April 10, 2017

California Air Resources Board
1001 I St.
Sacramento, CA 95814

Re: *The 2017 Climate Change Scoping Plan Update: The Proposed Strategy for Achieving California's 2030 Greenhouse Gas Target*

The California Electric Transportation Coalition (CalETC) appreciates the opportunity to comment on *The 2017 Climate Change Scoping Plan Update: The Proposed Strategy for Achieving California's 2030 Greenhouse Gas Target* ("*Scoping Plan Update*"), released by the California Air Resources Board on January 20, 2017.

CalETC 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. CalETC is committed to the successful introduction and large-scale deployment of all forms of electric transportation including plug-in electric vehicles of all weight classes, 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, Southern California Edison, and the Southern California Public Power Authority. Our membership also includes major automakers, manufacturers of zero-emission trucks and buses, and other industry leaders supporting transportation electrification.

We respectfully submit the following comments:

Preference for the Proposed Scoping Plan Scenario

CalETC prefers the Proposed Scoping Plan Scenario detailed in the *Scoping Plan Update*. The current model of complementary policies in addition to the Cap-and-Trade Program and the Low Carbon Fuel Standard (LCFS) is working well, balancing both the need for traditional regulation and the economic benefits of market-based regulations.

New research performed by the consulting firm ICF and commissioned by a group of business organizations, non-profits, and alternative-fuel trade associations, including CalETC, shows that a combination of the LCFS and the Cap-and-Trade Program can reduce the state's GHG emissions and reduce dependence on oil more economically and effectively, relative to Cap-and-Trade alone.[1] Strengthening the LCFS from its current 10% carbon reduction goal to a 20% reduction goal by 2030 would cut Cap-and-Trade allowance prices in the 2030 timeframe by 50%. Because the LCFS directly reduces

[1] ICF, Post-2020 Carbon Constraints: Modeling LCFS and Cap-and-Trade, February 2017. Available online at http://www.caletc.com/new-report-cap-and-trade-cuts-ghg-emissions-more-economically-with-a-strong-lcfs/.

GHG emissions from the transportation sector, it lessens pressure on the overall emissions cap, and ensures other sectors participating in the program are not obligated to reduce more than their fair share of emissions. This helps lower Cap-and-Trade Program allowance prices, which in turn lowers the cost burden economy-wide.

Of the concepts presented, CalETC believes the Proposed Scoping Plan Scenario, with a continued and reliable commitment to public investment in incentive programs, is preferable relative to the other alternatives presented in the *Scoping Plan Update*.

Low Carbon Transportation Funding and Complementary Measures

In relation to accelerating the market share of zero-emission vehicles across all sectors, we are pleased to see the importance of reliable incentive programs and complementary measures, such as significant infrastructure investment and education and outreach, highlighted in the *Scoping Plan Update*. Supporters of low-carbon transportation have had to fight for an allocation of the California Climate Investments (CCI) every year because the low-carbon transportation programs do not have a continuous allocation of CCI funds.

The funding uncertainty for these programs affects their viability and creates doubt in the market. At the end of 2016, plug-in electric vehicles (PEVs) represented only slightly more than 3% of the new vehicle market in California and less than 1% in the U.S.[2] We support the recognition in the *Scoping Plan Update* of the need for reliable investments to overcome these challenges in the light-, medium-, and heavy-duty sectors.

However, the Scoping Plan should also propose clear and certain funding sources to provide a clear market signal to consumers considering these new, unfamiliar zero-emission-vehicle technologies, and those investing in transportation electrification. Consumers respond to incentives and private investment will follow clear, consistent public commitment and investment.

Utilities and Automotive Industries are Making Substantial Contributions

CalETC supports the recognition of the significant emission-reduction contributions made by utilities in support of California's emission-reduction goals. California utilities have implemented the most progressive programs in the nation, contributing to emission reductions from energy efficiency, renewable electricity, and transportation electrification. With the passage of SB 350, utilities' obligations increase significantly and the utility role in transportation electrification expands. Both the investor-owned and publicly-owned utilities are advancing transportation electrification through infrastructure, education and outreach, and other programs, and they will need to continue to invest to reach the state's targets.

