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July 14, 2017

**Via Email and U.S. Mail**

Chair Mary Nichols and the Members  
of the California Air Resources Board  
1001 "I" Street  
Sacramento, CA 95812

Richard Corey, Executive Officer  
California Air Resources Board  
Transportation and Toxic Division  
P.O. Box 2815  
Sacramento, CA 95812  
Email: rcorey@arb.ca.gov

**Re: Volkswagen's First 30 Month Zero Emission Vehicle Investment Plan**

Dear Chair Nichols, Members of the California Air Resources Board and Mr. Corey:

We write on behalf of the California State Labor Management Cooperation Committee, Coalition of California Utility Employees, the California State Association of Electrical Workers, the National Electrical Contractors Association and the International Brotherhood of Electrical Workers regarding Volkswagen/Electrify America's ("VW") first 30-Month Zero Emission Vehicle Investment Plan ("Plan"). IBEW-NECA California Labor Management Cooperation Committee and several IBEW Locals submitted joint comments on VW's Plan in December and April. This letter supplements and expands on those comments, and addresses VW's June 2017 Supplement to the California ZEV Investment Plan ("Supplement").

Governor Brown set a 2020 deadline for California to deploy sufficient infrastructure to support one million zero emission vehicles ("ZEV") and to have 1.5

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million ZEVs on California's roads by 2025.<sup>1</sup> Senate Bill 350 added or amended four sections of the California Public Utilities Code to:

accelerate widespread transportation electrification to reduce dependence on petroleum, meet air quality standards, achieve the goals set forth in the Charge Ahead California Initiative, and reduce emissions of greenhouse gases to 40 percent below 1990 levels by 2030 and to 80 percent below 1990 levels by 2050.<sup>2</sup>

Health & Safety Code section 44258.4(b) states that the goal of the Charge Ahead California Initiative is to place in service at least one million ZEVs and near-ZEVs by 2023. Meeting the State's fast approaching goals is no small task, and will require aggressive deployment of ZEV charging infrastructure.

If done right, VW's \$800 million investment would catapult California towards achieving its ZEV and GHG reduction goals. But, unfortunately, VW isn't proposing to do it right. CARB should not approve the Plan until VW commits to: (1) Safely install and maintain ZEV infrastructure with qualified personnel; (2) use a pricing structure that is transparent and consistent with State law and policy; and (3) provide actual benefits to disadvantaged communities.

**A. CARB Should Not Approve the Plan Until VW Commits to Safely Install and Maintain ZEV Infrastructure with Qualified Personnel**

VW must ensure that ZEV infrastructure is installed and maintained safely and in accordance with applicable codes and regulations. To achieve this, the Plan should provide that personnel who install, operate and maintain the ZEV site infrastructure must have Electric Vehicle Infrastructure Training Program ("EVITP") certification.

Specifically, EVITP covers the following topics that are essential for safe and reliable ZEV infrastructure installation and maintenance:

- ZEV battery types, specifications and charging characteristics;
- Automobile manufacturer's charging performance integrity specifications;
- Utility interconnect policies and requirements;

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<sup>1</sup> Executive Order B-16-2012.

<sup>2</sup> Pub. Util. Code § 740.12(b).

- Utility grid stress precautions including demand response integration technologies;
- Role of electrical storage devices as charging intermediaries;
- Site assessment, load calculations, and fire prevention
- Installing, commissioning and maintaining electric storage devices;
- Charging station fundamentals including brand/model-specific installation instructions for 120 VAC 15 amps, 120-240 VAC 60 amps and 480 VAC 125 amps or 600 VDC 550 amps;
- Service-level assessments and upgrade implementation;
- Integration of electric vehicle infrastructure with distributed generation;
- Internet protocol networking of charging stations;
- National Electrical Code standards and requirements;
- Fire protection and OSHA regulations;
- Electrical installation standards for ZEV equipment;
- First responder safety and fire hazard measures;
- Next generation charging; and
- EVSE troubleshooting, repair and commissioning.<sup>3</sup>

EVITP is supported by the U.S. Department of Energy and was required by the California Public Utilities Commission for San Diego Gas & Electric's, Southern California Edison's and Pacific Gas & Electric's ZEV infrastructure and education programs<sup>4</sup> to "ensure that contractors install electric vehicle infrastructure safely."<sup>5</sup> Notably, while many issues in the CPUC proceedings were hotly contested by the approximately 20 parties, no party opposed the CPUC requiring EVITP.

EVITP will provide assurance that the ZEV infrastructure is safely installed and maintained by qualified personnel in accordance with State law and best industry practices. CARB should not approve VW's Plan until VW makes safety a top priority by committing to using workers that are EVITP-certified for installing and maintaining the ZEV infrastructure.

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<sup>3</sup> <http://evitp.org/training/>

<sup>4</sup> D.16-01-045, D.16-01-023 and D.16-12-065.

<sup>5</sup> D.16-01-023, p. 46.

