



810 Mission Avenue
Oceanside, CA 92054

(760) 966-6500
(760) 967-2001 (fax)
www.GoNCTD.com

September 24, 2018

California Air Resources Board, Members
1001 I Street, Suite
Sacramento, CA 95814

RE: Response to the Initial Statement of Reasons for the Proposed Innovative Clean Transit Regulation

Chair Nichols and Members of the California Air Resources Board:

On behalf of **North County Transit District (NCTD)**, I submit the following comments in response to the Initial Statement of Reasons for the Proposed Innovative Clean Transit (ICT) Regulation. NCTD offers services that are a vital part of San Diego's regional transportation network. NCTD moves approximately 11 million passengers annually by providing public transportation for North San Diego County with a transit fleet comprised of 133 full size CNG buses, 9 full size Diesel buses, and 81 gasoline cut-away vans and minivans. NCTD is currently in the process of drafting contracts to purchase 6 Battery Electric Buses (BEB) and related charging equipment thru a partnership with San Diego Gas and Electric (SDG&E) as well as a study to determine the challenges and facility requirements of moving the entire fleet of full size buses to ZEB technology.

As currently drafted, the proposed regulation improves on the Draft Regulatory Concept for the Proposed Innovative Clean Transit Regulation, released December 2017. Improvements to the proposed regulation reflect ongoing discussions between California Air Resources Board staff and the leadership of the California Transit Association. While the progress made on the proposed regulation is substantial, we remain concerned that the imposition of the zero-emission bus (ZEB) purchase requirement is not tied to benchmarks for ZEB cost and performance, infrastructure buildout costs, and funding availability. Moreover, we see significant risks in assuming, as ARB staff has, that data gathered from limited, short-term ZEB deployments will accurately reflect the realities of ZEB deployments at-scale. We assert that, despite the claims of some interest groups, ZEB cost and performance, infrastructure buildout, and the cost of electricity as fuel, are still issues that must be worked through.

As you move to finalize the proposed regulation, **NCTD** believes you should be guided by one question: *"What will happen to transit agencies facing a ZEB purchase requirement, and the riders who rely on our service, if the assertions made by ARB staff and interest groups are wrong, and the cost and difficulty of the transition more closely align with the warnings of California's public transit agencies?"* To help navigate this question, the California Transit Association has offered you a series of recommendations designed to manage the risks associated with pursuing the laudable goal of cleaner air for all Californians.

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We urge you to adopt these recommendations in full, and emphasize the importance of the following two provisions:

- **Benchmarking and Regulatory Assessment:** This provision would require the California Air Resources Board to conduct a regulatory assessment – *before* a ZEB purchase requirement goes into effect – that evaluates real-world ZEB cost and performance with benchmarks for ZEB cost and performance established at the time of rule adoption. This regulatory assessment should allow the Board to issue an across-the-board suspension of the ZEB purchase requirement, much like the original Transit Fleet Rule did, if real-world ZEB cost and performance is not yet at parity with the cost and performance of conventionally-fueled transit buses. This provision would have no impact on the ZEB purchase requirement, if benchmarks for ZEB cost and performance are being met, as anticipated by ARB staff and interest groups.
- **Incentives:** The staff report supporting the proposed regulation emphasizes the importance of incentive funding to minimizing adverse impacts to transit service (see Initial Statement of Reasons, pages ES-8, III-8, VIII-26). Given the stated importance of this funding and our shared goal of protecting vital transit service, this provision would require ARB to revise its current policy disallowing the use of incentive funding to meet regulatory compliance to explicitly allow transit agencies to use incentive funding whenever they are prepared to purchase a ZEB.

Only by amending the proposed regulation to include the California Transit Association's recommendations, will you protect California's transit agencies and the riders who rely on our service from the risks associated with this transition. We greatly appreciate your continued commitment to working with the California Transit Association to get this proposed regulation right.

If you have any questions or comments, please feel free to contact me at 760-967-2867.

Sincerely,



Matthew Tucker
Executive Director

cc: Richard Corey, Executive Officer, California Air Resources Board
Steve Cliff, Deputy Executive Officer, California Air Resources Board
Jack Kitowski, Chief, Mobile Source Control Division, California Air Resources Board
Tony Brasil, Heavy Duty Diesel Implementation Branch, California Air Resources Board
Shirin Barfjani, Mobile Source Control Division, California Air Resources Board