MJB&A COVINGTON

May 31, 2018

Mary D. Nichols
Chair, California Air Resources Board
9480 Telstar Avenue, Suite 4
El Monte, California 91731
(submitted electronically)

Re: Request for Public Input on Potential Alternatives to a Potential Clarification of the "Deemed to Comply" Provision for the LEV III Greenhouse Gas Emission Regulations for Model Years Affected by Pending Federal Rulemakings

Dear Chair Nichols:

These comments are submitted on behalf of the listed companies[1] in response to the California Air Resources Board (CARB) request for Public Input on Potential Alternatives to a Potential Clarification of the "Deemed to Comply" Provision for the LEV III Greenhouse Gas Emission Regulations for Model Years Affected by Pending Federal Rulemakings. We provide advanced transportation solutions and operate and manage power generation as well as electricity and natural gas transmission and distribution systems across the United States. We are committed to reducing greenhouse gas (GHG) emissions and other air pollution to advance federal, state, and regional programs and goals. We support a consistent national program that meaningfully reduces GHG emissions and provides a long-term investment signal for clean energy technologies and infrastructure. Based on our companies' experience, we know we can make investments in clean energy and advanced transportation while expanding jobs, improving electric system efficiency, increasing reliability, and maintaining quality of service for communities.

As we have indicated to the U.S. Environmental Protection Agency (EPA) in comments related to the Midterm Evaluation,[2] achieving GHG emissions and air pollution goals requires sustained action across many sectors of the economy, including the transportation sector.[3] We have supported—and continue to support—the 2012 EPA and National Highway Traffic Safety Administration (NHTSA) standards on light-duty vehicles for model years 2017-2025 as an appropriate and critical component of national efforts to reduce transportation

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1 This letter is submitted on behalf of the following transportation, mobility, electric power companies and electric utilities: EVGo; Exelon's six utilities: Atlantic City Electric, Baltimore Gas & Electric (BG&E), Commonwealth Edison (ComEd), Delmarva Power, PECO, and Pepco; Greenlots; Los Angeles Department of Water and Power (LADWP); Los Angeles Cleantech Incubator (LACI); Lyft, Inc; Pacific Gas & Electric (PG&E); Proterra Inc; Sacramento Municipal Utility District (SMUD); and Uber.

2 Mid-term Evaluation of Model Year 2022-2025 Light-duty Vehicle Greenhouse Gas Emissions Standards, EPA-HQ-OAR-2015-0827. Available at: https://www.regulations.gov/docket?D=EPA-HQ-OAR-2015-0827.

3 U.S. Global Change Research Program, "U.S. National Climate Assessment," (2014). Available at http://nca2014.globalchange.gov/report/response-strategies/mitigation#narrative-page-17162; White House Council on Environmental Quality, "U.S. Mid-century Strategy for Deep Decarbonization," (November 2016). Available at https://unfccc.int/files/focus/long-term_strategies/application/pdf/us_mid_century_strategy.pdf; Intergovernmental Panel on Climate Change, "Climate Change 2014, Synthesis Report: Summary for Policymakers," (2014). Available at https://www.ipcc.ch/pdf/assessment-report/ar5/syr/AR5_SYR_FINAL_SPM.pdf.

emissions, which currently account for 27 percent of gross U.S. GHG emissions,[4] and continue to increase.[5] The standards are essential to maintain because they align regulatory requirements and provide the regulatory certainty needed to send long-term investment signals to promote low-carbon, low-emitting, and non-emitting transportation and provide associated community benefits. Private sector investment decisions have been and continue to be made based on these standards.

To the extent EPA weakens the federal standards, an action that would ignore the vast technical findings of this agency as well as the record underlying EPA's January 12, 2017 Final Determination,[6] we would welcome the opportunity to provide further comment to CARB to ensure that California and other states that have adopted California's standards under Section 177 of the Clean Air Act, maintain and strengthen their current regulatory requirements.

California's regulatory framework for advanced clean vehicles, including its GHG emission regulations, has accelerated the creation and growth of a market for electric and other zero emission vehicles. More than 700,000 electric vehicles (EVs) have been sold since 2012 in the U.S., and EV sales continue to rise at an accelerating pace.[7] Through this transition, our companies will continue to provide power, charging, and other mobility solutions to the hundreds of thousands of EVs added to the U.S. vehicle mix every year. We are prepared for these changes and are investing in EV charging infrastructure and zero-emission transportation more broadly.

