NESCAUM
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Northeast States for Coordinated Air Use Management
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Paul J. Miller, Executive Director

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:

The Northeast States for Coordinated Air Use Management (NESCAUM) is writing to express strong support for the Advanced Clean Cars II (ACC II) rulemaking and urges the California Air Resources Board (CARB) to adopt the proposed regulations.

As proposed, ACC II will drive the sales of new cars and light-duty trucks to 100-percent zero-emission vehicles (ZEVs) by the 2035 model year, including battery electric vehicles, hydrogen fuel cell electric vehicles, and the cleanest possible plug-in hybrid-electric vehicles (PHEVs), while reducing smog-forming emissions from new internal combustion engine vehicles (ICEVs). Additionally, the proposed charging and ZEV assurance measures, which set minimum warranty and durability requirements, increase serviceability, and facilitate battery labeling, will help to ensure long-lasting emissions benefits and enable consumers to successfully replace their ICEVs with new or used ZEVs and PHEVs that meet their transportation needs.

Background

NESCAUM is the regional nonprofit association of state air quality agencies in Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont. Our organization has a long history of working directly with states on adopting and implementing California's low-emission vehicle (LEV) and ZEV regulations. This unique role started three decades ago when NESCAUM first began evaluating the benefits of using the authority under Section 177 of the Clean Air Act to adopt California's motor vehicle emission standards in the Northeast. Since then, as part of a coordinated effort to reduce air pollution in the region, seven of our eight member states have adopted California's clean car standards in lieu of the federal emission standards.

Today, NESCAUM continues to support states considering adopting California's emission standards for new cars and trucks and hosts a Section 177 state workgroup to coordinate implementation of California's emission standards. In addition, NESCAUM facilitates the Multi-State ZEV Task Force, which serves as a unique forum for galvanizing state leadership on

complementary programs and policies through research and analysis, information sharing, collective strategizing, and coordinated action on shared priorities.[1]

The adoption of California's LEV and ZEV standards by Section 177 states drives economies of scale and provides the underpinning for strong federal emission standards. Moreover, the market power of the Section 177 states, which helps to bring down vehicle costs and build a national market for ZEVs, is expanding. Across the country, there are now 15 states that have adopted California's LEV and ZEV standards, and 2 states that have adopted the LEV standards.[2] Together, California and the Section 177 states account for roughly 40 percent of U.S. new car and light-duty truck sales.[3]

ACC II Provides Needed Emissions Reductions

The ACC II proposal provides a critical tool to meet climate and public health goals and to attain and maintain federal air quality standards. Like California, Section 177 states have set ambitious greenhouse gas (GHG) emission reduction targets for 2050 and interim targets that require aggressive emissions reductions by as soon as 2030. In the Northeast, the transportation sector is the largest source of GHG emissions, with cars and light-duty trucks accounting for more than a quarter of all emissions.[4] The rapid electrification of these vehicles is urgently needed to mitigate the worst effects of climate change.

Accelerating the transition to ZEVs is also a critical strategy for reducing criteria air pollutants, including smog-forming NOx and fine particulate matter. Harmful levels of these pollutants exacerbate asthma and other cardio-respiratory illnesses, especially in children and older adults, leading to additional doctor and emergency room visits, missed days of school and work, and increased risk of premature death. Transitioning to ZEVs is necessary for our states to achieve and maintain attainment with National Ambient Air Quality Standards for ozone, which is a persistent threat in the Northeast and in Section 177 states in other parts of the country. This transition is also vital to providing improved public health outcomes, especially in low-income and frontline communities located near heavily traveled transportation corridors.

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[1] The ZEV Task Force was established in 2013 by the State Zero-Emission Vehicle Programs Memorandum of Understanding, available at https://www.nescaum.org/documents/zev-mou-10-governors-signed-20191120.pdf.

[2] States adopting California's LEV and ZEV standards include Colorado, Connecticut, Maine, Maryland, Massachusetts, Minnesota, Nevada, New Mexico, New Jersey, New York, Oregon, Rhode Island, Vermont, Virginia, and Washington; Delaware and Pennsylvania have adopted California's LEV standards.

[3] National Automobile Dealers Association, NADA Data 2021, https://www.nada.org/WorkArea/DownloadAsset.aspx?id=21474861098.

[4] U.S. Environmental Protection Agency, State Inventory and Projection Tool (2022), https://www.epa.gov/statelocalenergy/download-state-inventory-and-projection-tool; U.S. Energy Information Administration, Energy-Related CO_2 Emission Data Tables, https://www.eia.gov/environment/emissions/state/.

Complementary Programs Are Also Needed to Expand the ZEV Market

While ACC II will establish regulatory requirements and certainty needed to drive investments in transportation electrification, complementary policies and programs are also needed and should be expanded to help support a growing ZEV market. To date, the Section 177 states have successfully pursued a wide range of market-enabling initiatives, such as establishment of vehicle purchase incentives and charging infrastructure grants; implementation of utility transportation electrification programs; adoption of state fleet ZEV purchase goals; consumer awareness campaigns; and public policy recommendations to foster the development of interoperable, consumer friendly, and reliable charging networks. In addition, the Section 177 states have adopted renewable energy standards or goals to decarbonize the grid[5] that will result in even greater emission reductions from ZEVs over time.

