

September 12, 2022

The Honorable Liane Randolph  
Chair, California Air Resources Board  
1001 I Street  
Sacramento, CA 95811

**RE: Innovative Clean Transit Regulation – Comprehensive Review**

Chair Randolph:

On behalf of the California Transit Association, I write to you today to register the following comments on the Comprehensive Review for the Innovative Clean Transit (ICT) regulation. By way of background, the Association represents more than 220 member organizations from across the California's transit industry, inclusive of 85 transit and rail agency members and all leading original equipment manufacturers. From 2015 to 2018, the Association served as the voice for the transit industry in responding to the draft ICT regulation and ultimately led closing negotiations on behalf of the industry with then-Chair Mary Nichols and Vice Chair Sandy Berg on the regulation's final provisions.

Since the ICT regulation was adopted in December 2018, the Association has worked diligently through our Zero-Emission Vehicle Task Force to advance a series of state and federal legislative and budgetary measures as well as educational opportunities to support the early deployment of zero-emission buses (ZEBs) and to set the foundation for meeting the ICT regulation's goal of converting all transit buses in California to zero-emission technologies by 2040.

Specifically, the Association:

- Reconstituted our Zero-Emission Bus Task Force (now Zero-Emission Vehicle Task Force) to serve as internal policy advisors and to develop a multi-year advocacy and educational program to support ICT regulation implementation.
- Advocated for, and helped secure, a 500 percent increase in federal funding for the Low and No Emissions Grant and Bus and Bus Facilities Grant programs from the Bipartisan Infrastructure Investment and Jobs Act. As part of this process, we advocated for, and

secured, scoring preference in these programs for transit agencies that have committed to transitioning to 100% ZEB technologies.

- Advocated for, and helped secure, an increase in funding for the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) in the Fiscal Years 2021-22 and 2022-23 state budgets. As part of these actions, we advocated for, and secured, the creation of a dedicated transit agency set-aside in HVIP.
- Advocated for, and secured, a California Environmental Quality Act exemption for the installation of ZEB charging and refueling infrastructure (authorizing legislation: SB 288 (Wiener, 2020); extension legislation: SB 922 (Wiener, pending in 2022)). As part of this process in 2022, we advocated for an additional CEQA exemption for the building of maintenance and operations facilities necessary to deploy ZEBs.
- Advocated for, and secured, a state sales and use tax exemption for HVIP-eligible ZEBs purchased by California's transit agencies (authorizing legislation: AB 784 (Mullin, 2019); extension legislation: AB 2622 (Mullin, pending in 2022)).

A full list of the measures we pursued is included with this letter as **Attachment A**.

Additionally, and germane to the Comprehensive Review, the Association engaged with CARB and the National Renewable Energy Laboratory in 2021 and 2022 to inform the scope and findings of the Comprehensive Review. As an Association, we believe that the Comprehensive Review provides an accurate snapshot of the status of ZEB deployment in our state, captures well the state of ZEB technology, and appropriately highlights the near- and long-term barriers to the transition to ZEBs. These barriers include, but are not limited to: the significant costs of procuring and operating ZEBs (inclusive of capital costs – vehicles, charging and refueling infrastructure, charge management technology, and maintenance and operations facilities; and, operating costs – electricity and hydrogen as fuel, subscription fees associated with charge management technology, and workforce training); the range limitations of ZEBs, which make the one-for-one replacement of conventionally-fueled bus with a ZEBs infeasible in some cases; the reliability and availability of zero-emission buses; grid resilience in the face of planned and unplanned grid disruptions; access to dedicated funding to address the significant costs of procuring and operating ZEBs; and, the availability of curriculum to support the training of the existing and incoming transit workforce on maintaining and operating ZEB technologies.

Unfortunately, and as attested to further in the Comprehensive Review, the challenges associated with these barriers have been further exacerbated by the lingering impacts of the COVID-19 pandemic, which has reduced transit ridership and revenues, created manufacturing and construction delays, and increased capital and operating costs necessary to successfully deploy ZEBs.

