



December 11, 2017

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

Re: *Proposed Fiscal Year 2017-18 Funding Plan for Clean Transportation Incentives*

The California Electric Transportation Coalition (CalETC) appreciates the opportunity to comment on the California Air Resources Board's (CARB's) *Proposed Fiscal Year 2017-18 Funding Plan for Clean Transportation Incentives* (Proposed Funding Plan).

CalETC supports and advocates for the transition to a zero-emission transportation future as a means to spur economic growth, fuel diversity and energy independence, ensure clean air, and combat climate change. CalETC is a non-profit association 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.

Although California is leading the nation in zero-emission vehicle (ZEV) adoption, our state still has a long way to go to reach the goals in the Governor's Executive Order B-16-2012: 1.5 million ZEVs on California roads by 2025 and zero-emission vehicle infrastructure able to support 1 million vehicles by 2020. In addition, the state must implement SB 1275 (De León, 2014) and SB 1204 (Lara, 2014), which set targets for the deployment of 1 million zero- and near-zero-emission vehicles by 2023, access to these vehicles by disadvantaged and low- and moderate-income communities, and deployment of zero- and near-zero-emission medium- and heavy-duty vehicle technologies.

CalETC supports CARB's efforts to increase the adoption of clean-transportation technologies. CARB's regulatory and funding actions have resulted in almost half of all ZEV sales in the U.S. occurring in California, despite California making up only ten percent of the U.S. market for vehicles. Although California is leading the nation in ZEV adoption, California must continue to support the zero-emission transportation market to meet the state's light-, medium-, and heavy-duty targets. Overall, CalETC supports the funding levels and program modifications in the

Proposed Funding Plan. If approved by the CARB Board, this Plan will help California reach its ZEV targets and meet its air-quality and climate-change mandates.

We support CARB staff's proposed light-duty and equity investments. The Clean Vehicle Rebate Project (CVRP) has been instrumental in accelerating the adoption of light-duty zero- and near-zero-emission vehicles. Likewise, the transportation equity projects are bringing zero-emission vehicles to those otherwise unable to afford these cars, whether through an enhanced CVRP rebate or through one of the targeted pilot projects.

- We specifically want to thank CARB staff for their responsiveness in modifying the Low- and Moderate-Income (LMI) program funding, reducing the amount originally allocated and allowing for \$15 million to be used for other equity programs. With the flexibility recommended in the Proposed Funding Plan, CARB can allocate funding as appropriate in Spring 2018, based on demand.
- The Enhanced Fleet Modernization Program (EFMP) Plus-Up has generated huge demand by funding the replacement of high-polluting vehicles with zero- or near-zero-emission vehicles, often in concert with CVRP. We appreciate staff increasing this funding allocation.
- We are supportive of the variety of equity-program allocations recommended by the Legislature and CARB, particularly as the Legislature and CARB staff conducted significant outreach efforts in communities and with community representatives in designing these programs.

Manufacturers of medium- and heavy-duty zero-emission vehicles offered a few comments pertaining to the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) and the Off-Road Zero-Emission Freight Voucher Incentive Program, which we would like to echo in our comments.

- CalETC supports including commuter coaches in the same category as articulated buses for HVIP funding. Both commuter buses and articulated buses are high capacity transit vehicles that will take numerous high polluting vehicles off the road. Both zero-emission products are also relatively new to the market, and need the additional incentive to gain traction. In addition, both are three-axle buses, with similar battery, weight, and optimization challenges. For these reasons, similar incentive levels are warranted.
- We also recommend changes to the 30- to 39-foot HVIP bus-funding category. These buses are more typically used by smaller agencies with smaller budgets, which need additional support to transition to zero-emission technologies. Given the greater level of need, we recommend raising the per-bus incentive to at least \$125,000 per vehicle.
- We support flexibility to reallocate funding levels within HVIP and the Off-Road Zero-Emission Freight Voucher Incentive Program in later years, and possible reallocations to heavy-duty vouchers in 2017-18, depending on demand.
- We support expanding the break-down of vehicle types. For example, private shuttle buses, vocational vehicles, and specialty vehicles don't fit neatly into the current breakdown of truck, school bus, and transit bus. Small-volume vehicles need incentives similar to that of school buses in order to justify the non-recurring, engineering costs that come with electrifying these vehicles.

- CalETC would also like to offer a few notes on incremental cost for certain vehicles:
 - For Class 4, E450 applications, the incremental cost is \$170-190,000 based on 100-120 kWh battery capacity and small HVAC considerations. Increased funding allowances for Class 4 vehicles would truly get these vehicles to cost parity due to the limited offerings available in smaller classes, and help diversify product offerings.
 - For Class 6, F59 applications, the incremental cost is \$175-195,000 based on 100-120 kWh battery capacity and small HVAC considerations.
 - Finally, we support the incremental-cost adjustment for Class 8 refuse trucks, but do have a concern that if no funding is available to be stacked from other programs for these vehicles, then private fleets that subcontract with municipalities on fixed-rate contracts will not be able to purchase zero-emission refuse trucks. We recommend CARB monitor this sector to see if the HVIP incentive amount is appropriate.

We have and will continue to support the state's investment in low-carbon transportation. While we are pleased with the level of funding allocated for FY 2017-18, CalETC will continue to work with the larger Low Carbon Transportation Coalition to advocate for the level of funding necessary to support a self-sustaining market for ZEVs in the light-, medium-, heavy-, and off-road sectors.

Funding certainty is essential to incentivize customers and support industries' investments in zero-emission transportation. Year-to-year investment does not accurately reflect the commitment of this Administration nor Legislature to a low-carbon transportation future. A continuous allocation for low-carbon transportation, particularly for zero-emission transportation is preferred; at the very least, a three- to five-year allocation is needed. Private investment will follow clear, consistent public commitment and investment. CARB's three-year heavy-duty strategy is a step in the right direction to ensure certainty for customers, fleets, manufacturers, and others supporting the clean-transportation market.

CalETC thanks CARB staff for their commitment to involve stakeholders throughout the development of the Proposed Funding Plan. CalETC and all members of the Low Carbon Transportation Coalition participated in the numerous workgroup meetings in 2017, and provided extensive input on staff's proposed allocations and modifications for the low-carbon transportation programs.

Finally, we urge speedy approval of the Proposed Funding Plan, so that the many imperative low-carbon transportation programs and projects may continue or begin without further delay.

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

Sincerely,

A handwritten signature in blue ink, reading "Eileen Wenger Tutt". The signature is fluid and cursive, with the first name "Eileen" written in a larger, more prominent script than the last name "Tutt".

Eileen Wenger Tutt, Executive Director
California Electric Transportation Coalition