these are clean vehicles (hybrid and compressed natural gas); the majority of the state's taxi fleet is comprised of low fuel economy Ford Crown Victorias[2]. The average taxi in California drives in excess of 75,000 miles/year—equivalent to six to eight passenger vehicles—but does more city driving and substantially more idling.

Early success from San Francisco's clean cab efforts highlights the benefit of clean cab adoption. San Francisco has been able to convert over 95% of its taxi fleet and there are now more than 1,400 hybrid and alternative fuel cabs in operation. The greening of their taxi fleet reduced carbon emissions by 35,000 tons per year — the single largest reduction accomplished by the city and greater than all other activities undertaken combined. Building off the lessons learned through the success in San Francisco, CCSE designed and implemented a technology-neutral, metrics-based alternative fuel and clean vehicle program targeting ground transportation providers at the San Diego International Airport. As a result of this program, clean cabs serving the San Diego Airport increased from 0% to 30% in just 10 months. The funding for this pilot ended in August, 2012.

As a result of the successes in San Diego and San Francisco, key stakeholder from around the state including taxi dealers, taxicab regulators and municipal environmental officials came together to form the California

[1] Source: California Clean Cab Partnership, Nov. 2012 analysis
[2] Ibid.

Clean Cab Partnership in October, 2012 with the explicit goals of coordinating funding statewide, sharing lessons learned and raising awareness of the need for and benefit of continued clean cab deployment. In San Diego as is the case in the majority of cities across the state, despite this need, there is a lack of funding and resources to incentivize continued adoption of clean cabs.

Statewide Clean Cab Proposal

CCSE and the California Clean Cab Partnership propose a coordinated public/private statewide clean cab incentive program to accelerate adoption. Fuel savings from hybrids make a compelling economic case for taxi owners and drivers. Providing incentive funding at the level of $1,500 per vehicle combined with access to low interest financing, maintenance, and discounts from regional taxi dealers will accelerate adoption more quickly. The goal is to encourage taxi owners not to wait until the end of their 2008-2010 Crown Victoria's useful life to purchase a lower carbon vehicle. Incentive funding will also compensate for vehicle disposition.

The table below includes components of the proposed program design.

Program Element	Description
Incentive Amount	$1,500-$2,000 per vehicle
Vehicle Disposition Fee	$500 per vehicle
Vehicle Eligibility	Global Warming Score of 9 or higher (driveclean.ca.gov), this includes high fuel economy gas, hybrids, EV, CNG or Propane vehicles.
Program Administrator	Independent third party would administer incentive funding on-line from central statewide clean cab website/database.
Outreach and Education	Includes identification of local dealers and private match/regional incentives (extended maintenance hours, discounted dealer maintenance packages, dealer vehicle discounts). As well as outreach to major vehicle OEMs (Toyota, Ford, Honda etc.) to secure low cost financing.

Proposed Budget:

- **Proposed three-year budget of $7.8M, 90% allocated towards vehicle incentives and disposition and 10% reserved for administration, outreach and education**
- Three year program would seek to convert an additional 3,500 taxis throughout the state bringing Clean Cab total to 65-70% statewide.

Potential Environmental and Economic Benefits:[3]

Clean Cab Adoption Target	Est. Annual MT CO2 Reductions	Est. Annual Fuel Savings $	% Statewide Clean Cab Adoption
Statewide as of Nov. 2012 2,300+ vehicles	66,100	$24,259,095	~25%
Each additional 1,000 clean taxis	28,703	$10,411,629	
100% Statewide Clean Cab Adoption	172,215	$ 62,469,773	100%

[3] * *Source: California Clean Cab Partnership estimate November, 2012*

In addition to the economic and environmental benefits, there are several co- benefits such as:

- Cab Drivers are independent operators generally earning less than $30,000 annually. This program helps small businesses and provides benefits to low income communities
- Value of social norms – cab/passenger interaction can help change associations with transportation behavior and behavior around sustainability, cab drivers can share information about fuel savings
- DMV Vehicle disposition included – state could provide disposition at cost to save funds
- California Clean Cab Partnership builds infrastructure, regional partners and OEM relationships that could be later leveraged to extend to livery programs (town car replacements) and other light duty vehicle fleets as well as future advanced vehicle technologies (EV taxis, fuel cell taxis etc.)

CCSE is encouraged by the diverse participation both regionally and from public/private sectors in the California Clean Cab partnership over just a few short months of implementation. On behalf of the Partnership, we look forward to continued conversations with CARB about the best way to support our goals of developing a technology neutral, public/private statewide effort that will deliver critical emissions reductions, increase confidence in the viability of clean and alternative fuel vehicles and provide targeted and sustained outreach efforts across multiple stakeholder groups.

We thank you for this opportunity to engage with CARB on these initiatives and are happy to provide any additional information as needed.

Sincerely,

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