



Lisa Williams  
California Air Resources Board  
1001 I Street  
Sacramento, California 95814

**Re: VW Environmental Mitigation Trust (Appendix D) Expenditure**

Dear Ms. Williams:

On behalf of Sierra Club California and our more than 180,000 members in California, I am writing to share our thoughts about how the California Air Resources Board should distribute the \$423 million in funds established through Appendix D of the court settlement resulting from VW's failure to honestly report emissions from its diesel vehicles.

As the staff presentations at the October 9 workshop and the October 26 board meeting noted, the list of categories for projects that could be eligible for receiving the VW funds, as expressed in legislation, is long. However, the board has discretion about which of the categories to actively fund.

We urge the board to focus attention on funding those projects that will simultaneously:

- Reduce oxide of nitrogen and other harmful tailpipe emissions of criteria pollution;
- Reduce greenhouse gas emissions;
- Demonstrate and accelerate commercial development of zero-emission vehicles in a category that shows promise;
- Help California reduce dependence on methane and other fuels that are climate forcing;
- Enhance environmental justice and equity; and
- Encourage workforce development in the zero-emission vehicle sector in California.

With this focus in mind, we believe that the \$423 million should be distributed to projects that fall into the following three categories:

- School buses. A number of school districts still rely on older, diesel- or gasoline-fueled vehicles that expose children unnecessarily to harmful tailpipe emissions. Other school districts that have abandoned the dirtiest fuels are relying on methane gas vehicles that, while less polluting than old diesel buses, still produce tailpipe emissions and emissions from the fueling infrastructure. Additionally, production and transport of methane gases have negative consequences for climate change and public health. CARB should spend a portion of the VW funds to allow schools that use older diesel- or gasoline-fueled buses to retire those vehicles and replace them with electric vehicles, and to allow other schools to transition away from methane gas dependence.
- Transit buses. Several key transit agencies around the state have set assertive goals to transition their bus fleets to zero-emission buses. Additionally, CARB is embarking on a

rulemaking to encourage such transition at transit agencies. There are at least four companies in the state that manufacture zero-emission buses. Through broad and consistent adoption of zero-emission buses, transit agencies can prove and help accelerate commercial development of this and other heavy-duty applications of zero-emission technology. For these reasons, along with the obvious air pollution and greenhouse gas reduction benefits, the transit bus sector should be a major recipient of the VW funds. Given that low-income Californians, the very young and the elderly—all groups that are particularly sensitive to air pollutions' impacts—are among the most regular transit riders, providing funding to motivate transit agencies to rapidly transition to zero-emission technologies will enhance environmental justice and equity.

- Port drayage and other trucks and port equipment. Despite years of work to reduce emissions, California's major ports and associated warehouse hubs remain huge emissions sources. Zero-emission equipment and trucks have become available that can have a dramatic impact on those emissions if put into service in significant quantities. The results will be a solid demonstration leading to broader commercialization of zero-emission truck technology, and significant, measurable reductions in air pollution, particularly in environmental justice communities abutting ports and port- and warehouse-linked traffic corridors.

We believe that by dividing 100 percent of the \$423 million among these three key categories to help advance development and commercialization of zero-emission heavy-duty buses and trucks and port equipment, CARB would achieve the focus we recommend.

Finally, we urge the board to refrain from providing any of these funds to projects that will introduce or extend dependence on methane gas, whether renewable or conventional. Methane gas in any form—renewable or conventional—forces climate change. It is susceptible to destructive leakage at every step of its journey, from extraction to transport to fueling to end use.

Thank you for the opportunity to comment on the expenditure issue. We look forward to working with you as the plan is developed and refined.

Sincerely,



Kathryn Phillips  
Director