

May 17, 2021

California Air Resources Board

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*Via Electronic Submittal*

**SUBJECT: COMMENTS ON PROPOSED DRAFT RULEMAKING FOR THE CLEAN MILES AND INCENTIVE PROGRAM**

The California Chamber of Commerce (CalChamber) and TechNet are pleased to present our comments before the California Air Resources Board’s (CARB) on the proposed Clean Miles Standard (CMS) pursuant to SB 1014 (Skinner, 2017), upon which CARB is set to vote on May 20. These comments supplement our previous comments made during the various workshops on the CMS. CalChamber is the largest broad-based business organization, representing over 14,000 members and employers in the State of California. TechNet is the national, bi-partisan network of technology CEOs and Executives that promote the growth of the innovation economy in California and across the United States. Our collective members share an interest in ensuring cost-effective implementation of regulations that ensure a proper balance of protecting the environment while encouraging economic growth and technological feasibility.

As indicated in our opening comments on the proposed draft, the CMS would impose the highest requirements of zero emission fleets, well in advance of private sectors. CARB should consider how this rulemaking interacts with roll outs of infrastructure and other much needed road improvements prior to implementation to ensure a smooth introduction of zero emission vehicles (ZEVs) in a manner that does not disrupt transportation options for Californians.

**Regulatory Off-ramps or Modifications to Targets Should be Included**

The CMS regulation should be amended to include regulatory flexibility for circumstances which would inhibit or make compliance with the identified targets impossible. We believe this is aligned with the intent and the express language of SB 1014 (Skinner, 2018), which stated the CMS regulatory process should account for “unanticipated barriers” that may hinder TNCs’ ability to expand the use of ZEVs and meet the annual compliance targets for both GHGs and eVMT. Further, the legislation included a biennial review of available data related to those unanticipated barriers. In light of the variety of potential barriers that could arise and can affect TNCs’ ability to comply with the regulation, we urge CARB to include explicit regulatory flexibility in the CMS regulation, including excused non-compliance, review and adjustment of annual compliance targets, or both. Greater clarity will only serve to advance and strengthen the CMS regulatory goals.

**The Credit Options Available to TNCs Should Be Expanded**

The credit options in the revised CMS regulation remain inadequate. Optional credits should apply to both greenhouse gas (GHG) emissions targets and eVehicle Miles Traveled (VMT) targets. Focusing solely on the GHG target does not adequately account for the significance of meeting eVMT targets, which are a majority of compliance with GHG targets. Transportation Network Companies (TNCs) will need flexibility to meet the goals of this target while not doing harm to current and future drivers. Further, incorporating credits aimed at increasing eVMTs supports all the goals of the statute and furthers several major policy goals of the State. In particular, the regulation should consider the 2030 horizon and begin with an expansive approach to credit options that allow for the widest and most effective deployment of tools for compliance. We strongly encourage CARB to look at alternative models that expand the optional credits in the regulation and to apply such credits to the eVMT targets in addition to the GHG targets.

**Credits for Investments in Charging Infrastructure and ZEV/BEV adoption and Clarification**

Charging downtime, as a result of “charging deserts” and a general lack of EV infrastructure for low-income and rural Californians, are consistently cited as a key hurdle to vehicle electrification. Analysis and assessments conducted by the [CEC](https://efiling.energy.ca.gov/getdocument.aspx?tn=236237), [NESCAUM](https://www.nescaum.org/documents/ride-hailing-electrification_white-paper_120220.pdf), and [RMI](https://rmi.org/wp-content/uploads/dlm_uploads/2021/01/RMI_Insight_Brief_Accelerating_EV_Transition.pdf) indicate that current EV infrastructure networks lack coverage in areas where TNC drivers live and work and that efforts to support drivers’ EVI needs can increase charging access for lower income communities. Similarly, the ownership economics of ZEVs and battery electric vehicles remain the primary barrier to adoption and utilization for drivers using TNC apps (e.g. [UC Davis](https://escholarship.org/content/qt1203t5fj/qt1203t5fj.pdf), [UC Davis ITS](https://escholarship.org/content/qt9zx112v2/qt9zx112v2_noSplash_6d4550f2968fed62de5bfb79f5bd6747.pdf?t=qaixwi), [ICCT](https://theicct.org/sites/default/files/publications/Electric_shared_mobility_20190108.pdf)). The CMS regulation can help overcome some of these challenges, which disproportionately affect low-income and moderate-income drivers. For these reasons, we advocate for CARB to adopt credits to incentivize TNCs’ investments in charging infrastructure and commercial relationships with vehicle supply providers who offer below market ZEV or BEV options to TNC drivers. Lastly, we believe further clarification on the Bikeway and Sidewalk Infrastructure Projects credit is needed to delineate whether the application of the credit can be taken annually and what type of investment is required. For example, if a TNC’s investment is rolling into some kind of public bond structure, such as a public-private partnership, community finance district, JPA, etc. (which probably has a logical application for such an investment), it is unclear whether TNCs will be able to benefit from public bond tax rates.

**Credits for TNCs’ Offerings Facilitating Transit or Micromobility Trips**

Consistent with CARB’s VMT reduction goals, optional credits should be provided to incentivize TNCs’ facilitation of transit and micromobility trips through their platforms. In certain geographic areas, and particularly dense urban centers, many of those trips booked through a TNCs’ application will replace a trip in a rideshare vehicle or a private vehicle, leading to important public benefits, including decreased congestion and reduced emissions.

We appreciate the opportunity to provide comments on these proposed Clean Miles Standard and Incentive Program regulations and urge you to consider the merits of our concerns. We look forward to working with you and your staff.

Sincerely, 



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California Chamber of Commerce TechNet