

BICEP Members:

December 12, 2017

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 CA Technologies  
**Clif Bar**  
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**KB Home**  
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 L Brands  
 L'Oreal  
 Mars Incorporated  
 Nature's Path  
**Nestlé**  
 New Belgium Brewing  
 Nike  
**The North Face**  
 Outdoor Industry Association  
 Owens Corning  
**Patagonia**  
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 Seventh Generation  
**Sierra Nevada**  
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 Starbucks  
 Stonyfield Farm  
**Symantec**  
 Timberland  
 Unilever  
 Vail  
 VF Corporation  
 Vulcan, Inc.  
 Worthen Industries

Mary Nichols  
 Chairman  
 California Air Resources Board  
 1001 "I" Street  
 P.O. Box 2815  
 Sacramento, CA 95812

**Re: Comments on California's 2017 Climate Change Scoping Plan  
 (November 30, 2017)**

Dear Chairman Nichols:

On behalf of major U.S. businesses representing over \$400 billion in annual revenue, we appreciate the opportunity to provide comments on *California's 2017 Climate Change Scoping Plan* (Scoping Plan), released on November 30, 2017. We commend California Air Resources Board (ARB) staff on developing a Scoping Plan that outlines a coherent policy path forward to achieving California's greenhouse gas (GHG) reduction goals. In particular, we are very supportive of the inclusion of a strong post-2020 Cap-and-Trade program, which will serve as a key component in the state's mitigation efforts. By coupling a Cap-and-Trade program with a broad suite of complementary policies, staff have crafted a robust climate change mitigation strategy resilient to uncertainties inherent in economic and technology forecasting. Additionally, we appreciate the Scoping Plan's focus on ensuring that California policy supports federal climate programs (e.g. the Clean Power Plan).

While we support ARB's adoption of the Scoping Plan in a timely manner, the Scoping Plan should be strengthened with more ambitious commitments in a number of transportation program areas. We acknowledge that upcoming regulatory proceedings will be the primary venue for addressing a number of issues highlighted below. However, the Scoping Plan is the State's primary climate program planning tool and ARB must fully leverage the document to chart an adequate course to 2030; therefore, it must provide specificity to help cement the necessary ambition to ensure requisite GHG emissions reductions are achieved in the transportation sector. Of particular importance is the need for ARB to commit to pursuing an Advanced Clean Cars (ACC) program for model years 2026-2030 which not only incorporates appropriate GHG emission standards but also strengthens the Zero Emissions Vehicle (ZEV) program compliance structure and places increasing emphasis on the ZEV program as a core strategy for achieving the program's air quality and climate goals. Our suggestions to strengthen the Scoping Plan are outlined in more detail below.

***Bold indicates  
 companies based  
 in California***

Business for Innovative Climate and Energy Policy (BICEP) is a coalition of leading businesses, including many California-based companies such as Levi Strauss & Co., eBay, Autodesk, and Dignity Health. BICEP members recognize the economic opportunities associated with tackling climate change and the costs of inaction. A strong Scoping Plan adopted by ARB will help California transition to a low carbon, 21<sup>st</sup> century economy.

In particular, BICEP strongly supports California's Cap-and-Trade program and thus supports staff's inclusion of the legislative direction provided by AB 398 (Garcia). It is critical that the Scoping Plan reinforce the role and importance of a Cap-and-Trade program with declining caps as the centerpiece of California's post-2020 climate strategy. The program has a five-year track record of successful compliance and has proven an excellent backstop for the state's GHG mitigation program ensuring California meets AB 32's climate goals. Furthermore, extending California's Cap-and-Trade program supports the continuation of existing international partnerships and future linkages and will serve as a model for effective carbon pricing nationally and internationally.

BICEP generally supports the Scoping Plan as drafted, but we believe it should include more ambitious language regarding transportation policies and goals. The bullets below elaborate on comments submitted by BICEP in a Scoping Plan comment letter dated March 23, 2017; these bullets highlight additional opportunities to ensure that the state achieves its GHG reduction goals. We will engage on future rulemaking opportunities to strengthen these policies but we encourage ARB to utilize the Scoping Plan adoption process as an opportunity to build on current and planned action by incorporating the following:

- **Commitment to adopt increasingly stringent GHG standards for light duty vehicles beyond 2025 via the ACC program:** GHG emissions standards are an effective tool to reduce emissions in the transportation sector, save companies and consumers money, deliver public health benefits, and reduce our dependence on oil. Transportation remains the largest source of GHG and smog-forming emissions in California, and the ACC program plays a critical role in addressing these issues.

We appreciate that the Scoping Plan commits the state to implement the *Cleaner Technology and Fuels Scenario* of CARB's *Mobile Source Strategy*. However, given that the Scoping Plan forecasts that most vehicles sold in 2030 will still use petroleum-based fuels, it is critical that ARB establish a clear path to strengthen GHG standards for light duty vehicles beyond 2025 through the ACC program. The Scoping Plan should commit to enacting a post-2025 ACC program that ensures California is on a steady path to reduce fleet emissions in order to meet California's 2030 and 2050 climate goals.

- **Commitment to strengthen the ZEV program post-2025:** The ZEV program is central to California's climate change mitigation efforts. Thus, we support the goals for the ZEV program as outlined in the Scoping Plan, including the sale of 4.2 million zero emission and plug-in hybrid light-duty electric vehicles by 2030. Additionally, we commend the ideas proposed to further ZEV penetration provided under "Potential Additional Action" in the revised Scoping Plan's "Transportation Sustainability" section (pg. 80-81).

