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**Lyft, Inc. Comments on Clean Miles Standard and Incentive Program Proposed Regulation Order and Initial Statement of Reasons**

Lyft, Inc. (“Lyft”) appreciates the opportunity to participate in the Clean Miles Standard and Incentive Program (“CMSIP”) regulation development process, which the California Air Resources Board (“CARB”) has led since 2018. In anticipation of CARB’s May 20, 2021 Board Hearing to consider the CMSIP Proposed Regulation Order, Lyft respectfully submits the attached comments.

Lyft is pleased that CARB responded positively to Lyft’s recommendation in July 2020 that CARB consider aggressive targets that are in line with Lyft’s commitment to 100% electric vehicles by 2030. To further improve the proposed regulation and to prevent disproportionate impacts of the regulations on low- and moderate-income drivers, Lyft recommends that CARB meet the requirements of Senate Bill 1014 by establishing explicit mechanisms to:

1. Ensure targets are and remain technically and economically feasible, and
2. Adapt existing incentives and/or develop new ones to support TNC electrification.

Lyft looks forward to continuing to collaborate with CARB and the California Public Utilities Commission to ensure that the Clean Miles Standard and Incentive Program is a success and can serve as a model for other states’ environmental regulation of app-based transportation network and delivery companies.

Sincerely,

Paul Augustine  
Senior Manager, Sustainability  
Lyft, Inc.

# Lyft, Inc. Comments on Clean Miles Standard and Incentive Program Proposed Regulation Order and Initial Statement of Reasons

## I. Introduction

Lyft, Inc. (“Lyft”) appreciates the California Air Resources Board (“CARB”) staff’s efforts over the past three years to develop first-of-its-kind regulations to support a rapid transformation of transportation network companies (“TNCs”) to zero-emission vehicles (“ZEVs”). CARB’s engagement process and efforts to understand our newly regulated industry has been commendable. Lyft actively participated in all six public workshops and four workgroup meetings organized by CARB during the baseline and regulatory development processes. At CARB’s request, Lyft has privately provided substantive comments to CARB staff following each workshop and workgroup meeting. Lyft now welcomes the opportunity to publicly comment on the final Clean Miles Standard and Incentive Program (“CMSIP”) Proposed Regulation Order and Initial Statement of Reasons (“ISOR”), which represents the culmination of a multi-year deliberative effort among a wide group of organizations. Lyft is committed to working with CARB, the California Public Utilities Commission (“CPUC”), and other stakeholders to ensure a successful implementation of the CMSIP in the coming years.

Consistent with comments that Lyft shared with CARB throughout the regulatory development process, Lyft supports strong greenhouse gas (“GHG”) and electrification targets. As CARB noted in its ISOR<sup>1</sup> in June 2020, Lyft made a commitment to achieve 100% electric vehicles (“EVs”) on its platform by 2030.<sup>2</sup> Lyft is driving toward a cleaner future, and we recognize the importance of regulations like the CMSIP to guide us in achieving our environmental objectives.

As proposed, CARB’s targets will increase TNC electrification by **20 times** and will lead to a **100% reduction** in GHG emissions intensity relative to business as usual (“BAU”). By Year 4 of the program, even with deadhead miles, TNCs **will be cleaner** than the average California passenger fleet vehicle; within a decade, TNCs will be **100% cleaner** (on a GHG per passenger-mile basis). This is a laudable environmental outcome.

However, in the absence of complementary policies to ensure that the statewide passenger vehicle fleet makes commensurate emissions reductions and/or aggressive policies to shift people away from personal car ownership, these targets will not have a major impact on the state’s mobile source emissions or attainment of state air quality standards.

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<sup>1</sup> California Air Resources Board. Proposed Clean Miles Standard Regulation, Staff Report: Initial Statement of Reasons. Released March 30, 2021. p.10.

<sup>2</sup> “Leading the Transition to Zero Emissions: Our Commitment to 100% Electric Vehicles by 2030,” Lyft, June 17, 2020, <https://www.lyft.com/blog/posts/leading-the-transition-to-zero-emissions>

As CARB found in its examination of the 2018 Base-Year Emissions Inventory,<sup>3</sup> TNC trips represent only 1.2% of total vehicle-miles traveled (“VMT”) in California and just 0.88% of California’s transportation sector GHG emissions. We should avoid the singular focus on TNCs because dramatically reducing TNC trip emissions at a high marginal cost may lead to the unintended consequences of (1) higher costs being passed to riders which pushes them toward the more polluting forms of transportation—personal vehicles—and (2) TNC drivers taking more zero-emission vehicles out of the market and turning over older and less-efficient vehicles to the passenger fleet.

