



TO: Honorable Chairman Mary D. Nichols and Honorable Board Members of the California Air Resources Board  
FROM: Ryan Schuchard, Policy Director  
DATE: August 30, 2018  
RE: Low Carbon Fuel Standard: Item 18-3-3, Proposed 15-day Modifications

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Dear Chairman Nichols and Board Members,

Thank you for this opportunity to provide comments on the 15-day modifications to the Low Carbon Fuel Standard (LCFS) regulation.<sup>1</sup>

We continue to enthusiastically support the LCFS, which is one of California's most effective policies for driving down greenhouse gas (GHG) emissions from transportation while accelerating the commercialization of advanced clean technologies.

We applaud the Board and staff for its commitment and hard work to refining the program as the market evolves.

**We support the proposed modifications that establish a statewide clean fuel point of purchase (POP) rebate for new electric vehicles that is available to all Californians.** The tiered incentive approach for rebates based on battery capacity is beneficial because it appropriately creates more "carrots" for commercializing vehicles that have longer zero-emission ranges.

Increased funding to reduce the incremental cost of electric vehicle (EV) at the point of sale is critical for increasing the number of EVs on California's roads and further advancing the technology. That is because:

1. Vehicle purchase price is one of the top determinants of whether an individual chooses to buy an EV rather than an internal combustion engine vehicle (ICEV).<sup>2</sup>
2. New vehicles bought today determine the fleet makeup for the next 10-20 years; whether the vehicle is an EV or ICEV, it typically goes on to secondary customers.
3. Stable, predictable incentives are needed to drive sales, meet California's EV deployment goals, and develop the market for EVs with larger batteries.

The proposed "POP" concept is consistent with the need to incentivize new EV sales today and put more advanced EVs on California's roads, because it will give consumers an incentive right at the moment when they are considering the new vehicle purchase. And it is a welcome addition to existing funding programs including CVRP and the federal tax credit, which together are vital (though not wholly sufficient) for increasing EV sales.

In that context, we write with one concern. The companies which have done the most to sell EVs to date have begun losing access to the federal tax credit, which comprises the

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<sup>1</sup> CARB (August 8, 2018). Staff's Suggested Modifications to 2018 Amendments Proposal: Low Carbon Fuel Standard Regulation. Workshop presentation. Available at [https://www.arb.ca.gov/fuels/lcfs/lcfs\\_meetings/080818presentation.pdf](https://www.arb.ca.gov/fuels/lcfs/lcfs_meetings/080818presentation.pdf)

<sup>2</sup> See, for example, results of the CVRP survey from ~20,000 customers who bought an EV in California. Available at <https://cleanvehiclerebate.org/eng/survey-dashboard/ev>

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bulk of incentives for light-duty EVs for buyers in California, because they are hitting the statutory cap of 200,000 vehicles.

Tesla has already sold its 200,000th vehicle in the U.S. and begun communicating to customers that its federal incentives will now start phasing down, including for the mid-priced Model 3. General Motors is projected to hit its cap by the end of 2018, and three other automakers are expected to do so within the next 2-3 years.

We encourage the CARB board and staff to consider ways of using the LCFS to additionally support these early movers who are doing the most to put EVs on the road—and who are precisely the ones who are now losing federal support for continuing to do so.

Gasoline consumption has been rising for the past six years in California. Despite all our collective efforts, what we are currently doing is not enough. We need new and creative strategies like the proposal presented here to bend the curve, and to get on a path of decreasing GHG emissions from the light duty vehicle sector. We hope that this is the first of many additional proposals to further incentivize the commercialization of EVs to come.

As always, CALSTART stands ready to partner with CARB towards commercializing EVs and advancing the LCFS. If you have any questions, please do not hesitate to contact me.