



September 1, 2015

**Re: Cap-and-Trade Auction Proceeds, Second Investment Plan  
DRAFT CONCEPTS FOR PUBLIC DISCUSSION**

The California Electric Transportation Coalition (CalEtc) is pleased to provide comments on the Cap-and-Trade Auction Proceeds, Second Investment Plan, Draft Concepts for Public Discussion.

CalEtc is a non-profit association promoting economic growth, clean air, fuel diversity and energy independence, and combating climate change through the use of electric transportation. CalEtc is committed to the successful introduction and large-scale deployment of all forms of electric transportation including plug-in electric vehicles, 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 & Electric, Sacramento Municipal Utility District, San Diego Gas & Electric and Southern California Edison. Our membership also includes major auto makers, manufacturers of zero-emission trucks and buses, and other industry leaders supporting transportation electrification.

We submit the following comments for your consideration:

Low Carbon Transportation

CalEtc has supported the state's investment in low carbon transportation and the appropriation of greenhouse gas reduction funds for low carbon transportation. These investments in light-, medium- and heavy-duty technologies will be even more important in the next three years given the state's very ambitious transportation goals:

- California has been very successful launching the market for zero- and near-zero emission vehicles. California is nearing 50% of the total plug-in electric vehicle market in the U.S., despite being only 10% of the U.S. car market. This is in large part due to the state's continuing support of consumer incentives, which have been shown to be critical to consumer's decision to purchase plug-in electric vehicles. These incentives, paired with the billions of dollars being invested by auto makers in zero- and near zero-emission vehicle technologies and utility investments in infrastructure, are key to continued growth in the market.

Even with California's success, the state is only just approaching 5% of new vehicle sales as plug-in electric vehicles and they are still less than 1% of the existing vehicle fleet in California. The ARB, Governor and the Legislature have all adopted very ambitious goals for zero- and near-zero emission vehicles, ARB's [Funding Plan for Low Carbon Transportation Investments](#), [Governor Brown's ZEV Action Plan](#), and [SB 1275 \(De León\)](#). California has a long way to go before the goals established by the administration and the Legislature can be met. Continuing consumer incentives will be essential.

Cap-and-Trade auction proceeds will be needed and the light-duty incentives effectiveness could be improved with a point-of-sale rebate, e.g. a sales tax exemption provided at the

point of vehicle purchase. Point-of-sale rebates have been demonstrated to motivate consumers to an even greater degree, relative to an incentive provided after the vehicle has been purchased. CARB staff is developing a three-year plan for the light-duty vehicle incentive programs and we believe it will be critical to maintain incentives for light-duty vehicles until such time as there is robust demand for this new technology and the value proposition for consumers is at least equal to the cost of the vehicles.

- California is poised to transform the people and goods movement sectors as well, shifting these sectors to zero- and near-zero emission technologies. This will be a massive endeavor. As outlined in the Second Investment Plan concepts document, there will be a growing need for investment in sustainable freight, consistent with the programs in CARB's FY15/16 Investment Plan. ARB's [Sustainable Freight Discussion Draft, Funding Plan for Low Carbon Transportation Investments](#), [Governor Brown's ZEV Action Plan](#) and his [Executive Order](#), and [SB 1204 \(Lara\)](#) call for transformation of the goods and people movement sector. CalETC has supported Cap-and-Trade funding in the FY 14/15 and FY 15/16 Low Carbon Transportation budget. Specifically we support:
  - Investments in the Hybrid and Zero Emission Truck and Bus Voucher Incentive Project. This project has a proven record of success.
  - Investment in zero-and near-zero emission deployment programs to accelerative real-world deployment of cleaner trucks and buses.
  - Advanced technology demonstration of zero-emission vehicles, near-zero emission long haul trucks, zero- and near-zero emission off-road equipment, and automation and intelligent transportation systems.

Transitioning the goods and people movement sectors to zero-emission technologies will be a tremendous challenge. It will require substantial public funding and leveraging the commitment of the industries, including utilities, bus and truck manufactures and others, that are supportive of transportation electrification.

- We support the overarching theme of climate action in disadvantaged communities and we believe that Low Carbon Transportation investments are one of the best ways to ultimately provide climate and air quality benefits for these communities. However, we are concerned that the proposed focus on "integrated projects" that include everything from technology advancement to urban forestry would increase complexity, rule out some compelling projects, and potentially undermine program effectiveness. While we understand the desire to implement multiple project types in a given area, we believe this may best be achieved through separate, targeted programs and projects. The programs developed in the Low Carbon Transportation effort to specifically target disadvantaged communities were developed with substantial input from community representatives and should continue to be funded. We encourage the Department of Finance, CARB and other state agencies to keep the programs intended to accelerate the market for transportation electrification technologies as simple and streamlined as possible at this very early stage of the market.

### Transportation and Energy Co-Benefits

Transportation electrification directly links the electricity grid to the transportation system. There are many co-benefits that can be realized as a result of the linking of the two energy systems, grid and vehicles. For example, consumer-facing programs that encourage charging at certain times or freight hubs that have storage capacity could help better integrate renewable resources into the grid and/or enhance grid reliability, efficiency and affordability. We encourage the document to explicitly recognize the potential co-benefits transportation electrification brings to the electricity grid.

### Beyond 2020

CalETC is pleased to see language recognizing the importance of zero and near-zero emission systems in the long term. We suggest that this approach augment the current plan's focus on enhancing successful existing programs. It is imperative that the state continues support for successful existing programs, such as those identified in the Low Carbon Transportation program, while also focusing beyond 2020. This does not need to be a "one or the other" decision.

Thank you for your consideration and we look forward to working with the administration and other stakeholders as the Second Investment Plan process continues.

Sincerely,



Eileen Wenger Tutt, Executive Director  
California Electric Transportation Coalition

EWT/HG/kmg