Numerous groups engaged in the California Senate Bill (“SB”) 1014 public discussions have spent the past few years conducting research, analyzing TNCs’ impacts, and advocating for strong mandates to cut our emissions. During that time Lyft has taken bold action to reduce its environmental footprint and set itself on a course to drive carbon out of the transportation ecosystem. Specifically, through Express Drive, Lyft’s vehicle rental partner program, drivers who don’t own or wish to use a personal vehicle for ridesharing can rent an EV on a weekly basis in three markets. Based on our learnings from on-the-ground EV programs that we have launched, we believe that the proposed regulations unfortunately **do not** address the primary barriers to TNC electrification: EV capital costs and charging infrastructure. We have participated in SB 1014 discussions with the expectation that the Clean Miles Standard **and Incentive Program** (emphasis added) would provide a fair regulatory framework that balances both mandates (sticks) and incentives (carrots) to jumpstart TNCs’ transition to an electric fleet in California. And while we are pleased to see aggressive environmental targets, we are disappointed that the efforts of the past years have culminated in metaphorical sticks with no carrots.

Our support of strong long-term targets requires sound regulatory design that will make achieving those targets feasible. As we have mentioned repeatedly in previous comments, there must be a clear path or mechanism for adjusting targets should those targets prove to be unachievable due to any “unanticipated barriers” as stated in SB 1014. With other states closely watching the development of this first-of-its-kind regulation, it is critical that California gets this right; we are committed to working with CARB, the CPUC, and other stakeholders to do that. To support effective policy design, our comments here focus on three areas: (1) targets, (2) feasibility, and (3) incentives.

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<sup>3</sup> California Air Resources Board. 2018 Base-Year Emissions inventory Report. December 2019. Available at: [https://ww2.arb.ca.gov/sites/default/files/2019-12/SB%201014%20-%20Base%20year%20Emissions%20Inventory\\_December\\_2019.pdf](https://ww2.arb.ca.gov/sites/default/files/2019-12/SB%201014%20-%20Base%20year%20Emissions%20Inventory_December_2019.pdf). Accessed April 14, 2021.

## II. Targets

Lyft has consistently supported aggressive electrification targets that drive strong GHG targets throughout this regulatory process—specifically advocating for a 100% electric VMT (“eVMT”) target for 2030. We appreciate that CARB carefully considered our comments when we advised staff in July 2020 to “consider more aggressive long-term targets while maintaining achievable near-term targets.” Since submitting our July 2020 comments, we have seen additional headwinds to fleet electrification due to rising insurance costs, continued impacts of the COVID-19 pandemic, and other factors. As a result, a gradual ramp-up in the electrification targets is even more critical than it appeared when Lyft submitted its comments in July 2020.

**Table A: Electrification Targets (%eVMT)**

	TNC BAU	CA Average Fleet	TNC - Proposed Regulation	TNC - Proposed Regulation vs. CA Average Fleet
2023	2%	1%	2%	2x
2024	3%	1%	4%	3x
2025	3%	1%	13%	9x
2026	3%	2%	30%	19x
2027	4%	2%	50%	26x
2028	4%	2%	65%	32x
2029	4%	2%	80%	40x
2030	4%	2%	90%	42x

With respect to GHG targets, we believe that electrification feasibility should dictate the GHG targets, as opposed to having those targets be even more stringent since, as discussed in previous workshops, there currently is no readily available means to reduce deadhead miles or increase occupancy. Specifically, **Lyft cautions CARB against assuming that shared ride penetration and occupancy will increase above base year levels**—especially given that COVID-19 has caused our industry to pause shared/pooled rides with an unclear timeline for when they may be available again. **CARB should also provide a correction factor to address multi-apping<sup>4</sup> miles to prevent gross overstatement of TNC mileage/emissions**, ensure that targets are appropriately comparable to the baseline, and not disproportionately harm smaller TNCs.

