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Chair Liane Randolph, Members of the California Air Resources Board and Staff 1001 | Street Sacramento, CA 95814

Re: 15-Day Change Order for the Advanced Clean Cars II Rule

Chair Randolph and Staff,

On behalf of the California Clean Cars Coalition, we write in response to the proposed 15-day changes to the Advanced Clean Cars II (ACC II) regulation. There is no disagreement that adopting the proposed ACC II regulation will reduce Californians' exposure to unhealthy urban air pollution, and reduce greenhouse gas emissions that threaten our planet's welfare. Therefore, it is imperative that the Board adopt the ACC II regulation immediately with the 15-day changes.

At the June hearing many Board members and the Chair expressed a desire for the rule to deliver equity without reducing stringency, so that the rule could deliver zero emission cars for more working Californians who bear the brunt of car pollution. We are disappointed that despite this feedback, the proposed 15-day changes to the equity provisions do not go far enough and do not guarantee direct benefits to California's most disadvantaged communities. Some of the other proposed 15 day changes may reduce the stringency of the regulation. The final proposed regulation does not achieve the equity benchmarks or fully reach the individuals and communities the Board directed staff to reach.

At this point, any substantive changes to the equity programs within the ACC II rule would result in additional administrative delays of the overall program. That is not in the interest of any of the organizations within our coalition, nor the people of California. Thus, in adopting the revised regulation,

including the 15-day changes, we ask you to include in the resolution direction to staff to strengthen CARB's commitment to equity in all actions outside of this regulation, and to continue to work with OEMs and equity stakeholders to do so. Proposed language for inclusion in this resolution is provided below.

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Include in the WHEREAS:

- Additional actions by CARB beyond the Advanced Clean Cars II rule will be necessary to achieve clean air, and net-zero emissions by 2045, including additional emission reductions from light-duty vehicles; and
- The highest priority must be placed on identifying all feasible actions CARB can take as soon as
 possible, regulatory and otherwise, and delivering environmental justice and equity in each
 action;

Include in the THEREFORE, BE IT RESOLVED that:

- CARB staff will work directly with automakers, NGOs, Community Based Organizations, environmental justice groups and equity groups to develop agreements whereby automakers commit to participate in the regulation's equity provisions including increasing the number of new and used ZEVs made available to Clean Cars for All (CC4A) and the Clean Vehicle Assistance Program (CVAP). CARB staff will also identify mechanisms to support NGO, Community Based Organizations, and small business participation in these programs and agreements;
- CARB will conduct an annual analysis of the impact of the ACC II equity program. The analysis will include but not be limited to:
 - 1. Analysis of the ACC II equity programs undertaken by each OEM, the equity credits generated, and their source,
 - 2. The number of new and used ZEVs placed in or benefiting low-income and disadvantaged communities,
 - 3. The number of equity credits generated by early compliance with the equity provisions. Staff will present this analysis to the Board, as well as CARB's Environmental Justice Advisory Committee and other similar advisory groups with interest in increasing access and affordability of ZEVs for low-income and disadvantaged communities. The first analysis shall be issued at the end of 2026; and
- CARB staff shall provide by 2024 an analysis of which measures beyond ACC II will ensure that light-duty vehicles meet their proportional share of reductions under the Mobile Source Strategy; and
- CARB will work with environmental justice and equity groups to identify additional strategies to provide zero emission vehicles to low-income and disadvantaged communities.

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Notwithstanding our recommendation to adopt the regulation, we felt it important to note where the 15 day changes failed to deliver. The historical ZEV credits were modified to increase the credit pool and the conditions attached to the use of these historical credits were relaxed to allow greater dependence on them. New credits were added for FCEVs and certain ZEV assurance measures were weakened. Our proposal to condition historical ZEV credits on OEMs' participation in equity programs was accepted only in a limited form, as manufacturers can now achieve the entire incentive provided in the rule with an equity credit level of 0.5% of sales, as opposed to the 5% of sales maximum allowable level. Given that staff has said that manufacturers have great hesitation regarding the equity provisions, it is unlikely that any participating manufacturers will go beyond the 0.5% minimum needed—which is just one-tenth of the level allowed under the regulation and fully incentivized in our coalition recommendation.

In conclusion, the Coalition urges the Board at its August hearing to approve the ACC II regulation as amended to establish key provisions such as the ZEV sales mandates, battery durability assurance provisions, in-use compliance, and stronger emission limits and procedures for LEV to be implemented as soon as possible. Furthermore, we urge the Board to accept our suggested Resolution language which will support an ongoing equity program evaluation and improvement, with transparency for stakeholders and the public. We hope CARB and our organizations can work together to evaluate the impacts of the ACC II equity provisions, and to identify new opportunities to deliver equity to our communities.

Thank you for your consideration.

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