



Airlines for America®

We Connect the World

May 8, 2018

Submitted electronically at

https://www.arb.ca.gov/lispub/comm/bcsubform.php?listname=vwmititrust18&comm_period=N

Lisa Williams
California Air Resources Board, Mailstop 5B
P.O. Box 2815
Sacramento, California 95812-2815

Re: Volkswagen Consent Decree Environmental Mitigation Trust Beneficiary Mitigation Plan

Dear Ms. Williams:

Airlines for America® (“A4A”)¹ would like to thank the Air Resources Board (“ARB”) for the opportunity to comment on the State’s Proposed Beneficiary Mitigation Plan for the Volkswagen Environmental Mitigation Trust. A4A commends ARB for its recommendation to include projects that replace or repower airport ground support equipment with all-electric forms (“GSE projects”) as an eligible mitigation action in its Proposed Plan.

A4A and its members are committed to environmental progress and view the Volkswagen Environmental Mitigation Trust (“Trust”) as a unique opportunity to accelerate those efforts, particularly in disproportionately impacted communities. Our industry looks forward to working with ARB and the State to optimize this opportunity, and offer these comments on the Proposed Plan.

First and foremost, A4A appreciates ARB Staff’s proposal to allocate a substantial portion of its VW Trust funds to zero-emission freight and marine projects, including GSE projects. As we noted in our April 4th comments, GSE projects will robustly support the States’ policy goals to mitigate nitrogen oxide (“NOx”) emissions, reduce greenhouse gas emissions and petroleum use, and further efforts to attain compliance with national ambient air quality standards and minimize toxic air contaminants. In particular, GSE projects will further the legislature’s directive to ensure that 35 percent of the Trust funds benefit low-income or disadvantaged communities because many of the airports at which our members are interested in pursuing GSE projects are located in or near these communities as defined by CalEPA.

Considering this alignment of California’s goals and guiding principles with the beneficial outcomes of GSE projects, A4A urges CARB to consider funding more than the incremental cost to repower or replace airport GSE under the Trust. As we noted previously in our April 4, 2018 letter, limiting available funding to just the incremental cost of GSE would likely limit the scope of GSE projects airlines would pursue to

¹ A4A’s members are: Alaska Airlines, Inc., American Airlines, Inc., Atlas Air, Inc., Federal Express Corporation, Hawaiian Airlines, JetBlue Airways Corp., Southwest Airlines Co., United Continental Holdings, Inc., and United Parcel Service Co. Air Canada, Inc. is an associate member.

those where airlines have already decided to replace equipment rather than incentivizing projects to replace equipment faster than otherwise economically rational to promote NOx mitigation. As written, the Proposed Plan disincentivizes GSE project applications by having applicants go through the competitive grant process simply to end up with the same out-of-pocket costs to replace equipment. This is particularly true given GSE projects will be competing for the same pool of money as heavy-lift forklifts and port cargo handling equipment, each of which are eligible for substantially more funding than GSE. While forklifts and port cargo handling equipment are eligible for hundreds of thousands to millions of dollars of funding, GSE projects will be limited to thousands of dollars per piece of equipment despite their cost-effectiveness at mitigating not only NOx but other criteria pollutant and greenhouse gas emissions in disproportionately disadvantaged communities.

Our member airlines are highly interested in pursuing GSE projects at airports across California but request that ARB better incentivize GSE project applications to reflect the resource intensity of planning the projects and their highly beneficial results regarding air quality. One way ARB may consider doing this is by adopting the State of Colorado's strategy for funding GSE projects. Colorado has decided to fund "a maximum of 110% of the incremental cost plus the lost resale value of the unit up to a maximum incentive of . . . 25% of the total cost of the new vehicle for private fleets."² Following this precedent would balance the desire to provide funding to a wide array of projects with the need to incentivize GSE project applications.

In addition, ARB notes that it will address concerns of GSE projects' ability to compete in the freight and marine projects category, including how ARB will define "GSE incremental cost," during the implementation phase. A4A requests the opportunity to comment on the results of ARB Staff's work and on its proposed definition of "GSE incremental cost" at the appropriate time. The Consent Decree promotes stakeholder participation in the disbursement of Trust funds, and A4A suggests that ARB uphold this aspect of the agreement by continuing a productive dialogue with relevant stakeholders.

Lastly, A4A appreciates ARB's clarification that it is encouraging project applicants to combine the State's Trust funds with other funding sources to promote zero-emissions technology investment. Planning for wholly new GSE projects requires significant capital investment by the airlines, typically out of a normal fleet replacement and investment cycle, so making this assurance removes one possible disincentive for our member airlines who seek to continue to promote emissions reductions across the nation through investment in GSE projects under the Trust.

* * * * *

Thank you for your consideration. GSE are highly utilized equipment that only operate on airport grounds. Providing funding for GSE projects will result in cost-effective benefits that are realized where they are most needed: in nonattainment areas in or nearby disadvantaged communities. It is with this in mind that we urge ARB to consider our feedback. We look forward to working with ARB and the State moving forward, and welcome any questions regarding our comments.

² Colorado Department of Public Health and Environment, *Beneficiary Mitigation Plan Volkswagen, Audi, and Porsche Clean Air Act Settlements: March 21, 2018*, at 14, available at https://www.colorado.gov/pacific/sites/default/files/AP_VW_Beneficiary_Mitigation_Plan.pdf.

California Air Resources Board
May 8, 2018
Page 3

Sincerely,

A handwritten signature in black ink, appearing to read "V Bradley". The signature is fluid and cursive, with the first name "V" being a large, stylized letter.

Veronica Bradley
Manager
Environmental Affairs
Airlines for America

CC: Gary Cathey, Division Chief, Division of Aeronautics M.S. #40, California Department of Transportation, gary.cathey@dot.ca.gov