<sup>4</sup> CARB defines multi-apping as “the act of logging onto multiple company apps at the same time creates duplicate VMT logged simultaneously with the same vehicle.” See CARB Proposed Clean Miles Standard Regulation, Staff Report: Initial Statement of Reasons. Released March 30, 2021. p.50.

**Table B: GHG Targets (gCO<sub>2</sub>/PMT)**

	TNC BAU	CA Average Fleet	TNC - Proposed Regulation	TNC - Proposed Regulation vs. CA Average Fleet
2018	301	203		+48%
2023	256	173	252	+46%
2024	245	168	237	+42%
2025	235	162	207	+28%
2026	227	156	161	+3%
2027	219	151	110	-27%
2028	214	147	69	-53%
2029	209	143	30	-79%
2030	205	140	0	-100%

An evaluation of the appropriate targets should reflect on how the targets are benchmarked. As TNCs seek to replace private car ownership, both Lyft and its primary competitor have recognized that rideshare must become cleaner than that alternative. And under the Proposed Regulation, we would. As an industry, even without reducing deadhead miles or increasing occupancy, we would be cleaner than the average California passenger vehicle by the fourth year of the program, and we would be 100% cleaner by 2030. This is a drastic change from 2018, where CARB found that TNCs emitted 50% more GHG per PMT than California passenger vehicles. Making this 150% change over a span of 12 years will be a monumental task, which will only be possible with complementary policies and incentives.

### III. Feasibility

Due to the dynamic nature of the TNC industry and uncertainty regarding EV technology and infrastructure advancement, SB 1014 prudently requires CARB and the CPUC to revisit targets every 2 years to ensure economic and technological feasibility of the established SB 1014 targets. As stated in SB 1014 and Section 5450(b)(4) of the revised California Public Utilities Code:

*The board shall delay adoption, and the commission shall delay implementation of the targets and goals pursuant to paragraph (2) if the board or commission finds that unanticipated barriers exist to expanding the usage of zero-emission vehicles by transportation network companies. The board and commission shall review the available data related to barriers to expanding the usage of zero-emission vehicles by transportation network companies no less often than every two years, including data relative to current and future electric transportation adoption rates and charging infrastructure utilization rates.<sup>5</sup>*

Lyft is concerned that if the underlying assumptions that CARB used to determine the economic and technical feasibility of its targets prove to be overly optimistic, the resulting targets (absent new incentives) could economically harm low- and moderate-income drivers in particular, contravening the legislature’s admonition that the implementation of the standard should “ensure minimal negative impact on low-income and moderate-income drivers.” For example, without specific planned incentives or programs to expand access to Level 2 (“L2”) overnight EV charging, the assumption that half of driver charging will come from L2 EV charging at home seems unrealistic as much more charging will likely have to come from more expensive direct-current fast-charging (“DCFC”). And given the effect that L2 charging costs have on fuel savings from EVs, this assumption could significantly skew results from CARB’s cost model.

Consistent with prior feedback we have provided to CARB, we strongly urge CARB to follow the guidance of SB 1014 by establishing an explicit and transparent mechanism by which CARB will review feasibility of established targets. Lyft recommends that CARB specify in the regulation what the main underlying assumptions were in its cost model to derive the aggressive targets, and state that it will develop a “Rideshare Electrification Feasibility Assessment” every two years to describe whether there have been barriers or large deviations from those assumptions and, if so, how targets will be adjusted. Lyft understands that the CPUC is tasked with implementation and enforcement of this program; however, CARB is responsible for establishing the targets and has the relevant subject-matter expertise to perform the feasibility assessment. There is a clear need for both agencies to play a role in feasibility review—as envisioned by SB 1014 itself. Accordingly, Lyft recommends that the Draft Regulation Order also provide for a Rideshare Electrification Feasibility Assessment.

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<sup>5</sup> California Senate Bill 1014 (2018). Available at: [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201720180SB1014](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1014). Accessed April 15, 2021.