Regulatory stability is essential to build the charging infrastructure needed to support increased consumer adoption of EVs, establish rate structures and programs to maximize the benefits of EVs to the grid, and minimize EV charging load integration costs. Most recently, the California Public Utilities Commission (CPUC) unanimously adopted a Decision to authorize the investor-owned utilities to make investments in electric transportation programs and infrastructure totaling approximately $738 million, with $29.5 million set aside for program evaluation.[8] In addition to these investor-owned utility investments, municipal utilities are also making substantial investments in EV infrastructure. Sacramento Municipal Utility District offers rebates to customers installing infrastructure and is working toward a goal of more than 2,000 charging ports by 2020.[9] All of this comes on top of existing and planned investments from companies like EVgo, which increased its nation-leading public fast charging network by 20 percent in 2017 and continues to build new fast chargers in California and across the country.[10]

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4 Environmental Protection Agency (EPA), "Inventory of U.S. Greenhouse Gases and Sinks: 1990-2015," (April 2017). Available at https://www.epa.gov/sites/production/files/2017-02/documents/2017_complete_report.pdf.

5 U.S. Energy Information Administration, "U.S. Energy-Related Carbon Dioxide Emissions, 2016" (Oct. 5, 2017). Available at: https://www.eia.gov/environment/emissions/carbon/.

6 83 Fed. Reg. 16,077.

7 International Energy Agency, "Global EV Outlook 2017" (2017). Available at: https://www.iea.org/publications/freepublications/publication/GlobalEVOutlook2017.pdf; Global Automakers, Electric Vehicle Sales. Available at: https://www.globalautomakers.org/advocacy/environment-and-energy/electric-drive/ev-sales.

8 D. 18-05-XXX, adopted 5-0 by the California Public Utilities Commission on May 31, 2018: Citations are to the now adopted Revised Proposed Decision published May 31, 2018 ("Revised Proposed Decision"). Available at http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M215/K380/215380424.PDF.

9 City of Sacramento, "2017 Electric Vehicle Strategy" (Oct. 19, 2017). Available at: https://www.cityofsacramento.org/-/media/Corporate/Files/Public-Works/Electric-Vehicles/EVStrategy_171019_PUBLIC_DRAFT_CityOfSacramento.pdf?la=en

10 EVgo, "EVgo Fast Charges 40 Million Miles of Zero Emission EV Driving in 2017" (Jan. 31, 2018). Available at: https://www.evgo.com/about/news/evgo-fast-charges-40-million-miles-zero-emission-ev-driving-2017/

Integration of EVs and other electric transportation into the electricity grid has useful economic and environmental benefits to vehicle owners, electric power companies, electric utility customers, and all residents of the region.[11] For example, San Diego Gas & Electric anticipates that its transportation projects, as approved by the CPUC on May 31, 2018, will reduce CO_2 emissions by more than 1.3 million tons.[12] The CPUC Decision notes that utility proposals to increase access to fast charging infrastructure in disadvantaged communities can "make EV ownership in those communities more attainable and can bring other economic benefits to those communities as well."[13] In its 2017 Power Strategic Long-Term Resources Plan, LADWP estimated that transportation electrification would reduce GHG emissions by about 5.3 million metric tons by 2030, with the assumption that the LA basin would have 580,000 EVs on the road by 2030.[14]

Additionally, when coupled with grid modernization, EVs can help shift load to hours where the grid is underutilized and the cost of electricity is low, which can help to mitigate increases in peak demand for electricity, and ultimately reduce electric rates for consumers. Relatedly, EVs have the potential to provide demand response and grid services.[15] EVs can also support greater integration of renewable energy resources, further reducing emissions from electricity generation.[16] For example, a new analysis from researchers at the Department of Energy's Lawrence Berkeley National Lab found that electric vehicles had the potential to offset billions in renewable curtailment and stationary storage costs by balancing the grid through better vehicle charging scheduling.[17] These potential savings and others attributable to managed EV charging would translate directly to cost savings for California utility customers.

