

May 21, 2018

Chair Mary Nichols
1001 "I" Street Sacramento, CA 95814
P.O. Box 2815 Sacramento, CA 95812

Dear Chair Nichols:

RE: California's Beneficiary Mitigation Plan

The Association of Global Automakers ("Global Automakers")¹ and our members are committed to improving air quality, reducing greenhouse gas emissions, and increasing fuel efficiency for all types of vehicles. Our members continue to invest in green technologies, including being the first to successfully launch hybrid electric vehicles 20 years ago and continuing with the roll-out of plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs). We are proud that the number of electric-drive vehicles, in a variety of options and price points, are increasing every year.

In the Beneficiary Mitigation Plan, released on April 20, 2018, the California Air Resources Board laid out its allocation of the approximately \$423 million settlement funds to be used for a variety of environmental improvement projects. Given California's unequalled commitment to building markets for electric-drive vehicles and the development of the necessary infrastructure (as evidenced in the Governor's recent Executive Order B-48-18), we found it curious that the Beneficiary Mitigation Plan allocates only 2% (or \$10 million) of the Appendix D funds to vehicle infrastructure, instead of the full 15% allocation (or \$63 million) allowed for infrastructure.

Infrastructure Allocation

Governor Brown signaled to the California Air Resources Board (CARB) the importance of developing a robust network of EV charging and hydrogen fueling stations when he signed Executive Order B-48-18. With this Order, he expressed the need for the state to continue its establishment of a strong foundation for electric-drive vehicles by expanding on this network to support increased sales of all electric-drive vehicles. Instead of aligning with these efforts, the Beneficiary Mitigation Plan allocates only two percent of available funds² to increasing the available infrastructure for light-duty vehicles. This is a critical oversight in aligning the state's Zero Emission

¹ The Association of Global Automakers, Inc. represents the U.S. operations of international motor vehicle manufacturers, original equipment suppliers, and other automotive-related trade associations. We work with industry leaders, legislators, regulators, and other stakeholders in the United States to create public policies that improve motor vehicle safety, encourage technological innovation and addresses environmental needs. Our goal is to foster an open and competitive automotive marketplace that encourages investment, job growth, and development of vehicles that can enhance Americans' quality of life. In 2016, our members represented 56% of the new vehicle sales and 56% of the "green" vehicle sales in California. For more information, visit www.globalautomakers.org.

² *Ibid.* Figure 2 at pg. 15.

Vehicle (ZEV) Mandate goals with a market-based approach that encourages consumer confidence and vehicle purchase.

Global Automakers reiterates the importance of funding to build out both electric charging and hydrogen refueling infrastructure to support consumer confidence in purchasing electric vehicles. Making full use of the available 15 percent of funds under the Beneficiary Mitigation Plan for infrastructure would provide the easiest and most cost-effective means for the State to achieve this important goal.

Equal Playing Field

Global Automakers appreciates the efforts undertaken by the state in this plan to provide equal funding for electric charging and hydrogen fueling with the allotted funding. Increasing the number of electric charging stations addresses customer concerns about range anxiety, access to charging in low-income communities and responding to the immediate needs of existing and emerging EV customers. However, it is also important that California’s financial commitment to continue building the hydrogen fueling infrastructure is proportional to the task at hand, given that the hydrogen refueling networks lags behind electric charging. This is critical to supporting and promoting the growing FCEV market in California.

Looking ahead, there is a significant gap to close to meet the model year 2025 electric vehicle goal and to continue electrification efforts beyond 2025. The continued expansion of electric charging and hydrogen refueling infrastructure is a critical path to bridge the gap. Both CARB and the Governor have acknowledged that investment is needed to support and foster growth of the cleaner vehicle market and with that, creating an equal playing field for all vehicles that contribute to California’s goals. Therefore, Global Automakers advocates that the state should maximize the allocation for light-duty vehicle infrastructure under the Beneficiary Mitigation Plan, both to continue growing electric charging and hydrogen refueling infrastructure and to help encourage and support more customers interested in electric vehicles. In the absence of approving funding for the full 15%, a plan for how and when the funding from Governor Brown’s Executive Order would be distributed would potentially help to bridge the gap between this plan and the addition funding promise.

Should you have any questions, please do not hesitate to contact us. Thank you for your consideration of our request, and your continued support of incentives and infrastructure for electrification.

Sincerely,



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