Lyft proposes that the following language be inserted as a new §2490.3 of the Draft Regulation Order:

*(a) Rideshare Electrification Feasibility Assessment and Adjustments to Targets*

*(1) Rideshare Electrification Feasibility Assessment*

*Every two years, beginning in January 2023, CARB shall publish a report summarizing findings of a review, conducted in coordination with TNCs, of the following actual and projected key cost model input parameters and external factors that determine the feasibility of TNCs' abilities to meet their SB 1014 targets listed in Table 1 and Table 6 of this regulation:*

- *ZEV vehicle availability*
- *Incremental costs of ZEVs and breakeven economics timing for ZEVs*
- *Vehicle efficiencies by model year*
- *Fuel costs for gasoline, L2 electricity, DCFC electricity, and hydrogen*
- *EV charging infrastructure availability*
- *DCFC and L2 charging utilization and proportion of drivers with L2 home charging*
- *Proportion of BEV and FCEV drivers by income level*
- *Updated values for the "ZEV barrier cost"*
- *Insurance costs of BEVs relative to ICEs*
- *[Other factors, as appropriate]*

*(2) Adjustments to Targets*

*If through its Rideshare Electrification Feasibility Assessment, CARB determines that factors beyond TNCs' control will prevent TNCs from meeting the targets established in this regulation or that they will have a disproportionately negative impact on low-income and moderate-income drivers, CARB will update current and future targets based on revised assumptions in its cost model.*

*In no case shall revised eVMT targets under this regulation be lower than the then-projected California passenger fleet eVMT percentage, as modeled by CARB.*

## IV. Incentives

As discussed in Lyft’s “Path to Zero Emissions”<sup>6</sup> white paper, the velocity of our transition to zero-emission vehicles requires supportive policies. While we have advocated for strong targets under the Clean Miles Standard and Incentive Program and supported California in its legal efforts to defend strong fuel-efficiency standards,<sup>7</sup> we are disappointed that the state has not considered incentives to directly support TNC electrification. Specifically, we recommend:

- **Creating new TNC-targeted EV rebates for high-mileage drivers and fleets.**
- **Investing in TNC driver-focused EV charging infrastructure (L2 overnight charging and DCFC stations in urban and traditionally underserved areas), and**
- **Removing the fleet cap on the Clean Vehicle Rebate Project (“CVRP”).**

As CARB noted in its Standardized Regulatory Impact Assessment:

*In June 2020, Lyft announced a plan to transition to “100 percent” ZEVs by 2030. However, even in their announcement, they list factors that may delay or prevent this transition, including the need for government near-term fleet incentives and continued charging infrastructure investment. CARB is encouraged by this commitment but cannot set a minimum percent eVMT threshold that all TNC companies have to meet based on an assumed financial health of governments and their ability to provide subsidies for commercial fleets and infrastructure investments (in particular after Covid-19 in which case Federal, State, and local governments are all experiencing unprecedented revenue shortfalls at the same time).<sup>8</sup>*

The lack of TNC-targeted incentives is particularly unfortunate given the emissions reduction opportunities<sup>9</sup> in our industry that have been highlighted throughout the Clean Miles Standard and Incentive Program deliberations. As CARB states in the ISOR, “the potential emission reductions from these fleets are approximately three times higher for electric vehicles in ride-hailing fleets compared to a conventional vehicle in California today.”<sup>10</sup>

California’s EV incentive programs and EV infrastructure investments over the past decade have served an exclusive population—wealthy, white, homeowners—that does not reflect Lyft’s driver population. According to Lyft’s 2021 Economic Impact Report, in California, 76% of drivers on the Lyft platform identify as members of racial and/or ethnic minority groups and 41% of rides start or end in low-income areas.<sup>11</sup> TNCs can be a powerful channel to “help meet California’s

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<sup>6</sup> Lyft. “Path to Zero Emissions.” June 2020. Available at: <http://lft.to/electric>.

<sup>7</sup> Amicus Brief of Lyft, Inc. See [https://www.edf.org/sites/default/files/content/2019-02-14\\_Lyft\\_Amicus\\_Brief.pdf](https://www.edf.org/sites/default/files/content/2019-02-14_Lyft_Amicus_Brief.pdf)

<sup>8</sup> CARB. “Clean Miles Standard and Incentive Program Standardized Regulatory Impact Assessment (SRIA). August 6, 2020. p. 50. Available at: [http://www.dof.ca.gov/Forecasting/Economics/Major\\_Regulations/Major\\_Regulations\\_Table/documents/Clean\\_Miles\\_Standard\\_SRIA.pdf](http://www.dof.ca.gov/Forecasting/Economics/Major_Regulations/Major_Regulations_Table/documents/Clean_Miles_Standard_SRIA.pdf)

<sup>9</sup> Jenn, A. Emissions benefits of electric vehicles in Uber and Lyft ride-hailing services. Nat Energy 5, 520–525 (2020).

