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May 31, 2022

Chair Randolph and Members of the Board
California Air Resources Board

1001 I Street
Sacramento, CA 95814

Re: The Proposed Advanced Clean Cars II Rule

The signatory groups below provide the following comments on the Advanced Clean Cars II proposal.

The climate crisis is harming California today with unprecedented drought, wildfires, high heat days and exacerbated air pollution. Today, 6 of the top 10 most polluted cities in the country are in California and this toxic air pollution disproportionately harms frontline communities and communities of color. Fortunately, zero-emission vehicle technology has matured and is ready to be fully deployed to dramatically reduce pollution across California's communities.

The current ACC II proposal, while historic in some respects, is not strong enough to fully achieve these opportunities by rapidly and equitably transitioning the passenger vehicle market to zero-emissions. We do appreciate and support elements of the proposal including:

- 100% new ZEV sales requirements by model year 2035 that will ultimately eliminate tailpipe pollution from all new passenger vehicles sold in California;
- Tailpipe pollution standards that will reduce harm from new gasoline vehicles and will also prevent backsliding by manufacturers; and
- Battery warranty requirements that will ensure consumer confidence in the new and secondary ZEV vehicle markets.

However, the current proposal does not currently achieve the environmental, health, economic and equity outcomes that it should. The Air Resources Board (CARB) must go further to develop an ACC II rule that prioritizes equitable outcomes that will support and create hundreds of thousands of good paying jobs, keep California competitive with the growing global ZEV marketplace, dramatically drive down health costs by billions of dollars, and improve access and affordability for low-income households, all while significantly reducing and ultimately eliminating tailpipe pollution.

Our diverse California coalition of environmental justice, health, consumer, faith, business, and environmental organizations representing hundreds of thousands of Californians strongly calls for two critical improvements to the ACC II regulation:

- **Strengthen interim sales targets for zero emission cars to at least 75% new sales by 2030 and ensure that overall ZEV sales requirements meet the emission reduction targets CARB established in their mobile source strategy**
- **Ensure automakers participate in the equity credit incentive program without creating trade-offs between ZEV access and air quality and climate benefits.**

Unfortunately, CARB's current ACC II proposal does not fully achieve the pollution reductions from cars that CARB's own mobile source strategy says are needed to meet the state's air quality and climate goals. The current proposal - absent strengthening - leaves Californians stuck with hundreds of thousands of more polluting cars on the road that cost them more money at the pump and will continue to spew climate warming and lung-damaging pollution. Additionally, the current proposed voluntary equity provisions to ensure pathways for ZEV deployment in pollution-burdened communities are insufficient and may not even be utilized by most automakers.

Furthermore, the current rule risks having California fall further behind markets like Europe and China that are dramatically accelerating ZEV adoption. Automakers are already shifting resources to countries where there are stronger policies, driving up investment and jobs in these regions. In terms of bringing ZEVs to market, automakers have introduced more than twice as many electric vehicle models in Europe and more than five times as many models in China compared to the U.S..

Strengthen interim sales targets for electric cars to at least 75% in 2030

While the ZEV sales requirement increased nominally from the original proposed rule, the current stringency curve still fails to meet the demands of our climate and air quality crises. If CARB does not improve the standard to achieve at least 75% electric car sales by 2030, there will be a shortfall that leaves hundreds of thousands more fossil fueled cars on the road cumulatively by 2035 that will continue to spew climate warming and lung-damaging pollution.

Furthermore, given the OEMs' expectations of high ZEV sales prior to the regulation, existing flexibilities to use ACC I and ACC II credits, and new credit generating opportunities through early action, there is a significant risk in California that the actual level of ZEV sales will fall short of the expected sales level in the ISOR. Absent a stronger rule, the combined flexibilities could undermine air quality benefits in California while also delaying the mass production and increased competition among OEMs needed to accelerate more mainstream ZEVs for low and moderate-income drivers.

Include equity provisions that will deliver for California's pollution-burdened communities
Low-income communities of color have been disproportionately impacted and have suffered from adverse impacts of fossil fuel operations including tailpipe emissions for decades. Equity demands that households and families that live in Disadvantaged Communities have access to and benefit from all forms of clean mobility options in a more comprehensive way. ACC II standards must center equity to maximize access, affordability, and direct benefits to Disadvantaged Communities.

Currently, the equity provisions in the proposed rule are voluntary and may therefore never actually be utilized by most carmakers - especially for the luxury ZEV manufacturers. Each of the equity programs have merit, yet fall short in providing direct and meaningful benefits in pollution-burdened communities. Their use is not required. Manufacturers' participation is both voluntary and incented only by decreasing their ZEV sales obligation, which will not guarantee emissions reductions in communities historically overburdened with transportation pollution. The best strategy for achieving ZEV deliveries to overburdened communities within the rule is to simply make these provisions mandatory. We understand that ARB staff has concerns about a mandatory approach, and we have worked to identify an alternate approach.

Short of a mandatory equity provision, the next best strategy for mitigating both equity and stringency concerns would be to condition the use of other credits on OEM participation in the equity programs. As a result, OEM participation in the equity credit would be both encouraged through additional credit and through disincentives for non-participation. This approach will mitigate possible trade-offs between ZEV access and air quality and climate benefits.

Staff could add a provision that use of certain credits would only be available to those manufacturers that voluntarily have maximally utilized the equity program credits. Because the OEMs would still have the option not to participate in the equity program, the program would not be "mandatory." And because the "penalty" for not participating only deals with restricting the use of other flexibilities offered in the rule, it does not alter the core compliance scenario, and therefore does not introduce concerns about "exceeding" maximum feasibility. Ultimately, the degree to which credits are reserved for companies that fully utilize the equity program may depend on the final stringency of standards ARB adopts as well as the scope and magnitude of credits available to manufacturers.

Regardless, the benefits of this approach are clear. Credit restriction would provide a stronger incentive for OEMs to meaningfully participate in the equity programs, thus helping place cars in car share programs and incentivizing the production of ZEVs across all market segments beyond the premium or luxury segment. For OEMs that choose not to participate, it would shrink the potential gap between the stated ZEV sales obligation and actual sales. Our proposal would therefore strengthen both the equity components and the environmental integrity of the rule.

Moreover, this proposal is exceedingly fair, as it could be adopted in a manner that does not alter the feasibility of compliance. Staff have maintained throughout our conversations with them that stringency is restricted to a level that can demonstrably be met without the use of credits. Therefore, it is reasonable for Staff to require OEMs to follow this core compliance scenario and allow them to "earn" access to additional flexibilities only through a serious commitment to the equity programs.

It's your duty to set strong air pollution standards that will save lives. We need bolder action that matches this moment of crisis. Don't pass up this opportunity to create a healthier, more just and vibrant economic future for California.

Thank you for your consideration.

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