In submitting this letter to you today, we wish to first thank CARB staff for their thoughtful engagement with us throughout the drafting of the Comprehensive Review. More substantially, we wish to elevate for consideration by Board Members and the public the importance of fairly

balancing the Comprehensive Review's conclusion that the 2023 purchase mandate should proceed, as written in the ICT regulation, with the stark reality that California transit agencies will continue to face the aforementioned barriers in the years ahead. The impacts to transit agencies from these barriers, if left wholly or partially unaddressed, will become more severe as the purchase mandate becomes more stringent over time and more agencies are impacted by it. The Association believes that, in balancing these considerations, CARB will be able to proceed with the 2023 purchase mandate without causing significant disruption to the transit industry, but CARB must commit to continued partnership with the Association, our members, and various other state entities (e.g. California Energy Commission, California Public Utilities Commission, and Governor's Office of Business and Economic Development) to aggressively pursue solutions to these barriers for 2024 and beyond – a proposal to this effect is presented below. Such partnership should also contemplate that, while most agencies are not expected to be challenged by the 2023 purchase mandate, some may be, and will require targeted support from the state.

**In the spirit of continued partnership and support for the continued transition to ZEBs, the Association specifically urges CARB to consider the following near-term actions, developed by our ZEV Task Force:**

- 1. Update CARB's administrative policies and funding guidelines to ensure transit agencies retain continued access to funding from HVIP.**
- 2. Establish an executive-level ICT regulation working group at CARB, with participation from the California Energy Commission, California Public Utilities Commission, Governor's Office of Business and Economic Development, and the Association to address the barriers we noted and to identify and troubleshoot challenges to ICT implementation as they arise.**
- 3. Update CARB's Low Carbon Fuel Standards regulation to authorize transit agencies to track and report electricity usage from a meter dedicated to charging infrastructure.**
- 4. Continue to coordinate with the California Energy Commission on the development of infrastructure funding programs that are complementary to HVIP and that support large-scale ZEB deployments. Examples of such programs include, but are not limited to, EnergiIZE and the Zero-Emission Transit Fleet Infrastructure Deployment.**
- 5. Continue to support increased funding for ZEB deployment and charging/refueling infrastructure in the State Budget and federal reauthorization-appropriations bills.**
- 6. Continue to coordinate with the California Public Utilities Commission to extend and make permanent today's Commercial Electric Vehicle tariffs.**

**In pursuing these near-term actions, CARB will have a ready partners and vocal allies in the Association and our members.**

As I close, I want to emphasize that, while our message today is direct, our interest is only to ensure that we do not place California transit agencies in the untenable position of moving faster on the transition to ZEBs than technology, funding availability, and external institutional support would allow. Doing so would have the counterproductive consequence of compromising the quality and availability of vital transit service, which we know is critical to meeting the state's highest order environmental objectives.

Thank you for the opportunity to comment on the Comprehensive Review. The Association has truly appreciated the opportunity to work with CARB as a partner in driving the transition to ZEBs, and we look forward to working together in the years to come to address the near- and long-term barriers identified by us and in the Comprehensive Review. If you have any questions regarding this letter, please contact me at [michael@caltransit.org](mailto:michael@caltransit.org) or 916-446-4656 x1034.

Sincerely,



Michael Pimentel  
Executive Director

cc: Members, California Air Resources Board  
Dr. Steven Cliff, Executive Officer, California Air Resources Board  
Dr. Sydney Vergis, Chief, Mobile Source Control Division, California Air Resources Board  
Jamie Callahan, Chief of Staff, Office of Chairwoman Liane Randolph, California Air Resources Board  
Yachun Chow, Manager, Zero Emission Truck and Bus Section, California Air Resources Board  
Peter Christensen, Manager, Innovative Heavy-Duty Strategies Section, California Air Resources Board  
Karen Douglas, Senior Advisor for Energy, Office of Governor Gavin Newsom  
Patty Monahan, Commissioner, California Energy Commission  
Cliff Rechtschaffen, Commissioner, California Public Utilities Commission  
Tyson Eckerle, Senior Advisor for Clean Infrastructure & Mobility, Governor's Office of Business and Economic Development  
Members, California Transit Association

# ENSURING THE SUCCESS OF THE INNOVATIVE CLEAN TRANSIT REGULATION

## Recommendations from the California Transit Association

The California Transit Association and our transit agency members support the continued implementation of the California Air Resources Board's (CARB) Innovative Clean Transit (ICT) regulation. Spurred by the adoption of the regulation in December 2018, California's transit agencies had 654 zero-emission buses in service or on order by December 31, 2020.