Collectively, the Section 177 states have invested millions of dollars in incentive programs for the purchase of ZEVs and charging infrastructure. Most Section 177 states provide rebates and other financial incentives that lower the purchase price for ZEVs. Over the years, states have modified their vehicle purchase incentive programs to expand equitable access to ZEVs by lowering the purchase price of eligible vehicles, making used ZEVs eligible for rebates, and providing increased rebate amounts for low-income consumers.

In addition, the Section 177 states are leaders in charging infrastructure investment and deployment, with many states administering charging infrastructure grant programs to expand public, workplace, and multi-family residential charging access. Outside of California, more than 75 percent of approved utility funding for transportation electrification is in the Section 177 states. The pace of charging infrastructure deployment in Section 177 states is set to accelerate. In addition to public utility investments in make-ready charging infrastructure and other transportation electrification programs, the Infrastructure Investment and Jobs Act[6] will provide billions of dollars in new federal funding to develop a nationwide network of electric vehicle chargers.

The Section 177 states also recognize the need for consumer education and outreach. Four years ago, states in the Northeast partnered with automakers to launch the *Drive Change. Drive Electric.* consumer awareness campaign.[7] The activation of this first-in-the-nation brand-neutral outreach campaign includes a website, social media postings, digital advertising, a series of educational videos on the benefits of driving electric, and promotions through partnerships with social media influencers. Overall, states and automakers have invested more than $5 million in the campaign with positive results showing increased consumer interest in electric vehicles. In addition to this regional initiative, individual Section 177 states are also employing a variety of tactics to increase consumer awareness and interest in electric vehicles.

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[5] National Conference of State Legislatures, State Renewable Portfolio Standards and Goals (updated August 13, 2021), https://www.ncsl.org/research/energy/renewable-portfolio-standards.aspx.

[6] H.R. 3684 – Infrastructure Investment and Jobs Act, 117th Congress (2021-2022), https://www.congress.gov/bill/117th-congress/house-bill/3684/text.

[7] *Drive Change. Drive Electric.*, https://driveelectricus.com.

ACC II Advances Equity

Increasing access to ZEVs and clean mobility in low-income and frontline communities is of utmost importance. The proposed ACC II regulations will reduce exposure to vehicle pollution in communities that are often disproportionately affected by motor vehicle pollution, such as near-roadway communities, by reducing emissions from ICEVs and accelerating the transition to ZEVs. Further, the proposed ZEV assurance measures will ensure these emissions benefits are long lasting and support the development of a robust used ZEV market. In addition, the ZEV regulation incentivizes automakers to invest in community carshare programs, produce more affordable ZEVs, and ensure that more used ZEVs are available. While the proposed ACC II regulations will advance equity, a whole-of-government approach is needed to maximize access, ensure affordability, and direct benefits to low-income and frontline communities. Thus, other policies and programs beyond ACC II will be needed in California and the Section 177 states to ensure these communities benefit from and have direct access to ZEVs.

ACC II Includes Appropriate ZEV Flexibilities

The proposed ACC II ZEV regulation includes the right mix of ZEV compliance flexibilities to address varying market conditions across the Section 177 states and the differing needs of automakers. Despite their collective success, the Section 177 states are not homogenous with respect to ZEV sales, charging infrastructure development, consumer demand, and other factors. Likewise, automakers are not all similarly situated and may experience fluctuations from year to year. Thus, offering a variety of flexibilities provides numerous pathways for complying with increasingly stringent ZEV sales requirements and is important to building support needed for Section 177 state adoption of ACC II. At the same time, the proposed flexibilities are appropriately limited and phased out to ensure ZEV market growth over time.

Early compliance values aptly encourage automakers to expand ZEV markets in Section 177 states and help states realize more immediate reductions in GHG and pollutant emissions prior to ACC II going into effect. Early compliance values will assist automakers with compliance in the early years of ACC II when flexibilities are most needed and help grow the used ZEV market as more ZEVs come off-lease in advance of ACC II adoption.

Environmental justice (EJ) vehicle values will help to expand access to more affordable new and used ZEVs and PHEVs. Under the proposed regulation, automakers may fulfill up to five percent of their annual ZEV requirement through model year 2031 with EJ vehicle values earned from qualifying EJ programs.

Two additional provisions – pooling and converted ZEV and PHEV values – provide additional flexibilities for automakers facing a shortfall. Pooling will enable automakers to transfer values earned from excess sales in one state to another state where a compliance shortfall exists. The pooling provision is appropriately limited and phased out over time to ensure market growth in each state adopting the ACC II regulations. Converted ZEV and PHEV values based on historical ZEV and PHEV credits banked under the current ZEV regulation provide additional compliance flexibility for automakers during the first five program years. Under this flexibility,

an automaker facing a shortfall may use converted vehicle values to fulfill up to 15 percent of their annual ZEV requirement through model year 2030.

In short, the proposed flexibilities strike the right balance between driving emission reductions necessary to meet climate, public health, and air quality goals and providing flexible pathways for compliance by the automakers in the Section 177 states.

Conclusion

Thank you for the opportunity to comment on the proposed ACC II regulation. We appreciate California's continued leadership in protecting the environment and public health from motor vehicle pollution and putting us on the path to a zero-emission transportation sector. We believe our states and others will benefit significantly from California's efforts.

Sincerely,

Paul J. Miller
Executive Director

cc: NESCAUM Directors