

October 25, 2017

California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Invest VW Settlement in Zero-Emission Buses and Trucks

Members of the California Air Resources Board:

On behalf of the California Transit Association, I write to you today to respectfully request that you invest 75% of the Mitigation Trust Fund (Mitigation Trust), established pursuant to Appendix D of the Volkswagen (VW) Settlement, in zero-emission buses and trucks. To ensure these dollars are invested quickly and efficiently, we recommend that this funding pass through ARB's existing Zero-Emission Truck and Bus Commercial Deployment Project (Commercial Deployment Project). This competitive grant program supports charging/fueling infrastructure and workforce development and training in addition to zero-emission vehicles, often overlooked components of transportation electrification

For more than a decade, the Association has engaged with you on the issue of transit electrification. In the early years of these discussions, which coincided with the enactment of the Fleet Rule for Transit Agencies (2000) and the release of the Discussion Document for the Advanced Clean Transit regulation (2015), we rightly called your attention to the operational limitations of the then-emergent zero-emission bus technologies and argued that they would come at great expense to transit agencies, resulting in untenable impacts to the critical services we provide. However, as these technologies have become more commercial, and state and federal incentives have grown, transit agencies across California are electing to deploy zero-emission buses over more conventional alternatives. As of September 2017, 107 zero-emission buses are in operations in the state, and an additional 340 are on order. While these numbers are small relative to the size of the state's transit fleet, they demonstrate that we are approaching an inflection point for the technology, and that now is the time to double down on incentives for zero-emission buses to cement their long-term commercial viability.

In making our request, the Association recognizes that your investment decisions must contemplate objectives beyond the readiness of clean technologies and the receptivity of a given sector. With that in mind, we submit the following:

- **Zero-Emission Buses Mitigate NOx Emissions:** On-road heavy duty vehicles, like buses, are the largest contributor to statewide NOx emissions, accounting for 33% of NOx emissions in California. Investment in zero-emission buses can reduce tailpipe NOx emissions by 100% from (0.20 g/bhp-hr to 0.00 g/bhp-hr).

- **Investment in Zero-Emission Buses is Consistent with State Priorities:** Investment in zero-emission buses supports implementation of ARB’s pending Innovative Clean Transit Initiative, which contemplates transitioning California’s transit bus fleet to 100% zero-emission by 2040. Additionally, investment in zero-emission buses advances the Senate President pro Tem’s goal of eliminating diesel pollution in the state by 2030.

If passed through the Commercial Deployment Project, investment in zero-emission buses could focus on large-scale demonstrations, which would yield valuable information on the costs and potential challenges of electrifying entire fleets. This information could help support the state’s strategy on transportation electrification across various sectors.

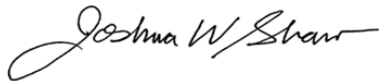
- **Investment in Zero-Emission Buses Support Disadvantaged Communities:** SB 92 (Committee on Budget and Fiscal Review) [Chapter 26, Statutes of 2017] requires ARB, as the lead agency for the Mitigation Trust, to ensure at least 35 percent of its allocations benefit low-income or disadvantaged communities (DAC). Investment in zero-emission buses furthers this goal, because transit – particularly, buses – disproportionately serve low-income individuals and other “transit dependent” Californians. More pointedly, over its various funding cycles, the Commercial Deployment Project we advocate supporting has had a DAC investment requirement ranging from 50% to 95%.
- **Investment in Zero-Emission Buses Leverage Other Funding Opportunities:** Investment in Zero-Emission Buses would leverage state and federal formula funds; first-come/first-serve funding, like the Hybrid and Zero-Emission Voucher Incentive Project; and, competitive funding opportunities, like the Federal Transit Administration’s Low or No Emission Vehicle Program and the California State Transportation Agency’s Transit and Intercity Rail Capital Program.

Be sure that, even with additional funding, there is still much work to be done before electrification of California’s entire transit fleet is feasible. However, with an investment of 75% of the Mitigation Trust, the transit industry stands ready to make substantial progress toward your long-term objectives.

If you have any questions about our proposal, please contact Legislative and Regulatory Advocate Michael Pimentel at 916-446-4656 x1034 or michael@caltransit.org.

I look forward to continued discussions with you.

Sincerely,



Joshua W. Shaw
Executive Director

cc: Richard Corey, Executive Officer, California Air Resources Board
Steve Cliff, Deputy Executive Officer, California Air Resources Board
Jack Kitowski, Chief, Mobile Source Control Division, California Air Resources Board
Lisa Williams, California Air Resources Board
Alice Reynolds, Senior Advisor, Office of the Governor