October 22, 2018

Chair Mary Nichols and Board Members
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Chair Nichols and the members of the California Air Resources Board (CARB),

On behalf of the following organizations, thank you for the opportunity to comment on CARB's proposed Funding Plan for Clean Transportation Incentives. California has created truly ambitious greenhouse gas reduction goals and climate equity policies. These policies, when fully implemented, will help reduce California's GHG emissions to 40% below 1990 levels by 2030 as well as bring much needed investment, equity and empowerment to our most environmentally-impacted and low-income communities.

However, California will not meet its climate or equity goals without transforming its transportation system. According to CARB's most recent emissions inventory, transportation is responsible for 41% of the state's GHG emissions.[1] Not only is transportation the largest contributor to GHG emissions, but it's also the only sector in which GHG emissions are growing. Furthermore, GHGs are only part of the problem: the transportation sector is also a leading contributor to criteria air pollutants, such as smog-forming pollutants, particulate matter and other toxic emissions. Much of the state's persistent air quality nonattainment status is directly due to pollution from cars, trucks and other forms of transportation.

The organizations below have participated in many of the CARB workshops, community forums, teleconferences and stakeholder meetings related to the programs under this Funding Plan. We appreciate many of our concerns and ideas being addressed through the planning process, the specific programs' relevant guidance documents and dialogues with CARB staff and Board Members. However, since the Funding Plan can outline policy and administrative priorities, practices and other factors that affect the implementation of clean transportation programs, we feel it is important to provide feedback here as well. Our comments are as follows:

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[1] Emissions are more than 50% when the upstream emissions associated with activities such as the production, processing and transport of the fuels, etc., are also included.

<u>General principles:</u>

1) **We agree with the position that AB 1550's (Gomez, 2016) requirements are minimum investment targets, and support CARB's efforts to exceed those minimums**: AB 1550 requires that, at minimum, a certain percentage of Greenhouse Gas Reduction Fund (GGRF) revenues be spent on projects ***within*** disadvantaged communities (DAC), as well as on projects ***within*** low-income communities both throughout the state and within half a mile of a DAC. While the language of AB 1550 permits CARB to exceed the investment targets, community advocates are rightly concerned that agencies may allocate the minimum amount of investments to merely comply with the law rather than truly transform communities. We are in strong agreement with CARB staff's position that AB 1550 only sets minimum targets, and CARB should strive to exceed these targets. As such, we urge CARB to ensure that at least 50% of clean transportation funds go to AB 1550 communities, as it has in the past.

2) **Clean transportation incentives should maximize co-benefits in addition to greenhouse gas reductions:** While all GGRF investments must result in GHG reductions, we strongly urge CARB to allocate clean transportation incentive funding in a way that maximizes multiple co-benefits. Specifically, as it relates to clean transportation, these incentives must also improve both air quality and public health as well as provide jobs and avoid harming communities. We are pleased the proposed Funding Plan includes references to the requirements of the GGRF Funding Guidelines and Investment Plan and urge CARB to prioritize clean transportation incentives that satisfy these requirements.

3) **Community outreach efforts should include multiple strategies, and implementing agencies should be prepared for intensive, hands-on work:** The proposed Clean Transportation Incentive Funding Plan indicates CARB's intention to increase community outreach for clean transportation programs. However, the success of agency outreach depends on CARB's and the implementing agencies' willingness and ability to directly engage Californians. Relying on people to attend meetings and seek information from state agencies websites is not effective outreach. Rather, the agencies need to engage with a variety of community organizations, as well as have a visible presence at events and community gatherings. Additionally, there are many strategies for engaging with the community. Successful efforts have included large, hosted events such as ride-and-drives and on-the-spot smog checks, online application tools, community meetings and forums, as well as traditional and social media.

4) **Clean transportation must work in conjunction with other efforts, including energy efficiency, charger deployment and AB 617:** Clean transportation incentives do not operate in a vacuum. As California's climate policies have both set more ambitious GHG reduction targets and focused on climate equity, the need to coordinate policies and programs has grown. As such, California's clean transportation incentives must work in conjunction with our other climate efforts. For example, energy efficiency and rooftop

solar programs should work together with clean transportation incentives. Additionally, deployment of both in-home and public electric vehicle charging infrastructure should be paired with clean transportation incentives. Much of this can be facilitated through the One Stop Shop. Additionally, given that much of California's air pollution problem is directly related to transportation emissions, clean transportation incentives, and innovative approaches to the use and distribution of incentives, must be part of AB 617 community emission reduction programs.

Light Duty Transportation:

Transforming the light duty vehicle fleet is key to meeting our GHG reduction and air quality goals. The fact is new cars are both more fuel efficient and have improved emissions control technology. The more fuel efficient a vehicle is, the less gasoline it uses and the fewer emissions (per mile) it will produce. Similarly, vehicles over 20 years old account for only for only 5% of all miles traveled yet are responsible for 44% of daily smog-forming emissions from motor vehicles. Additionally, the United States Federal Reserve found households are more likely to buy a new vehicle if they are white, married, have more education and have a higher income. This strongly suggests older, more polluting vehicles are concentrated within low-income communities and communities of color. These communities are also disproportionately burdened by poor air quality and pollution. It's imperative for California to both remove the barriers to electric vehicle adoption and provide Californians with clean, safe and convenient mobility alternatives such as agricultural vanpools, active transportation and public transit.