Market certainty is essential to support stable and strong industries. For example, many of our companies' experience with renewable generation development shows the success that long-term investment can achieve for these types of technology applications. Given the lead time necessary for investment in research and development and eventual deployment of new technologies, regulatory certainty is needed to facilitate investment in solutions to meet future challenges and opportunities. Weakening the federal standards would create company and investor challenges for those who have longer investment timeframes and are already planning for compliance with, and supporting the compliance of, the model year 2022-2025 standards. The EV manufacturing supply chain and charging installation industry represent a significant job creation and economic opportunity for the State of California. Such investments also promise economic benefits through enhanced public health outcomes and better community quality of life. Electric vehicle manufacturing already supports more than fifty-thousand jobs in California and contributes billions of dollars of investment into the State's economy.[18] Downstream entrepreneurs in charging infrastructure, ride-sharing, and electric mobility

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11 M.J. Bradley & Associates, "Electric Vehicle Cost-Benefit Framework". Available at: https://mjbradley.com/content/electric-vehicle-cost-benefit-framework.

12 Revised Proposed Decision at p. 47.

13 Revised Proposed Decision published May 31, 2018 at p. 140 (Finding of Fact 44).

14 Los Angeles Department of Water and Power, "2017 Strategic Long-Term Resource Plan" (Dec. 2017) at p. 171. Available at: https://www.ladwp.com/ladwp/faces/wcnav_externalId/a-p-doc?_adf.ctrl-state=nr6nn4lob_51&isNoLocale=true&&_afrLoop=1196840743355101.

15 White House Council of Economic Advisors, "Incorporating Renewables into the Electric Grid: Expanding Opportunities for Smart Markets and Energy Storage" (June 2016). Available at https://obamawhitehouse.archives.gov/sites/default/files/page/files/20160616_cea_renewables_electricgrid.pdf.

16 *See, e.g.*, Lawrence Berkeley National Laboratory, "Clean vehicles as an enabler for a clean electricity grid" (May 16, 2018). Available at http://iopscience.iop.org/article/10.1088/1748-9326/aabe97/meta.

17 *See, e.g.*, Jonathan Coignard et al., "Clean vehicles as an enabler for a clean electricity grid" (May 16, 2018). Available at: http://iopscience.iop.org/article/10.1088/1748-9326/aabe97/pdf.

18 *See* Natural Resources Defense Council and BlueGreen Alliance, "Supplying Ingenuity II: U.S. Suppliers of key Clean, Fuel-Efficient Vehicle Technologie." (May, 2017). Available at: https://www.nrdc.org/sites/default/files/supplying-ingenuity-clean-vehicle-technologies-report.pdf; IHS Markit, "The

options have partnered with private capital, institutional investors, and utilities to invest hundreds of millions of dollars in the zero emission vehicle infrastructure that will fuel California's future transportation and create hundreds of new jobs in California. Cities are also adopting EV technology for public transit, recognizing the benefits it provides in terms of reduced maintenance costs, and reduced air and noise pollution. For example, Los Angeles County's recent commitment to electrify its entire bus fleet by 2030 has already generated more than $100 million in new bus contracts and will result in cleaner air, particularly in traffic-choked corridors. California's mobile source regulations, which have articulated a zero-emission mobility vision for all communities, are a critical piece of the state's public health strategy, and the foundation for achieving these benefits is a stable regulatory framework. We agree with CARB that the "deemed to comply" provision in its existing GHG standards can only be interpreted to refer to the federal GHG standards for model years 2017-2025 that were promulgated by EPA at the time when CARB subsequently adopted section 1961.3(c) of its regulation. This is further supported by CARB's own intensive Mid-Term Review of its standards and affirmation of their on-going appropriateness.[19] Furthermore, there continues to be a strong basis for California to address its unique air quality concerns and climate impacts across the state.

As CARB considers the regulatory options in response to a potential decision to weaken those standards by EPA, we welcome the opportunity to provide further comment to help CARB ensure the current standards remain in place in California and other states that have adopted identical standards pursuant to Section 177 of the Clean Air Act. In total, the regulatory stability and market certainty to be gained by the existing standards will provide direct economic and environmental benefits for communities in California, the Section 177 States, and nationally. We look forward to the opportunity to provide further examples of the job creation and community benefits supported by California's maintaining existing standards.

Sincerely,

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economic footprint of Tesla in California" (May 15, 2018). Available at: https://ihsmarkit.com/research-analysis/the-economic-footprint-of-tesla-in-california.html.

[19] California Air Resources Board, "Midterm Review" (Jan. 2017). Available at: https://www.arb.ca.gov/msprog/acc/acc-mtr.htm.