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December 16, 2016

California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812

**Re: Draft Comments in Response to the 2030 Target Scoping Plan Update
Discussion Draft**

Dear Chairwoman Nichols and Members of the California Air Resources Board:

Thank you for this opportunity to comment on the updates to the 2030 Target Scoping Plan Discussion Draft (“Discussion Draft”). BYD strongly supports the latest updates to the Scoping Plan. The passage of SB 32 and AB 197 represent significant victories in California’s campaign against climate change and this proceeding ensures that the momentum from those gains will not be lost.

BYD is an international manufacturer of zero emission light-duty and heavy-duty vehicles. BYD deliberately located its North American headquarters in Los Angeles and its manufacturing facilities in Lancaster because California is the global leader in advancing a policy agenda that squarely tackles climate change and the dangers it poses for our future. BYD understands the challenges of decarbonizing the transportation sector and stands ready to do its part to support the trailblazing efforts outlined in the Concept Paper. With that in mind, BYD respectfully submits the following comments:

Extension of Cap and Trade Beyond 2020

From the outset BYD would like to reiterate its strong support of the Cap-and-Trade program. We have all seen the Greenhouse Gas Reduction Fund’s (GGRF) ability to catalyze California’s green economy and infrastructure, leading to the deployment of ever-greater numbers of electric vehicles and other clean technologies. This funding source will be critical to ensuring that California meets its emissions reductions goals on time and should be preserved, whether through reauthorization legislation or administrative action.

In the alternative, BYD would support the Carbon Tax outlined in Alternative 2 should a Cap-and-Trade reauthorization prove unfeasible. While this path would fail to guarantee the same level of GHG reductions, a Carbon Tax would continue to

apply some economic pressure to reduce emissions while still maintaining a source of funding for advanced clean technologies.

Known Commitments

BYD would like to highlight its support for several of the known commitments outlined in the Discussion Draft. It should be noted that each of these elements is critical to achieving the 2030 emissions reductions goals, regardless of the model scenario outlined in the Discussion Draft.

Low Carbon Energy

BYD is pleased to see a strong emphasis on decarbonizing the electrical grid. The use of distributed generation and energy storage will be critical to reducing emissions from the grid. BYD supports the loading order adopted by several California agencies. With respect to conventional energy generation, BYD urges ARB to encourage the use of renewable natural gas (RNG) for electricity generation. Given the very limited supply of RNG in California, it is important to utilize that resource in the most effective and efficient way possible. Generating electricity from RNG and using that energy to power EVs is more effective at reducing GHG emissions than using the RNG to power a vehicle, as electric drive trains achieve significantly greater energy conversion efficiencies than RNG internal combustion engines.

Increase in LCFS

The **Low Carbon Fuel Standard (LCFS)** is a powerful tool in the state's effort to reduce the amount of carbon found in the fuels powering vehicles across the state. LCFS also serves as a critical incentive for fleets that transition to low-carbon fuels, especially for those that use electricity as fuel. However, LCFS is under pressure from producers of conventional fuels. BYD urges the board to stand in strong support of the LCFS program and is in support of even more ambitious carbon intensity reduction goals.

Mobile Source Strategy

BYD supports the **Federal Medium and Heavy Duty GHG Phase Two** goal. It represents a great opportunity to promote intergovernmental collaboration as part of the effort to reduce harmful GHG emissions. BYD has expressed its support of the Federal EPA's more protective exhaust emission standards for on road heavy-duty trucks and engines.

The **Advanced Clean Transit (ACT)** rulemaking is an especially crucial element in achieving the state's GHG reduction goals. Heavy-duty transit buses emit a significant portion of the state's GHGs. The ACT rule will cut off this source of emissions by ensuring that, by 2030, each new bus purchase will be a zero-emission

bus. As demonstrated by the recent Zero Emission Truck and Bus Pilot Commercial Deployment solicitation, there is significant demand for zero-emission transit buses. The solicitation drew more than \$290 million in requested funds for approximately \$83 million in funding—an oversubscription ratio of over 3:1. It should be noted that much of this demand was driven by the ARB's discussion document on the proposed ACT rule. It's also important to note that implementation of this rule will not just reduce GHGs—it will provide substantial health benefits to the disadvantaged populations that make up a significant portion of transit riders in the state, as they will no longer have to breathe noxious fumes and particulate matter emitted from bus tailpipes. The future of battery electric bus manufacturing is bright (and predominately based in California) and the industry will easily be able to meet the transformative goals of the ACT rule.

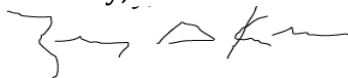
BYD also wishes to express its support for the nascent **Advanced Clean Trucks** (formerly known as the Last Mile Delivery) rulemaking. The rise of e-commerce and its associated logistical infrastructure will likely see a related rise in GHG emissions. The Advanced Clean Trucks proceeding recognizes this issue and works to get ahead of it. BYD applauds this strategic move. For its part, BYD is currently working with private entities like UPS and port operators to transition their fleets to zero-emission vehicles. BYD supports an aggressive implementation plan for the Advanced Clean Trucks rule.

Draft California Sustainable Freight Action Plan

Battery electric freight vehicles are rapidly developing and will soon be fully commercialized in California. BYD strongly backs the goal of deploying over 100,000 freight vehicles capable of zero emission operation. As a manufacturer of battery electric trucks with significant deployments abroad (and deliveries scheduled for the beginning of 2017 in California), BYD is confident that the zero-emission heavy-duty industry will be able to help the state meet its goals. BYD currently offers five models of zero-emission trucks in the U.S. market. These include various models of Class 5, 6, and 8 trucks that can be used for urban delivery and goods movement, bringing sustainability to freight transportations systems.

BYD thanks the ARB Board Members and staff for their efforts in developing this plan as well as for the opportunity to provide comments. We look forward to the opportunity to discuss these concepts with you in more detail soon. For questions or more information, please contact myself, Zach Kahn (zach.kahn@byd.com) or Mark Weideman (mark@weidemangroup.com).

Sincerely,



Zach Kahn
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BYD America