



TO: California Air Resources Board
FROM: Ryan Schuchard, Policy Director
DATE: May 21, 2018
RE: California's Beneficiary Mitigation Plan (VW Appendix D)

Thank you for this opportunity to provide comments on the California Air Resources Board's (CARB) California Beneficiary Mitigation Plan, which outlines \$423 million in planned investments pursuant to Appendix D of the VW settlement.¹

We support the plan and commend CARB staff for undertaking a thorough public consultation that has incorporated input from diverse parties statewide including CALSTART.

We especially endorse the following elements of the plan:

1. Ensures that investments meet a conservative NOx mitigation threshold (10,000 tons) while focusing the remainder on transformations that will make the greatest long-term air quality and climate benefits;
2. Makes zero-emission (ZE) bus the largest single category of investment (\$130 million), recognizing that support for bus as a "beachhead" will propagate to other medium and heavy duty (MHD) vehicles, and that investments in ZE buses also provide support for transit operators who may soon need to comply with ZE purchase regulations;
3. Uses a first-come/first-served approach, rather than a solicitation-based approach, when possible, which is generally the most cost-effective way to disburse funds – and which we have seen naturally leads to investments that predominantly benefit disadvantaged communities in HVIP; and
4. Is comprised of a portfolio that is thoughtful and balanced across MHD sectors. It is sensible that the portfolio mix represents expected market demand for commercial incentives in the different technology areas today, and CARB has done a commendable job of managing competing priorities.

We hasten to add that while CARB's proposed Appendix D funding program is sound, the consent decree's scrap-and-replace requirement makes Appendix D funding suitable for a very limited set of vehicle turnover opportunities. Therefore, while the amount of Appendix D funds is meaningful, Appendix D is not a fungible resource to fund CARB's core vehicle incentive programs such as those outlined in the agency's investment plan for MHDVs.² Those programs require significant ongoing funding that is additional to Appendix D funds.

If you have any questions, please do not hesitate to contact me.

¹ CARB (April 20, 2018). Proposed Beneficiary Mitigation Plan For the Volkswagen Mitigation Trust. https://www.arb.ca.gov/msprog/vw_info/vsi/vw-mititrust/meetings/proposed_bmp.pdf

² CARB (November 9, 2017). Proposed Fiscal Year 2017-18 Funding Plan for Clean Transportation Incentives. https://www.arb.ca.gov/msprog/aqip/fundplan/proposed_1718_funding_plan_final.pdf

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