

June 23, 2014

VIA ELECTRONIC FILING TO <http://www.arb.ca.gov/lispub/comm/bclist.php>

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

Subject: Comments on proposed amendments to the Enhanced Fleet Modernization Program

Next Generation applauds ARB staff for their revised Enhanced Fleet Modernization Program (EFMP) regulations. The regulations, proposed by ARB staff on May 6th and due for the Board's consideration on June 26th, clearly reflect the spirit of SB 459 (Pavley) and will help create a better-targeted, wider reaching, and more effective program.

Numerous aspects of ARB's regulations will bring positive changes to the program. The proposal to tier and limit vehicle retirement and replacement incentives based on household income will help ensure that funds are directed to the households that need them most. An emphasis on fuel-efficient and advanced technology replacement vehicles for moderate-income households will accelerate the adoption of cost-saving and GHG reducing technologies. Especially critical are the regulations' emphasis on piloting new strategies for outreach and assistance for low-income drivers to obtain financing.

Still, we recommend ARB staff further improve the EFMP regulations in one key area: increased minimum fuel efficiency standards for all replacement vehicles. The EFMP has the potential to become more than an air quality program and capture the co-benefits of fuel savings for program participants and reduced greenhouse gas (GHG) emissions for the state. To accomplish this, we recommend ARB implement higher fuel efficiency standards for replacement vehicle purchases by low-income households. ARB staff's May 6th draft regulations would allow households earning 225 percent or less of the federal poverty level to purchase vehicles with efficiency levels as low as 20 MPG—the same level federal CAFE standards required new cars to meet on average in 1980—using EFMP replacement vouchers.

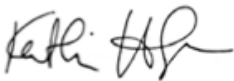
We urge ARB staff to increase minimum efficiency requirements over current levels. Inefficient vehicles in the 20 MPG range impose high fuel costs and generate significant greenhouse gas emissions. Recent analysis by Next Generation (available at <http://nwg.is/1pHpbDL>) indicates that a substantial number of vehicles with efficiency ratings in the 27+ MPG range are available on California's auto market at prices comparable to vehicles that meet ARB's proposed criteria. Low-income households stand to benefit substantially from the cost savings offered by more efficient vehicles, and increasing replacement vehicle efficiency would strengthen the EFMP's GHG reduction potential.

On top of the need for an increased efficiency baseline for all replacement vehicles, Next Generation’s work also underscores the importance of efforts to provide vehicle financing assistance to low-income households. Our analysis suggests that the EFMP will not be successful in reaching low-income households without a robust method of extending financing assistance. ARB staff’s proposal points toward several encouraging options on this front, but leaves concrete details to the district-level implementation process. We cannot overemphasize the importance of this element in the forthcoming district-level pilot proposals, and, looking beyond the EFMP, this analysis suggests a clear need for low-income financing programs as part of all of California’s efforts to transform the light duty vehicle sector.

In addition to improving our state’s air quality, the Enhanced Fleet Modernization Program should reflect California’s commitments to improving the economic welfare of its citizens and reducing the impacts of greenhouse gas emissions on current and future generations. A minor revision to efficiency requirements for replacement vehicles under the EFMP would make significant progress toward addressing these challenges, and we urge the board to seriously consider the change. We also encourage ARB staff to place a strong and continued focus on low-income financing programs throughout pilot program approval and implementation.

We thank ARB staff for their work in amending EFMP to meet the goals of SB 459, and we look forward to continued dialogue towards maximizing the benefits of the program.

Best,



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