

April 25, 2013

Honorable Mary Nichols, Chairman  
California Air Resources Board  
1001 "I" Street  
Sacramento, CA 95814

Re: **CalETC Comments Re April 25, 2013 Board Agenda Item #13-5-4**

Dear Chairman Nichols:

CalETC appreciates the opportunity to submit these comments regarding April 25, 2013, CARB Board Agenda Item #13-5-4:

**INPUT ON THE DEVELOPMENT OF AN INVESTMENT PLAN FOR THE AUCTION PROCEEDS TO THE STATE FROM THE CAP-AND-TRADE PROGRAM TO REDUCE GREENHOUSE GASES**

Draft Investment Plan for Cap-and-Trade Auction Proceeds Investment Plan dated April 16, 2013.

CalETC is a non-profit association with a board of directors that includes: Los Angeles Department of Water and Power, Pacific Gas & Electric, Sacramento Municipal Utility District, San Diego Gas & Electric and Southern California Edison.

CalETC's members have consistently supported the cap-and-trade program as a cost-effective and efficient means to achieve the State's greenhouse gas emission reduction goals. The Legislation directed the Department of Finance, in coordination with the Air Resources Board, the California Environmental Protection Agency, the Climate Action Team, and other State agencies, to prepare an investment plan. The Legislation supports investment in transportation electrification.

**Electrification of the transportation sector is an essential component of the State's plan to meet AB 32 goals and also supports many other state policies including fuel diversity, reduction of air and toxic pollutants and benefits for low-income and minority populations.** Electricity used as a fuel reduces greenhouse gas emissions by 75 percent or more in the current light-duty fleet. Air and toxic pollutants are reduced by over 90 percent. According to the American Lung Association of California, health cost savings associated with electrification of the light-duty fleet would save the state of California \$1.6 Billion in avoided societal damages and reduce the number of annual asthma attacks caused by vehicle emissions by about 90 percent.<sup>1</sup> Electrification of the goods movement and transit systems in California have the potential to provide similar benefits. Most goods movement corridors, ports and rail yards are located near low-income and minority communities, and electrification of goods movement and rail reduces exposure to air and toxic pollutants in those communities.

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<sup>1</sup> American Lung Association in California, *The Road to Clean Air, Public Health and Global Warming Benefits of Advanced Clean Car Standards*, May 2011.

<sup>2</sup> David Roland-Holst, U.C. Berkeley, *Plug-in Electric Vehicle Deployment in California: An Economic Jobs Assessment*, September 2012. Materials and link to full study at: <http://caletc.com>.

**Electrification of the light-duty vehicle sector is good for the economy.** U.C. Berkeley conducted an assessment of the economic impacts of electrification of the light-duty vehicle fleet. <sup>2</sup> The report shows that deployment of plug-in electric vehicles can create up to 100,000 California jobs and provide local economic stimulus that benefits people of all income levels whether they drive electric vehicles or not. The report found that every dollar saved at the gas pump and spent on other goods and services that households want and need creates 16 times more jobs in the state. Plug-in electric vehicles stimulate economic growth by promoting transport efficiency, reducing the cost of transportation fuel and saving money for households and enterprises.

**Investment should be made in electrification of the transportation sector, including but not limited to:**

- **Incentives for plug-in electric vehicles**

The AB 118 Clean Vehicle Rebate Project, which provides incentives for consumers purchasing zero-emission vehicles, is significantly underfunded. This incentive program has been instrumental in attracting 35 percent of all plug-in electric vehicles sold in the U.S. to California. Every consumer needs certainty that the incentive will be available when he/she makes the decision to purchase a plug-in electric vehicle. Any uncertainty is harmful to the market and undermines consumer confidence.

- **Incentives for infrastructure for electrification**

Residential or home charging is the preferred charging location where most PEV owners can take advantage of convenient, low-cost electricity and charge during off-peak hours. Access to charging at home will continue to be an important market driver into the foreseeable future, so it is important to continue to support all types of residential charging. Furthermore, about half of Californians live in a home with no garage, in San Francisco this number is about 80 percent and in Los Angeles over 60 percent.<sup>3</sup> To ensure these Californians can purchase and drive plug-in electric vehicles investment is particularly needed in multi-unit dwellings and at the workplace. <sup>3</sup> California Energy Commission, *2011-2012 Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program*.

- **Incentives to support regional and state government projects for electrification of goods movement and rail**

Transformational electric-drive technologies and infrastructure are critical to ensure the State's economic and environmental wellbeing. Transformations of the magnitude needed to shift from a predominantly fossil-fueled goods movement and rail system to a predominantly electric-fueled goods movement and rail system will require public funding and support. Investments in electrification of goods movement and rail also provides disproportionately higher benefits to low-income and minority communities. Benefits in these communities are specifically called for in statute.

**To the degree investment is made in charging infrastructure, CalETC recommends revenue be provided to the host sites installing such infrastructure.** Host sites could use the revenue to fund a variety of costs associated with charging infrastructure, e.g. charging equipment, trenching, conduit,

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<sup>3</sup> California Energy Commission, *2011-2012 Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program*.

April 25, 2013

Page 3 of 3

wiring and panels. This approach would benefit a diversity of vendors, e.g. electric vehicle service providers and electricians, while also allowing host sites a more efficient and cost-effective process of vendor selection. This approach creates demand pull for the charging product that fits the site, e.g. level one, level two, DC fast charging, networked systems, etc. Investment made thus far for infrastructure has tended to restrict market choice and has not supported the "make ready" costs of charging infrastructure.

**CalETC recommends a procedure to prioritize expenditures of cap-and-trade auction revenue should be developed.** Metrics could include emission benefits, transportation fuel diversity, and benefits to vulnerable populations in addition to the cost-effectiveness and efficiency metrics that are typically applied in investment plans.

Thank you for the opportunity to comment on the investment plan draft concept paper and for your consideration. Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Eileen W. Tutt", written in a cursive style.

Eileen Wenger Tutt, Executive Director

EWT/kmg