



December 10, 2018

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

Dear Chairwoman Nichols and Members of the Air Resources Board:

As you know, the lack of a quorum on November 16 necessitated that the California Air Resources Board (CARB) postpone its decision on whether Electrify America's Cycle 2 California ZEV Investment Plan meets the requirements of the 2.0 Liter Partial Consent Decree. Over the past month since the November hearing, Electrify America has continued to make progress—opening the first 350 kW ultra-fast charging station in California just last week. CARB staff also hosted a stakeholder meeting on December 7th, in which Electrify America participated.

First, let me commend CARB for hosting a well-run and substantive dialogue on December 7th. My colleagues in attendance report that Analisa Bevin and her team moderated the forum highly effectively and respectfully for all stakeholders.

Second, let me express how much I appreciate the stakeholders who shared, in detail, how Electrify America's investments are creating jobs, offering new transportation opportunities, helping community-based organizations, and furthering the EV charging industry's growth. The positive feedback resonated with us and reflected the support for the work Electrify America has achieved to date. One of the most consistent messages from stakeholders was their desire for more Electrify America investment—in their community, in their industry, or in their preferred technology.

During the December 7th meeting, we identified four areas where stakeholders suggested new or additional actions by CARB. We have seriously considered these four areas, and I am writing to share with you our feedback in advance of the December 13th hearing.

- **Stakeholder Engagement:** A few parties expressed a desire to gather ZEV industry stakeholders more frequently to address common challenges, such as utility demand charges and permitting. Stakeholders highlighted the importance of including CPUC program administrators and utilities; CEC program administrators and grantees; and other industry participants. Stakeholders and CARB staff agreed that a dialogue focused on addressing industry-wide challenges would be useful for the industry as a whole, and that additional meetings narrowly focused on Electrify America's progress might not be as



beneficial for the industry. Given that Electrify America's investment will meet only an estimated 2-3 percent of the infrastructure needs by 2025, the EV charging space would benefit the most from collective dialogue to help address industry-wide challenges, rather than single-operator review. Please know that Electrify America would be pleased to participate, when appropriate, in additional industry-wide stakeholder engagement processes, to the extent the agenda addresses the needs of many stakeholders, not just Electrify America's activities.

- **Dividing Markets to Avoid Duplication:** One firm asked CARB staff to create a "forum" for all parties in the EV charging industry to provide information on their incremental deployment of EV charging stations to avoid "duplication" of investment. The request further asked for "maximum transparency" in order to give insight into market deployment planning. Appropriately, CARB staff pointed out that dividing markets raises anti-trust concerns in a competitive marketplace and that CARB could not divide deployments. This concern was also reiterated by representatives of the commercial real estate industry, noting they would like the ability to choose which EV charging operator they would like to do business with (or not), as well as other companies in the EV charging industry, who each noted they would like the ability to pursue sites freely. In an effort to not compromise existing programs, Electrify America has clear policies in place to ensure our California investments are additional to the investments made under the CEC's grant program, and I have personally set up an ongoing dialogue with CEC's Janea Scott and her staff to address any concerns going forward. Additionally, however, Electrify America has a Consent Decree obligation to place stations where they will be used, and where they will drive ZEV adoption. While some companies may benefit from Electrify America being excluded from markets with high utilization, Electrify America does not believe that reducing competition, dividing markets, or excluding competitors from markets is in the public interest or in the interest of California's EV drivers who should have the ability to choose which EV charging operator they use.
- **Transparency:** A few stakeholders asked Electrify America to publish our site selection methodology and the locations in which we plan to invest. Electrify America publishes our target markets and target corridors in the ZEV Investment Plan and our quarterly reports. In our 2017 annual report to CARB, Electrify America detailed our site selection process. We explained that in 2017 we considered more than 12,000 leads, including an average of seven within each ultra-fast charging station target zone. As we wrote in the annual report, "although many viable options may exist, ultimately, only one site will be leased or licensed within each target zone." We also publish all specific DC fast charging station locations as "coming soon" on our website as soon as a permit has been issued. As we all know, until a permit is in hand, there is a reasonable chance that a station might not be built, and our commercial real estate partners and Electrify America agree that suggesting



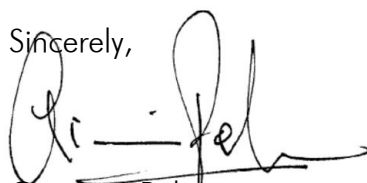
a station is “coming soon” beforehand would unduly raise consumer expectations. As well, announcing or identifying a target zone before a license or lease is secured raises the prospect of inflated lease rates from site hosts in that target zone, making site development for all EV charging operators challenging.

- **Rural vs. Urban:** Finally, some stakeholders from rural areas expressed support for increased rural investment, while stakeholders from Los Angeles urged Electrify America to increase investment in urban areas. As detailed in my letter on December 7th to Chair Nichols, we are investing substantially in rural areas in both Cycle 1 and Cycle 2 as a direct result of stakeholder feedback, while also investing in the urban communities where our data-driven analysis shows the need for charging stations to be greatest. In addition to the proposed \$2 million specifically for rural Level 2 deployment, we are planning to continue heavily investing in ultra-fast DC charging along regional routes that serve California’s rural regions. CARB’s staff analysis shows that by 2025, California will need 250,000 EV charging stations to support the Governor’s goal of 1.5 million ZEVs, Electrify America’s investment will meet 2-3 percent of the need, and there will still be a 46 percent shortfall. In this context, we understand that every part of California seeks additional investment by Electrify America, and we work to consider these needs and other investment criteria when making our investment decisions.

Our team could not have developed a Cycle 2 California ZEV Investment Plan worthy of so much support without tremendous stakeholder input. And over more than six months of dialogue, “meet and confer” sessions, and day-long meetings, CARB leadership and staff have provided us with invaluable input, guidance, and suggestions that made the plan better. We are grateful for your time and assistance.

As you know, CARB staff found in their report to the Board that the Cycle 2 California ZEV Investment Plan exceeds the goals and the requirements of the Consent Decree, and recommended approval. We look forward to beginning our Cycle 2 investment work soon and hope to have your unconditional support this week. If you have any questions or concerns, I am happy to speak with you at any time.

I look forward to seeing you Thursday.

Sincerely,

Giovanni Palazzo