

October 17, 2019

Mary Nichols, Chairwoman  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**RE: Maximize Investment in Zero-Emission Buses in FY 2019-20 Funding Plan for Clean Transportation Incentives**

Chairwoman Nichols and Board Members:

On behalf of the California Transit Association, I write to you today to urge the California Air Resources Board to **maximize its investment in zero-emission buses and supporting infrastructure** in the Fiscal Year 2019-20 Funding Plan for Clean Transportation Incentives.

As you know, the Association and ARB devoted the last four years to negotiating the terms of the Innovative Clean Transit (ICT) regulation. The ICT regulation — the first of its kind in the country — envisions the widespread deployment of zero-emission bus technology, with the goal of electrifying all transit buses in California by 2040. Throughout our negotiations, and as the regulation was finalized, we maintained that we had significant concerns about its cost and the funding available – *especially* over the long-term – to offset it. Nevertheless, at the time of the regulation’s adoption, we committed to doing all we could to advance its goals and to further the cause of electrification for the broader transportation industry.

In the eight months since the ICT regulation was adopted, we have attempted to live up to our promise, by:

- Reconstituting our Zero-Emission Bus Task Force to serve as our internal policy advisors and to develop a multi-year educational program on ICT regulation implementation;
- Co-hosting the ZEB Showcase and Symposium in partnership with ARB and the Antelope Valley Transportation Authority;
- Co-hosting webinar series on fuel cell electric buses and battery-electric buses with the California Hydrogen Business Council and CALSTART, respectively;

- Becoming chief backers of various legislative efforts to establish an ongoing appropriation for HVIP;
- Advocating for – and securing – a state sales tax exemption for HVIP-eligible ZEBs;
- Engaging the California Public Utilities Commission on the development of its Transportation Electrification Framework to support the expedited review and approval of future investments in infrastructure by the Investor-Owned Utilities; and,
- Devoting an entire session track at our Fall Conference to battery-electric and fuel cell electric bus technologies.

These efforts underscore our Association’s commitment to fulfilling the goals of the ICT regulation, but also our unwavering belief that – to be successful – its implementation will require an “all hands on deck” approach from the industry and sustained investment by the state. This approach is made more necessary in the absence of leadership from the federal government in this area – consider, for example, that California received only one federal Low or No Emission Bus Program grant at a value of \$2 million in FY 2019.

Today, as you evaluate the plan, we urge you to revisit the rationale for the ICT regulation and consider how the plan’s recommendations for the Advanced Technology Demonstration and Pilot Projects and Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project could undercut the transformational change in the transportation sector you seek. To be clear, the adoption of the ICT regulation was **explicitly** predicated on zero-emission buses being a beachhead technology with the potential to develop the components, supply chains, knowledge and experience necessary to electrify other heavy-duty industries.

The regulation’s Initial Statement of Reasons notes<sup>1</sup>:

*“...experience from **using zero-emission technology in buses and demonstrating its viability will benefit the market for the same technologies to be used in other heavy-duty vehicle applications.** This is why ZEBs and their electric drivetrains have been identified as the beachheads, or technology footholds, of medium- and heavy-duty zero-emission vehicle (ZEV) technologies. **The knowledge and experience gained from installing supporting infrastructure, developing training programs, and gaining operating experience with ZEB technologies is enabling market expansion into other heavy-duty vehicle applications. The experiences will transfer from transit agencies to school buses, delivery trucks, and vocational vehicles, which have similar weight considerations, durability requirements, drivetrains, and components.** This is especially true because transit agencies are public entities and must share information with the general public. The proposed ICT regulation and resulting ZEB deployment will complement other heavy-duty ZEV applications, such as local delivery trucks, airport shuttles, yard trucks, and drayage trucks.”*  
**[Emphasis Added]**

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<sup>1</sup> Initial Statement of Reasons for Innovative Clean Transit Regulation, California Air Resources Board, pp. II-5 – II-6

To us, ARB's decision to prioritize the electrification of transit buses requires a similar prioritization of transit agencies when it comes to funding. Yet, several of the plan's recommendations overlook transit agencies entirely or treat them like all other heavy-duty interests.

We have significant concerns that the \$40 million for Advanced Technology Demonstrations and Pilot Projects does not include a specific set aside, or even eligibility for, transit agencies. We believe strongly that a portion of this funding should be strategically invested in demonstrating the viability of transit bus electrification, inclusive of infrastructure buildout, at-scale. A demonstration of this kind could serve as a roadmap for the industry, which is still struggling through small-scale deployments, and help drive down the costs of technologies that hold operational promise, but which are hard to pursue at low volumes. We request that eligibility for the Demos and Pilot Projects be expanded to include transit agencies and focus on funding truly large-scale projects that will achieve the goals of the ICT regulation.

Finally, we understand fully that HVIP is oversubscribed and that the various programmatic changes proposed in the plan are designed to free up funding capacity. That said, we believe that several of these recommendations could be revisited to hold harmless transit agencies that are working daily to reach early compliance with the ICT regulation. These transit agencies, unlike their private sector counterparts, have no clear method for generating new revenue to offset higher capital expenditures. More specifically, we recommend: that ARB consider establishing a carveout for zero-emission buses that ensures transit agencies receive a minimum funding level; that the voucher enhancement for infrastructure be preserved for all transit agencies; and, that the authority for the Executive Officer to reduce voucher amounts by up to 20% exclude public fleets. Over the long-term, we will continue to recommend that state support through programs, like HVIP, remain available to transit agencies even when the purchase requirements of the ICT regulation take effect.

As always, we thank you for your consideration and look forward to continuing to partner with you and your staff on the implementation of the ICT regulation. Please feel free to contact me at 916- 446-4656, if you have any questions.

Sincerely,



Michael Pimentel  
Legislative & Regulatory Advocate

cc: Virgil Welch, Senior Advisor, Office of the Chair  
Jack Kitowski, Chief, Mobile Source Control Division  
Sydney Vergis, Assistant Chief, Mobile Source Control Division  
Lucina Negrete, Branch Chief, Mobile Source Control Division – Innovative Strategies Branch  
Jason Crow, Mobile Source Control Division – Innovative Strategies Branch