

Richard Corey
 Executive Officer
 California Air Resources Board
 Sacramento, California

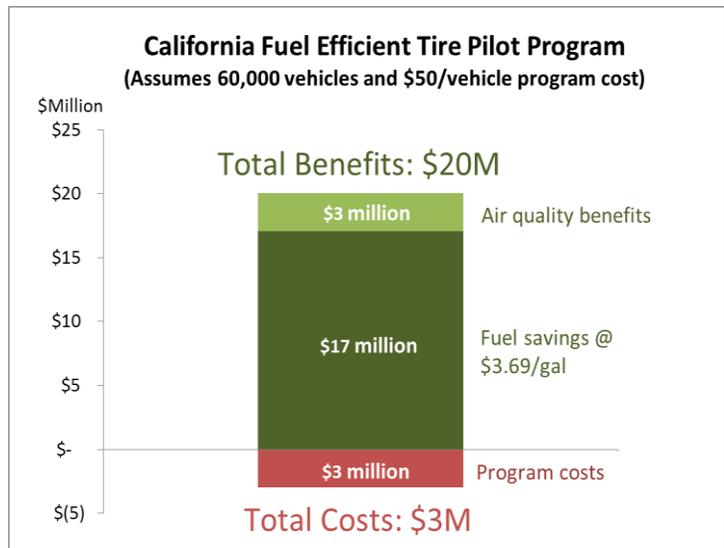
Subject: Proposed FY 2014-15 Funding Plan for AQIP/Low Carbon Transportation and Fuel Efficient Tires Incentives

Dear Mr. Corey:

Thank you for the opportunity to provide comments on the proposed FY 2014-15 Funding Plan for the Air Quality Improvement Program and Low Carbon Transportation Greenhouse Gas Reduction Fund Investments (FY 2014-15 Funding Plan). Energy Solutions would like to recommend that the California Air Resources Board (CARB) add language authorizing “Fuel Efficient Passenger Vehicle Replacement Tires Incentives” to the disadvantaged communities section of the proposed FY 2014-15 Funding Plan.

This investment would enable the implementation of a fuel efficient tire incentive program as highlighted in CARB’s May 2014 AB32 Scoping Plan Update and as recommended in our 2013 and April 2014 comment letters on the Update. The Update states that “commercially available technologies, such as fuel efficient passenger vehicle tires, can be utilized by both new and in-use vehicles in the near-term to achieve GHG emission reductions. Deployment of fuel efficient vehicle tires for in-use vehicles could include limited incentives, followed by ratings and then standard setting to permanently shift the market.” A broad statewide program could save customers approximately \$900 million annually while avoiding 2.7 million metric tons of greenhouse gases per year annually as noted by the CEC. These reductions would equal 12% of the Scoping Plan Update long-term transportation-related emission reduction goals.¹

This opportunity is also well suited for a project focused on disadvantaged communities. As described in the Energy Solutions “Passenger Vehicle Replacement Tire Efficiency Study” (October 2013) funded by the South Coast Air Quality Management District, a fuel efficient tire technology incentive program can achieve benefits that exceed costs by a factor of six or greater. For instance, a \$3 million pilot would achieve net benefits of about \$20 million as shown in the figure on the right. In terms of disadvantaged communities, a replacement tire customer could save about \$1000 from the use of fuel efficient passenger vehicle replacement tires over the vehicle lifetime (based on typical savings of \$80 per year).



¹ Table 5 of the “First Update to the Climate Change Scoping Plan” (May 2014) lists Transportation-related targets at 23 MMTCO₂e.

In addition to achieving immediate air quality and economic benefits in disadvantaged communities and facilitating broader efforts, the fuel efficient tire technology incentive program would also engage California businesses. We found strong retailer support for a potential incentive program during the market research component of our study for the South Coast Air Quality Management District.

Based on the benefits that fuel efficient passenger vehicle replacement tire incentives would provide to California's disadvantaged communities and the public at large, we would like to recommend adding the following language to the disadvantaged communities section of the proposed FY 2014-15 Funding Plan:

Fuel Efficient Passenger Vehicle Replacement Tires

Proposed Allocation: Up to \$3 million total including other potential federal/state/local funding

As noted in CARB's Scoping Plan Update, an incentive program would encourage deployment of commercially available fuel efficient passenger vehicle replacement tires for in-use vehicles. The California Energy Commission estimates that the use of fuel efficient replacement tires could save approximately \$900 million in fuel costs while avoiding 2.7 million metric tons of greenhouse gas emissions each year. Fuel efficient replacement tires can save \$1000 over the lifetime of a single vehicle based on recent research funded by the South Coast Air Quality Management District.

Staff recommends FY 2014-15 funding for a fuel efficient passenger vehicle replacement tires incentive program to overcome barriers, such as higher upfront costs and lack of consumer education on the benefits of fuel efficient tires, particularly in disadvantaged communities. Staff will evaluate opportunities to leverage EU tire labels to designate fuel efficient tires, and will also evaluate opportunities to leverage additional sources of potential funding to achieve broader benefits.

We appreciate your consideration of our comments. Please feel free to contact me or have your staff contact me at epike@energy-solution.com or (510) 482-4420 x239.

Sincerely,



Ed Pike, P.E.
Senior Project Manager
Energy Solutions