<https://doi.org/10.1038/s41560-020-0632-7>.

<sup>10</sup> California Air Resources Board. Proposed Clean Miles Standard Regulation, Staff Report: Initial Statement of Reasons. Released March 30, 2021. p.19.

<sup>11</sup> 2021 Lyft Economic Impact Report-California, available [here](#).



goals to increase access to clean mobility options for low- and moderate-income individuals”<sup>12</sup> and spread the benefits of California’s EV leadership with targeted incentive programs (carrots) that complement the aggressive SB 1014 targets (sticks). In particular, Lyft’s vehicle rental partner program, Express Drive, can effectively get EVs into the hands of drivers who cannot afford to purchase these vehicles, with available EV incentives getting passed through to renters in the form of lower weekly rental rates. Preventing fleets from accessing state incentives like the CVRP, therefore, hurts low income drivers.

CARB cites existing incentive programs as a means to accelerate TNC electrification. But, as CARB found in assessing the base-year emissions, these incentive programs have only led to 0.6% of total miles coming from zero emission vehicles. And we have not seen appreciable gains in the intervening 2 years, especially with Maven Gig de-fleeting its EVs. The economic gap for drivers and fleet partners needs to be bridged in the coming years until EVs achieve cost-parity with conventional gasoline vehicles.

Environmental advocacy organizations throughout this proceeding have espoused the belief that mandating electrification for TNCs addresses equity concerns and that the TNC companies can/should/will pay for this transition. But, ultimately, without complementary incentives, unbalanced policies will continue to accrue benefits to wealthy communities and reduce earnings opportunities for those least likely to be able to adopt EVs. Those without access to home charging and those without income ability to be an early adopter of a high mileage EV will have a harder time being successful on TNC platforms due to regulatory constraints. As CARB correctly pointed out in the July 17, 2020 workshop, an aggressive electrification target will primarily hurt lower income drivers—drivers with older vehicles and lower mileage efficiency—who may lose their earnings opportunities on the TNC platforms.<sup>13</sup>

We suggest that CARB and the CPUC revisit the proposed SB 1014 implementation in the context of the state’s entire suite of EV incentive programs, infrastructure investments, and plans to ensure that they adhere to the following language from SB 1014:

*In implementing this section, the commission, the board, and the Energy Commission shall ensure that ongoing state planning efforts and funding programs that are intended to accelerate the adoption of zero-emission vehicles and charging infrastructure shall consider the goals of the California Clean Miles Standard and Incentive Program ... [and] Ensure minimal negative impact on low-income and moderate-income drivers.*

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<sup>12</sup> California Senate Bill 1014, Section 1(m) (2018). Available at: [https://leginfo.ca.gov/faces/billTextClient.xhtml?bill\\_id=201720180SB1014](https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1014). Accessed April 15, 2021.

<sup>13</sup> See Slide 10. CARB. Public Workshop on CMSIP. [https://ww2.arb.ca.gov/sites/default/files/2020-07/CMS%20Workshop%20Slides\\_Final\\_ac.pdf](https://ww2.arb.ca.gov/sites/default/files/2020-07/CMS%20Workshop%20Slides_Final_ac.pdf).

## **Conclusion**

As demonstrated by Lyft's public commitment to 100% EVs and support for strong EV and GHG targets, Lyft wants to ensure that the TNC industry gets cleaner and leads California to a clean transportation future. That said, a zero-emissions mandate solely for TNCs without strong mechanisms to eliminate emissions from the other 99% of California light-duty vehicles will not move the needle in addressing the state's GHG emissions output. Furthermore, a more comprehensive regulatory framework that meets the requirements of SB 1014 regarding feasibility and complementary incentives is necessary to enable our success in meeting these strong targets. As such, Lyft urges CARB to consider the foregoing comments and modify the Draft Regulation Order accordingly.

As TNCs progress to be 100% cleaner than the statewide passenger vehicle fleet in terms of GHG/PMT and electrify at over 40 times the rate of the California passenger vehicle fleet under the Clean Miles Standard and Incentive Program, we look forward to continuing the collaborative efforts with CARB on creative new policies to drastically reduce private car ownership and shift California's residents to TNCs as a mechanism to drastically reduce California's GHG emissions and fight climate change.