[2] See, e.g., Cobb, Jeff, California Celebrates One-Quarter Million Plug-in Cars Sold, November 14, 2016. Available online at http://www.hybridcars.com/california-celebrates-one-quarter-million-plug-in-cars-sold/. See also Cobb, Jeff, America's Plug-in Car Sales Were Their Best Ever in 2016, January 11, 2017. Available online at http://www.hybridcars.com/americas-plug-in-car-sales-were-their-best-ever-in-2016/.

CalETC encourages the Scoping Plan to recognize the commitment of vehicle manufacturers to meet California's emission-reduction goals. Light-, medium-, and heavy-duty vehicle manufacturers have invested and continue to invest billions of dollars in zero-emission vehicle technologies that are critical to meeting California's climate-change and air-quality goals. The Zero-Emission Vehicle Program, light-duty fleet emissions standards, Sustainable Freight Action Plan, and other programs in the Mobile Source Strategy like Advanced Clean Transit will be challenging in the coming years. These programs will require increasing collaboration between the utility and automotive industries, substantial support from both industries, and reliable public investment.

Utility Role in Transportation Electrification

As stated in the *Scoping Plan Update*, the transition to zero-emission technologies across all transportation sectors will be key to achieving the state's 2030 and 2050 greenhouse-gas emission reduction goals. We believe that the role of both investor-owned and public utilities concerning California's transportation-electrification goals should be addressed in more detail in the *Scoping Plan Update*.

Utilities share the state's commitment to transportation electrification and can play an essential role, including: investing in infrastructure; educating consumers, like those consumers that are utility customers; purchasing electric vehicles for their fleets; keeping the grid safe, reliable, efficient and affordable as we make the transition to electricity in the transportation fuels sector; and collecting valuable data. Experience has demonstrated that when utilities are engaged with the regulators and their customers, the market success of transportation electrification is increasingly likely.

Appendix E, Economic Analysis Considerations

CalETC encourages the Air Resources Board to include the benefits of reduced petroleum dependence and the grid benefits of transportation electrification in the Appendix E, the economic analysis, as described below.

We encourage the Air Resources Board to incorporate the benefits of petroleum displacement—which also results in GHG emission and criteria pollutant reductions—in Appendix E of the *Scoping Plan Update*. Currently, avoided social damages from climate change and additional potential savings from reductions in air pollution and petroleum dependence are not included in the economic analysis. Paul Leiby at the Oak Ridge National Laboratory (ORNL) estimated the energy-security benefits of reduced US oil imports. The research focuses on two components of energy-security benefits: monopsony and macroeconomic disruption or adjustment costs. The benefit of displacing imported oil is reported with a midpoint of nearly $14 per barrel of oil (in 2004 dollars).[3]

We also encourage the Air Resources Board to consider the quantitative and/or qualitative grid benefits of transportation electrification in Appendix E of the *Scoping Plan Update*. Increasing the use of electricity for transportation provides net benefits for both society and utility ratepayers. These grid benefits of plug-

[3] Leiby, P., Estimating the Energy Security Benefits of Reduced U.S. Oil Imports, Oak Ridge National Laboratory, ORNL/TM-2007/028, 2007. Available online at: http://www.epa.gov/otaq/renewablefuels/ornl-tm-2007-028.pdf.

in electric vehicles were examined in the *California Transportation Electrification Assessment: Phase 2 Grid Impacts Report* published by ICF International and E3 in October 2014,[4] and in the *California Transportation Electrification Assessment: Phase 3-Part A: Commercial and Non-Road Grid Impacts Report* published by ICF International and E3 in January 2016.[5]

Thank you for your consideration. Please do not hesitate to contact us should you have any questions.

Sincerely,

Eileen Wenger Tutt, Executive Director
California Electric Transportation Coalition

[4] ICF and E3, Transportation Electrification Assessment, Phase 2 Grid Impacts, October 2014. Available online at http://www.caletc.com/wp-content/uploads/2014/10/CalETC_TEA_Phase_2_Final_10-23-14.pdf.

[5] ICF and E3, Transportation Electrification Assessment, Phase 3-Part A: Commercial and Non-Road Grid Impacts, January 2016. Available online at http://www.caletc.com/wp-content/uploads/2016/08/California-Transportation-Electrification-Assessment-Phase-3-Part-A-1.pdf.