However, the Scoping Plan should also commit to pursuing an ACC program for model years 2026-2030 that places increasing emphasis on the ZEV program as a core strategy for achieving both air quality and climate requirements. Furthermore, there is widespread recognition that the current ZEV program structure will not achieve required ZEV sales by 2030. Therefore, we encourage ARB to include a commitment to strengthening the ZEV program compliance structure for post-2025 model years. A commitment to develop a regulatory strategy that strengthens the post-2025 ZEV program is necessary to ensure that ZEV penetration goals are met.

- **Reassessing the goal for reaching 100% ZEV sales:** In light of the uncertainties associated with climate modeling, and the importance of ZEV deployment as a climate change mitigation strategy, we believe the Scoping Plan's current goal "to reach 100 percent ZEV sales in the light-duty sector (PHEVs, BEVs, and FCEVs) by 2050" (pg. 77) should be reassessed. We are seeing increasing evidence that EV deployment will accelerate faster than projected as battery costs continue to fall (dropping 74% between 2010 and 2016), and Bloomberg projects cost parity starting in 2025. China, which is the largest global market for ZEVs, has set a goal of 20% new electric vehicle sales by 2025 and India has set a goal of 100% electric vehicle sales by 2030. Automakers like Volkswagen, Daimler, General Motors, and Nissan have announced aggressive plans to electrify their fleets, and General Motors has announced that it expects electric vehicles to be profitable by 2019.<sup>1</sup> In light of decreasing costs, strong regulatory drivers, and automaker commitments, the Scoping Plan should commit ARB to conduct additional analysis to determine if a more ambitious target date is feasible.
- **Extending the Low Carbon Fuel Standard (LCFS) to 2030 with as aggressive a target as feasible:** The LCFS is a core strategy for increasing the consumption of low-carbon, clean fuels in California's transportation sector. However, the Scoping Plan's reliance on an 18% reduction in carbon intensity (CI) target by 2030 fails to properly leverage a critical mitigation policy that has driven investment and job creation across the state. According to ARB staff analysis, a reduction in fuel CI of 25% compared to a reduction of 18% results in an additional 1MMT CO<sub>2</sub>e reduction. The current ARB analysis informing a proposed 18% CI reduction target by 2030 relies on overly pessimistic fuel supply assumptions and fails to fully recognize the potential of alternative fuel pathways.

Given the importance of the LCFS in reducing carbon emissions and promoting fuel diversity, the Scoping Plan should be used to advance an ambitious, yet achievable, LCFS standard. The Scoping Plan should reflect the potential for a greater than 18% CI goal and commit to additional analysis of the feasibility and benefits of requiring a 25% reduction in CI by 2030 during a future rulemaking proceeding.

- **More ambitious goals for electrification of heavy-duty trucks and forklifts:** The Scoping Plan relies on the Mobile Source Strategy and Sustainable Freight Action Plan for goals related to heavy-duty vehicle electrification. However, we believe the state can achieve stronger targets for electrifying heavy-duty vehicles. The Scoping Plan should commit to electrification of

<sup>1</sup> <https://www.thestreet.com/story/14392246/1/gm-chief-barra-promises-profitable-electric-vehicles-in-2021.html>

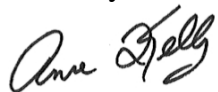
drayage truck operations, with the ultimate goal of complete electrification of the fleet. Additionally, the target of deploying 100,000 zero emissions freight vehicles and equipment by 2030 underestimates reasonable and necessary deployment levels. The Scoping Plan should commit to deploy *at least* 100,000 zero emission freight vehicles and equipment while also committing to additional forklift electrification.

- **Addressing the impact of Autonomous Vehicles (AVs):** The Scoping Plan commits to “implement a process for intra-state agency and regional and local transportation coordination on automated vehicles to ensure shared policy goals” (pg. 80). Committing to a process of coordination is an important first step in ensuring California maximizes the benefits of AV technology. However, the Scoping Plan should also commit the state to evaluate the potential impact of AV technology and to identify strategies to minimize emissions associated with AVs. ARB should prioritize policies that ensure AVs are built on ZEV platforms and are employed in ride sharing programs in order to ensure their use does not result in an increase in Vehicle Miles Traveled and emissions. A 2017 study by U.C. Davis (*Three Revolutions in Urban Transportation*) concluded that when shared mobility is pursued in tandem with electrified automation, AV’s can significantly reduce emissions.

Our support for a strong Scoping Plan is firmly grounded in economic reality. We know that tackling climate change is one of America’s greatest economic opportunities of the 21st century and we applaud California’s leaders for taking steps to help the state seize that opportunity. California’s pioneering climate program is driving significant economic investment throughout the state. As successful American businesses, we know the importance of recognizing and seizing opportunities.

We support the timely adoption of the Scoping Plan and ask ARB to include the strengthened transportation program amendments outlined above. At a minimum, ARB should direct staff to further analyze these proposed commitments and report back to the Board with a proposed path forward by a date certain. These actions will cement a strong and robust climate program framework and ensure we achieve California’s GHG reduction targets.

Sincerely,



Anne Kelly  
Director, Business for Innovative Climate & Energy Policy (BICEP)