1) **Clean Vehicle Rebate Program (CVRP):** We support the proposed funding amounts for the CVRP program, as well as the increased rebate amounts for low income consumers. Additionally, in future years, we urge CARB to gradually raise the minimum all-electric range eligibility requirement for new plug-in hybrid electric vehicles, or to set a minimum battery capacity threshold for eligibility. By creating a policy preference for vehicles with longer ranges and more battery capacity, the state will be maximizing GHG reductions and other co-benefits, as well as incentivizing manufacturers to produce long-range vehicles. Similarly, CVRP should not include plug-in hybrids that shift into gasoline mode even when some electric capacity remains, because they can emit amounts of air pollutants that do not warrant a clean-vehicle subsidy.

1) **EFMP Plus-Up/Clean Cars 4 All/Financing Assistance for Lower-Income Customers:** Transportation equity programs help low-income Californians replace old, dirty vehicles with cleaner ones. These programs are vital in helping ensure that all Californians can participate in the efforts to transform our transportation system. We strongly recommend that existing and future transportation equity programs conduct the most effective and engaging outreach efforts for their specific communities. Additionally, we strongly recommend that transportation equity programs work in conjunction with other equity programs, such as CARB's upcoming Equity One-Stop-Shop. We also strongly recommend that CARB encourage partnerships and collaboration between Electrify America's ZEV investments and Transportation Equity administrators.

2) **Clean Mobility Options for Disadvantaged Communities:** We strongly support CARB staff's recommendation to include a wide array of mobility options in the proposed Funding Plan. We are particularly pleased with the inclusion of bike sharing, e-bikes and electric scooters. Providing carbon-free forms of active transportation to disadvantaged communities will not just provide GHG reductions and air quality benefits but will also help improve public health and the quality of life in disadvantaged communities.

3) **Clean Mobility in Schools:** We are supportive of efforts to provide cleaner transportation to schools. While the proposed Funding Plan rightly includes funding for school bus replacement, charging infrastructure and electric vehicle deployment, we urge CARB to also consider more active transportation options. This could include options like "walking school buses" and electric scooters. Additionally, we urge CARB to include transit options for students as well.

Heavy Duty Investments:

We support the ongoing funding for heavy-duty vehicles and equipment. Unfortunately, the reduction from $320 million last year, to $180 million, will make it hard to achieve the goals laid out in the Funding Plan. With the freight industry specifically, the emphasis on spending in disadvantaged communities, as directed by SB 1204 (Lara, 2014), is especially crucial.

The Funding Plan provides a list of important goals. Spending on Heavy Duty vehicles and equipment is often the most effective way to tackle many of these ambitious objectives. Meeting federal health-based ambient air quality standards for ozone across the state in 2023 & 2031 will require momentous change in the freight industry and a long-term commitment toward investing in this sector.

1) **Freight Equipment Advanced Demonstration and Pilot Commercial Deployment Project:** We commend the additional $55 million for Freight Equipment Advanced Demonstration and Pilot Commercial Deployment Project. Part of these funds will go toward pilot & demonstration projects. We believe that going forward, increased funding should be provided for these pilot projects. There is an urgent need to accelerate the development of clean technologies in the freight sector, especially when it comes to larger equipment, and Class 8 trucks.

   We ask the Board to require that at least 90% of these funds be spent in disadvantaged communities, consistent with last year's direction.

2) **Clean Truck and Bus Vouchers & Truck Loan Assistance Program:** The $125 million for Clean Truck and Bus Vouchers will spread necessary adoption. The diesel vehicles being replaced represent a disproportionately large share of California's pollution. The Three-Year Heavy-Duty investment strategy outlines what is required to meet the state's goals. The amounts for the current year are considerably lower than what is needed. According to that document, between $450 -$735 million is necessary for the freight industry alone in the next fiscal year.

We support staff's proposal to create a voucher enhancement for hybrid trucks that have an electric range of at least 35 miles, while reducing the voucher amount for trucks not meeting that standard, as a way to prioritize the cleanest vehicles and encourage manufacturers to continue to advance the technology.

Additionally, we support the proposal to preclude vouchers for vehicles with lead-acid batteries, which are not an advanced technology. We also support the $25 million for the Truck Loan Assistance Program. The predominant business model in the freight industry means independent owner-operators will have to bear a large portion of the increased costs of transitioning to cleaner vehicles. These assistance programs will help dissipate the cost, and not penalize independent truckers.

3) **Equity & AB 617:** Transformation of the freight industry is similarly crucial to achieving the goals of AB 617. The sector is responsible for a large share of the criteria pollutants impacting communities with high cumulative exposure. Many of the first ten selected communities identified by CARB for AB 617 implementation are burdened by their proximity to freight facilities or vehicles. Wilmington and West Oakland both border major seaports and were chosen for Emissions Reduction Programs. Muscoy, San Bernardino was selected due to its ongoing struggle with warehouses, trucks, and railyards that service the freight industry. Targeted spending in these areas is an opportunity to meet the state's equity targets, and the goals of AB 617.

   We believe that in future years, adhering to the higher quantities in the three-year investment plan will serve the state's long-term environmental, climate, and justice goals.

Sincerely,

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