



December 2, 2020

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento, California 95814

Submitted electronically: <https://www.arb.ca.gov/lispub/comm/bclist.php>

Re: **20-13-7 Proposed Fiscal Year 2020-21 Funding Plan for Clean Transportation Incentives**

The California Electric Transportation Coalition (CalEETC) appreciates the opportunity to provide our feedback on the Proposed Fiscal Year 2020-21 Funding Plan for Clean Transportation Incentives.

CalEETC supports and advocates for the transition to a zero-emission transportation future to spur economic growth, fuel diversity and energy independence, contribute to clean air, and combat climate change. CalEETC is a non-profit trade association committed to the successful introduction and large-scale deployment of all forms of electric transportation. Our Board of Directors includes representatives from: Los Angeles Department of Water and Power, Pacific Gas and Electric, Sacramento Municipal Utility District, San Diego Gas and Electric, Southern California Edison, Southern California Public Power Authority, and the Northern California Power Agency. In addition to electric utilities, our membership includes major automakers, manufacturers of zero-emission trucks and buses, electric vehicle charging providers, and other industry leaders supporting transportation electrification.

In addition to CalEETC's membership, we manage a large coalition of industry and consumer groups, and coordinate closely with environmental and environmental justice stakeholders, in support of adequate and reliable funding for the Low Carbon Transportation Programs at CARB. CalEETC appreciates CARB's yearly efforts to identify the needed allocation and manage the programs to the best of their ability given insufficient allocations and no assurance of continuing allocations over time. We will continue to advocate within the Legislature and with the Administration to ensure adequate and reliable funding is provided for these programs.

AQIP Funding Allocation

Given the current budget outlook and that the Legislature has not allocated any of the Greenhouse Gas Reduction Fund (GGRF) revenue for 2020/21, CalEETC supports allocating the available Air Quality Improvement Program (AQIP) funding to the Hybrid and Zero-Emission Truck and Bus (\$25M) Voucher Incentive Project (HVIP) and Clean Cars 4 All (\$3M). Unfortunately, even the \$25M budget will not meet demand for HVIP, and this shortfall in funding will harm the market and availability of zero-emission truck and bus technologies. Likewise, the restrictions proposed to

limit access to HVIP is detrimental to the market and availability of zero-emission trucks and buses, even as we recognize CARB is constrained by the uncertainty of any funding beyond the \$25M in 2021 and is trying to stretch limited incentive dollars. In 2021, CalETC will focus its advocacy efforts on augmenting the AQIP budget with GGRF or other funds, so we urge CARB staff to make only those changes to HVIP that will continue the progress made towards electrification of medium- and heavy-duty vehicles. With this in mind, we offer these suggested modifications to the proposed funding plan and indicate the proposed modifications we support:

Proposed Changes to HVIP

CalETC appreciates staff's recommended inclusion of class 2b trucks in HVIP for commercial fleets once these vehicles are on the market. The Advanced Clean Trucks (ACT) Regulation requires a significant volume of sales in the class 2b weight class, with a quick ramp up from 5% of sales in model year 2024 to 30% of sales in model year 2030. A significant portion of that sales volume will come from fleets that use class 2b trucks, which are a large part of the on-road vehicle population. Consequently, this will help OEMs reach the sales targets and facilitate the success of the ACT Regulation. We support moving single-owned class 2b vehicles to CVRP but not class 2b commercial vehicles purchased by small, medium, or large fleets. Fleets considering transitioning to electric vehicles will need much more substantial incentives to fully transition to unfamiliar zero-emission vehicle technologies. We appreciate staff recognizing the importance of inclusion of class 2b trucks in the 2021 timeframe, and we will continue to work with staff as the proposed investment plan suggests.

CalETC supports a limited reduction in voucher amounts for certain types of HVIP-eligible technologies and supports the staff efforts to ensure limited reductions. [Specifically, trucks and shuttle bus vouchers should remain the same while significantly reducing or eliminating school bus vouchers.] CalETC and our broad coalition is committed to working very hard to get an additional GGRF allocation for MHD ZEVs and appreciates the proposal to revisit this plan if funding is allocated. We continue to support the Motiv approach to the market verticals that CARB is most familiar with, which considers the market impacts for cuts across the various truck segments.

CalETC supports limiting the number of vouchers a particular fleet can receive to help the funding reach more fleets and supports staff reconsidering a higher limit should more funding be allocated to HVIP in 2021.

CalETC supports graduating natural gas engines from the program to allow more ZEVs access to the limited funding. This is consistent with the ambitious goals for ZEVs established by the ACT Regulation and the Governor's Executive Order N-79-20. Additionally, there are more ZEVs coming to market in a variety of weight classes, so there will be more demand for ZEVs for a wider range of applications.

CalETC agrees with CARB staff that rolling manufacturer voucher caps may increase program efficiency and effectiveness, improve HVIP availability, and result in faster delivery of zero-emission trucks.

Proposed Changes to CVRP

CalETC does not support increasing the all-electric range for plug-in hybrid electric vehicles at this time. Although we understand the CARB Board and staff believe it is important to provide a market signal that supports longer range plug-in hybrid electric vehicles, the all-electric range was increased in last year's investment plan and it is unclear whether the increase proposed this year will equitably benefit the market adoption of electric vehicles. The vehicles that would no longer be eligible for the incentive are among the most affordable electric vehicles. Data is available on the market uptake of electric vehicles across households with only one vehicle, limited access to charging infrastructure and/or low- and moderate-income households. We recommend evaluating the available data to understand the impacts of eliminating the CVRP incentive, as proposed, on the households referenced. During this time of economic hardship and the resulting drop in sales of electric vehicles overall, which has had the perverse positive impact of adequate available CVRP funding for FY 2020/21, it is prudent to fully understand the equity and market impacts of increasing all-electric range.

CalETC supports staff signaling their intent to bifurcate the CVRP incentive structure for SUVs, vans and pickup trucks once these vehicles come to market. Larger vehicles are more challenging to electrify, from both a vehicle technology and consumer satisfaction perspective. These classes of vehicles also tend to be more expensive. We appreciate CARB staff recognition that for consumers purchasing these larger classes of vehicles, it may be necessary to adjust the current restrictions in place for CVRP to help spur the market for larger vehicles. As California works to attain an all-electric car and truck future, it will be necessary to consider the differing price points, consumer preferences, and utility across the various classes of cars and trucks.

CalETC thanks CARB staff for their continuing commitment to involve stakeholders throughout the development of the FY 2020-21 Funding Plan.

Thank you for your consideration of our comments. Please do not hesitate to contact me if you have any questions at eileen@caletc.com or (916) 952-7026.

Sincerely,



Eileen Wenger Tutt
Executive Director

California Electric Transportation Coalition