## **B. VW's Pricing Structure Must be Transparent and Consistent with State Law and Policy**

Numerous studies by government agencies and academic institutes show that California cannot meet its GHG emission reduction targets unless there is widespread use of ZEVs powered by low-carbon electricity.<sup>6</sup> Accordingly, it is California's policy to encourage people to drive electric cars rather than gasoline powered cars. It is a key component of our climate change and air quality policies. Governor Brown, the CPUC and CARB itself have all made this clear.

Governor Brown issued Executive Order B-16-2012, which articulated many reasons why changing our transportation fuel from gasoline to electricity was important. He set the goal of 1.5 million zero emission vehicles by 2025, and ordered the CPUC to "support and facilitate the rapid commercialization of zero-emission vehicles." He further directed State agencies to help achieve the goal of setting "[the costs of zero-emission vehicles...competitive with conventional combustion vehicles]" by 2020.

The CPUC has stated that "[e]lectrification of vehicles is a critical component" of California's strategy to address vehicle emissions.<sup>7</sup> The CPUC seeks to "propel the Electric Vehicle market forward"<sup>8</sup> and, to do so, has approved three investor-owned utility ZEV infrastructure pilot programs.<sup>9</sup> In addition, the CPUC's ongoing proceeding (R.12-11-007) seeks to develop policies that ensure ZEVs will integrate with the utility grid and can access fair rates that encourage transportation electrification. The CPUC also works with other State agencies to implement policies and programs that encourage installation of ZEV charging infrastructure to support widespread transportation electrification.<sup>10</sup>

CARB has long promoted electric vehicles. According to CARB, for California to meet its GHG and air quality goals, "the cars we drive and the fuel we use must

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<sup>6</sup> California Council on Science and Technology, California's Energy Future, May 2011; Williams et al., The Technology Path to Deep Greenhouse Gas Emissions Cuts by 2050: The Pivotal Role of Electricity, Science, January, 2012; Joshua Cunningham (Air Resources Board), Achieving an 80% GHG Reduction by 2050 in California's Passenger Vehicle Fleet, SAE International Journal of Passenger Cars, December, 2010; Silver, Fred and Brotherton, Tom (CalHeat). Research and Market Transformation Roadmap to 2020 for Medium- and Heavy-Duty Trucks. California Energy Commission.

<sup>7</sup> D.11-07-029, P. 2.

<sup>8</sup> D.11-07-029, p. 5.

<sup>9</sup> D.16-01-045, D.16-01-023 and D.16-12-065.

<sup>10</sup> See <http://www.cpuc.ca.gov/sb350te/>.

July 14, 2017

Page 5

be transformed away from petroleum.”<sup>11</sup> CARB’s May 2016 Mobile Source Strategy document calls for putting more than 4 million ZEVs on the road by 2030.<sup>12</sup> In CARB’s January 2017 California Advanced Clean Cars Midterm Review, CARB staff recommended that California focus on stronger regulations for GHG reduction beyond 2025, with an increased emphasis on ZEVs.<sup>13</sup>

In short, it is abundantly clear that California wants more electric – and less gasoline-fueled – vehicles on the roads. But how can California convince drivers to “go electric?” The number one factor in California drivers’ decisions to purchase ZEVs is saving money on fuel costs.<sup>14</sup> For California to meet its transportation electrification and climate goals, ZEV drivers must therefore save money. This is precisely the reason for section 740.12(a)(1)(H) of the California Public Utilities Code, which was added to the Code by Senate Bill 350.

Section 740.12(a)(1)(H) provides that “[d]eploying electric vehicle charging infrastructure should facilitate increased sales of electric vehicles by making charging easily accessible and should provide the opportunity to access electricity as a fuel that is cleaner and *less costly than gasoline* or other fossil fuels in public and private locations.”<sup>15</sup> VW’s Plan does not explain how it will set the price for charging. Will VW set charging rates and, if so, how? Will VW always own the charger? If not, will the site host set the charging rates? Without showing how pricing will be set, it is impossible to determine whether the Plan is consistent with Executive Order B-16-2012, SB 350, CARB’s May 2016 Mobile Source Strategy, CARB’s January 2017 California Advanced Clean Cars Midterm Review and section 740.12(a)(1)(H) of the California Public Utilities Code.

Notably, the California legislature recently passed SB 92, adding section 39614 to the Health and Safety Code, which provides that CARB must “strive to ensure” that VW’s investments “are aligned with the state’s priorities and provide for public transparency before approval.”<sup>16</sup> Accordingly, CARB should not approve VW’s Plan until VW makes its pricing structure transparent and consistent with State law and policy.

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<sup>11</sup> See <https://www.arb.ca.gov/msprog/zevprog/zevprog.htm>.

<sup>12</sup> <https://www.arb.ca.gov/planning/sip/2016sip/2016mobsrc.pdf>.

