



May 31, 2022

Liane M. Randolph, Chair, and Board Members  
California Air Resources Board  
1001 I Street  
Sacramento, California 95814

**Re: Proposed Advanced Clean Cars II Regulations**

Dear Chair Randolph and Honorable Board Members,

Thank you for the opportunity to comment on the proposed Advanced Clean Cars II regulations. We are writing on behalf of Colorado state agencies that are involved in advancing the state’s greenhouse gas emissions reduction goals, improving air quality and advancing zero emission vehicle adoption.

**Transportation is the number one source of GHG emissions in Colorado as across the country**

Environmental impacts from the transportation sector—and the resulting health and economic consequences—are a major concern. Greenhouse gas emissions from vehicles are the top source of emissions in Colorado and a significant portion of Colorado’s population lives in an area of the state that is soon to be classified as a severe ozone nonattainment area by the US Environmental Protection Agency. On-road transportation emissions are the largest source (31%) of ozone precursors in the Denver Metro and North Front Range ozone nonattainment area, which also has significant health impacts on disproportionately impacted communities who live in close proximity to highways and major freight routes.

In addition to developing plans to meet the federal ozone standards, Colorado is also working to meet ambitious greenhouse gas reduction targets for the transportation sector, including reducing emissions over 40% by 2030. In 2020, Colorado published an updated Electric Vehicle Plan and GHG Pollution Reduction Roadmap that included commitments to a 100% electric light-duty vehicle sector. Those plans in turn committed us to evaluating adoption of the Advanced Clean Cars II rule as a potential strategy to reach those targets. We are currently developing a roadmap to chart how we will reach 100% electrification of the light-duty vehicle sector.

**Colorado is investing in multiple solutions to advance the ZEV market**

Colorado has demonstrated a strong commitment to accelerating adoption of light-duty zero emission vehicles, including setting an ambitious commitment of reaching 940,000 EVs on the road by 2030. Some of the key actions our state has taken, or is currently developing to support ZEV market development include:

- Adopting the LEV and ZEV programs in 2018 and 2019.



- Adopting state legislation that requires investor-owned utilities to file transportation electrification plans every three years, which has resulted in a \$105M investment plan from Xcel Energy in charging and vehicle incentives.
- Providing state tax credits for electric vehicles.
- Investing in a statewide public charging infrastructure network, including nearly \$20M in the Charge Ahead grant program that has funded more than 1,650 Level 2 and DC fast charging stations, over \$10M in corridor DC fast charging stations, and \$5.9M in DC fast charging plazas to serve ride hailing vehicles and others who need to charge in our urban areas.
- The creation of three new state transportation electrification enterprises that are collectively expected to collect over \$700M in revenue by 2030 to invest in a variety of electrification initiatives and incentives. In particular, the Community Access Enterprise in its recently adopted 10 Year Plan anticipates developing a high-emitting vehicle replacement program and a community-driven electric mobility program, like the programs anticipated for the environmental justice credits in the proposed rule.

Colorado is seeing the impacts of these efforts, along with ongoing market advancements that have brought an increasing diversity of vehicles to the market and improved affordability. In 2021, ZEVs accounted for 8% of new Colorado vehicle sales, and reached 13% of new sales in December of last year, according to Atlas Public Policy.

**ACC II ZEV flexibilities will be critical for enabling other states to consider rulemaking options**

While our agencies have not yet performed a state-level analysis exploring the feasibility of adopting Advanced Clean Cars II in Colorado, our state and others that may consider adoption are currently in different positions compared to California, given that the market and the dynamics of Section 209 versus Section 177 mean that current adoption rates and availability of product in California currently exceed other parts of the country.

In order to maximize the feasibility of adoption by other states, which will amplify the impacts of the rule, we encourage the California Air Resources Board to approve and strengthen the proposed flexibilities in the rule. Doing so will increase the exportability of the final ACC II rule so that the benefits of accelerated adoption of zero emission light-duty vehicles can be maximized across the United States. We would like to offer the following comments on the proposed flexibilities:

- **Early compliance credits:** We strongly support this flexibility, and recommend allowing manufacturers to utilize the credits for 3 model years after entering the program, as it currently is not allowed beyond model year 2028 as written. We believe this would make it very difficult for states to join the program later than 2026 or 2027.



- **Environmental justice (EJ) credits:** We strongly support this flexibility, and ask that CARB consider allowing OEMs to utilize EJ credits for longer and to allow for the executive officer or Section 177 state equivalent to approve additional programs that qualify for EJ values, as programs in the proposed regulation are likely to change over time and new opportunities will arise to advance equity as the ZEV market continues to evolve.
- **Historical credits:** We strongly support this flexibility, and recommend CARB consider allowing the use of these credits for 5 years after the program starts, rather than Model Year 2026-2030. We believe this change would allow the proposed regulation to be more feasible for states who cannot adopt for implementation by 2026 or 2027.
- **Pooling:** We support this flexibility, though believe it may be difficult with the proposed stringency for OEMs to utilize this option.

We appreciate the Air Resource Board’s leadership, and we look forward to evaluating the potential to adopt the Advanced Clean Cars II rule once it has been finalized. Thank you for the opportunity to comment.

Sincerely,

Will Toor, Executive Director, Colorado Energy Office

Kay Kelly, Chief of Innovative Mobility, Colorado Department of Transportation

Trisha Oeth, Interim Director of Environmental Health and Protection, Colorado Department of Public Health and Environment