Additionally, the Association and our transit agency members have worked with CARB, the California State Legislature, the California Energy Commission, the California Public Utilities Commission, and the United States Congress to pursue, develop, and implement policies and funding programs to support California's goal of transitioning all transit buses in the state to zero-emission technologies by 2040. **See reverse side for a summary of these efforts.**

**With continued collaboration between CARB and the transit industry to address the remaining challenges with the transition, we can meet our shared goal.**

**Challenge:** Our continued support for the ICT regulation aside, the Association and our transit agency members assert that the cost of zero-emission technologies (capital – vehicles and infrastructure, operating – fuel and workforce) will remain an impediment to reaching our shared goal of 100% ZEBs by 2040 for the foreseeable future. This assessment is made more dire by the lingering impacts of the COVID-19 pandemic, which has reduced transit ridership and revenues, created manufacturing and construction delays, and increased capital and operating costs necessary to successfully deploy ZEBs.

**Opportunity:** Today, as the California Air Resources Board considers the ICT regulation's Comprehensive Review which validates our assessment, the Association urges CARB to consider the following near-term actions to overcome the cost challenges noted above and to further support compliance with the ICT regulation.

1. Update CARB's administrative policies and funding guidelines to ensure transit agencies retain continued access to funding from the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP).
2. Establish an executive-level ICT regulation working group at CARB, with participation from the California Energy Commission, California Public Utilities Commission, GO-Biz, and the Association to address the barriers we noted and to identify and troubleshoot challenges to ICT implementation as they arise.
3. Update CARB's Low Carbon Fuel Standards regulation to authorize transit agencies to track and report electricity usage from a meter dedicated to charging infrastructure.
4. Continue to coordinate with the California Energy Commission on the development of infrastructure funding programs that are complementary to HVIP and that support large-scale ZEB deployments.
5. Continue to support increased funding for ZEB deployment and charging/refueling infrastructure in the State Budget and federal reauthorization-appropriations bills.
6. Continue to coordinate with the California Public Utilities Commission to extend and make permanent today's Commercial Electric Vehicle tariffs.



## Summary of Actions Taken by the California Transit Association to Support the Implementation of Innovative Clean Transit Regulation

- Reconstituted our Zero-Emission Bus Task Force (now Zero-Emission Vehicle Task Force) to serve as our internal policy advisors and to develop a multi-year advocacy and educational program to support ICT regulation implementation.
- Advocated for, and helped secure, a 500 percent increase in federal funding for the Low and No Emissions Grant and Bus and Bus Facilities Grant programs from the Bipartisan Infrastructure Investment and Jobs Act. As part of this process, we advocated for, and secured, scoring preference in these programs for transit agencies that have committed to transitioning to 100% ZEB technologies.
- Advocated for, and secured, guidance from the Federal Transit Administration to permit ZEB rollout plans, adopted by California's transit agencies to meet ICT regulation requirements, to be submitted to FTA to fulfill requirements in the Low and No Emission Grant and Bus and Bus Facilities Grant programs.
- Advocated for, and helped secure, an increase in funding for the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project in the Fiscal Years 2021-22 and 2022-23 state budgets. As part of these actions, we advocated for, and secured, the creation of a dedicated transit agency set-aside in HVIP.
- Supported the reorientation of the Transit and Intercity Rail Capital Program toward greater support for ZEB deployments.
- Advocated for, and secured, a California Environmental Quality Act exemption for the installation of ZEB charging and refueling infrastructure (authorizing legislation: SB 288 (Wiener, 2020); extension legislation: SB 922 (Wiener, pending in 2022)). As part of this process in 2022, we advocated for an additional CEQA exemption for the building of maintenance and operations facilities necessary to deploy ZEBs.
- Advocated for, and secured, a state sales and use tax exemption for HVIP-eligible ZEBs purchased by California's transit agencies (authorizing legislation: AB 784 (Mullin, 2019); extension legislation: AB 2622 (Mullin, pending in 2022)).
- Supported the creation by the Department of General Services of a Master Services Agreement for ZEBs.
- Secured a seat on the California Energy Commission's Clean Transportation Advisory Committee and have informed the development of various infrastructure and planning programs to support the deployment of ZEBs.
- Engaged the California Public Utilities Commission in various proceedings related to its Transportation Electrification Framework. As part of this process, we supported: the creation of new infrastructure programs at the state's three investor-owned utilities to building infrastructure for ZEBs: the establishment of new Commercial Electric Vehicle tariffs.
- Commissioned a rate design study to inform the development of Commercial Electric Vehicle tariffs to support ZEB deployments.
- Advocated for, and secured, funding for the VW Mitigation Trust for ZEB deployments.
- Devoted entire session tracks at our annual fall conferences to battery-electric and fuel cell electric bus technologies.
- Planned the 2020 ZEB Showcase and Symposium with CARB (canceled due to COVID-19).
- Co-hosted the 2019 ZEB Showcase and Symposium in partnership with CARB and the Antelope Valley Transportation Authority.