<sup>13</sup> [https://www.arb.ca.gov/msprog/acc/mtr/acc\\_mtr\\_summaryreport.pdf](https://www.arb.ca.gov/msprog/acc/mtr/acc_mtr_summaryreport.pdf).

<sup>14</sup> Center for Sustainable Energy (2016). California Air Resources Board Clean Vehicle Rebate Project, EV Consumer Survey Dashboard. Retrieved May 27, 2017 from <http://cleanvehiclerebate.org/survey-dashboard/ev>.

<sup>15</sup> Emphasis added.

<sup>16</sup> Health & Safety Code § 39614(b)(1).

### C. VW Must Commit to Actual Benefits for Disadvantaged Communities

Disadvantaged communities make up 25 percent of California's population and are key to meeting California's ZEV goals. According to CARB, low-income residents face increased barriers to accessing ZEVs, including the inability to afford vehicles that have higher upfront costs, living in communities that lack the necessary infrastructure and lack of access and exposure to ZEVs which leads to reduced understanding of the benefits.<sup>17</sup> The California legislature has also found that disadvantaged communities are underserved by the ZEV market and should receive enhanced services to encourage and support ZEV deployment. SB 1275 established the Charge Ahead California Initiative, which seeks to put one million electric vehicles on California roads by 2023 and to ensure that low-income communities of color, the communities hit hardest by air pollution, benefit from transportation electrification. In addition, SB 350 provides that:

[w]idespread transportation electrification requires increased access for disadvantaged communities, low- and moderate-income communities, and other consumers of zero-emission and near-zero-emission vehicles, and increased use of those vehicles in those communities and by other consumers to enhance air quality, lower greenhouse gas emissions, and promote overall benefits to those communities and other consumers.

Further, AB 1550 requires that 25 percent of the Greenhouse Gas Reduction Fund go to projects within and benefitting disadvantaged communities, and at least an additional 10 percent for low-income communities and households. Pursuant to SB 350, SB 1275 and AB 1550, it is California's goal to substantially increase access to ZEVs in disadvantaged communities. Finally, the California legislature recently passed SB 92, adding section 39614 to the Health and Safety Code, which provides that CARB must "strive to ensure" that "[a]t least 35 percent of funds for the investment plan benefit low-income or disadvantaged communities disproportionately affected by air pollution."<sup>18</sup>

Accordingly, VW's investment must provide significant benefit to disadvantaged communities, including community charging at multi-unit dwellings, workplaces and retail centers and car-share programs. Despite CARB's guidance to

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<sup>17</sup> California Air Resources Board Draft Guidance Document, *Low-Income Barriers Study, Part B: Overcoming Barriers to Clean Transportation Access for Low-Income Residents*, April 12, 2017, p. 12.

<sup>18</sup> Health & Safety Code § 39614(c)(1)(A).

VW that its Plan should invest at least 35 percent of its funds in disadvantaged communities, VW's Plan states that 25 percent of first-round charging stations will be built on freeways around disadvantaged areas. VW's Supplement to the Plan does not go far enough in expanding VW's commitment to disadvantaged communities. VW continues to reject installing charging stations in the actual communities so that the community members can use the stations on a daily basis. Rather, VW's investments will be initially focused on areas where ZEV utilization is currently the highest, and is projected to be the highest in the future, which is not in disadvantaged communities. VW has not actually committed to installing *any* community charging stations in disadvantaged communities. According to the Supplement, VW's "analysis-driven process to identify census tracts for targeted investment include a significant percentage of census tracts identified by CARB as disadvantaged or low-income communities," but "no station sites have been selected to date."<sup>19</sup> Actual sites will be chosen "as a result of cost, permitting, utility service, or other considerations."<sup>20</sup> The Supplement also states that VW "anticipates (*but does not guarantee*)" that at least 35 percent of the ZEV investments would benefit disadvantaged communities.<sup>21</sup> VW is asking CARB to take on faith that VW will do the right thing; we are not sure that faith in VW is warranted.

Simply put, VW's Plan with respect to benefitting disadvantaged communities is vague, nonbinding and doesn't go far enough. CARB should not approve the Plan until VW commits to no less than 35 percent of VW's investment supporting transportation electrification that will benefit disadvantaged communities.

#### D. Conclusion

An \$800 million investment would be a huge step for California in achieving its ZEV and GHG reduction goals, but only if it is done right. CARB should not approve the Plan until VW ensures that the ZEV infrastructure is safely installed and maintained by qualified personnel, VW's pricing structure is daylighted and consistent with State law and policy, and the Plan results in significant benefits to disadvantaged communities, including opportunities for good quality jobs.

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<sup>19</sup> Supplement to the California ZEV Investment Plan, Cycle 1, June 29, 2017, p. 13.

<sup>20</sup> *Id.*, p. 16.

<sup>21</sup> *Id.*, p. 15.

July 14, 2017  
Page 8

Sincerely,

A handwritten signature in blue ink that reads "Rachael Koss". The signature is written in a cursive style with a long horizontal flourish at the end.

Rachael Koss

REK:acp

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