Kristian Corby
24-7-1
Kristian@caletc.com

CalETC
California Electric Transportation Coalition

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California Air Resources Board
1001 I Street
Sacramento, California 95814

Submitted via CARB's Public Comment System: https://ww2.arb.ca.gov/applications/public-comments?utm_medium=email&utm_source=govdelivery

Re: CalETC's Comments on the Proposed Fiscal Year 2024-25 Funding Plan for Clean Transportation Incentives

Dear CARB Board Members and Staff:

The California Electric Transportation Coalition (CalETC) appreciates the opportunity to provide our comments on the Proposed Fiscal Year 2024-25 Funding Plan for Clean Transportation Incentives (Funding Plan). CalETC greatly appreciates the work that CARB staff has done on the Funding Plan and their willingness to work with stakeholders on these important issues.

CalETC supports and advocates for the transition to a zero-emission transportation future to spur economic growth, fuel diversity and energy independence, contribute to clean air, and combat climate change. CalETC is a non-profit association committed to the successful introduction and large-scale deployment of all forms of electric transportation. Our Board of Directors includes representatives from: Los Angeles Department of Water and Power, Pacific Gas and Electric, Sacramento Municipal Utility District, San Diego Gas and Electric, Southern California Edison, Southern California Public Power Authority, and the Northern California Power Agency. In addition to electric utilities, our membership includes major automakers, manufacturers of zero-emission trucks and buses, electric vehicle charging providers, and other industry leaders supporting transportation electrification.

Clean Cars 4 All

CalETC recognizes that the proposed Funding Plan presents difficult choices with a limited budget. That said, we believe that the best policy is to ensure that all ZEV equity incentive programs, including both the air district administered Clean Cars 4 All (CC4A) programs and the statewide Drive Clean Assistance Program (DCAP), be sustained with existing funding so they can provide ZEV benefits to equity communities throughout California. We recognize that this will require CARB to make a difficult choice to shift funding that was committed to the statewide DCAP program to the district CC4A programs. However, we believe if CARB applies the draft CC4A allocation formula to the remaining funding, all these programs will be able to stay open for the coming fiscal year and beyond. We recommend using the proposed formula, incorporating recommendations made by the air districts, to allocate an initial $100 million of the remaining funding between DCAP and the five air district administered CC4A programs. We recommend using the remaining funds as a reserve fund, so that when DCAP or any of the air district administered CC4A programs reach 75% utilization, an additional $20 million can be distributed to said program so that it can continue operations without interruption and better serve priority communities across California.

CalETC recommends these additional $20 million tranches be conditioned on DCAP's and the air districts' ability to meet certain performance criteria, including program demand, engagement in underserved populations and communities with low ZEV registration rates, a districts' capacity to deploy funds, and other data-driven success metrics outlined in SB 1382 (Gonzalez, Chapter 375, Statutes of 2022). By prioritizing these factors, CARB can ensure funds are strategically directed to areas with the highest impact and greatest need. Such an approach would also help to address the longstanding need for consistent and predictable funding that avoids the "stop and start" cycles that have hindered CC4A's effectiveness in the past. District programs have built robust outreach networks that are necessary to reach underserved communities, and closing these programs undermines their credibility and prevents equity communities from accessing ZEV programs that are working, helping us accomplish our ambitious zero emission, air quality, and climate goals. Time is of the essence. We must continue to act with urgency by directing available funds towards equity communities.

Medium- and Heavy-Duty (MHD) Vehicle Investments

CalETC supports CARB's proposal to review the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) voucher process, create a pre-certification process, and make changes to streamline the review and redemption process. To the extent this process can be streamlined or automated, it would help fleets and truck dealers reduce the administrative and financial burden due to the delay of processing vouchers. Additionally, we recommend working with your partners at the California Energy Commission (CEC) to find an optional pathway for fleets to apply for both HVIP and the CEC's infrastructure programs through one application. Finding ways to streamline and connect the application process together will help encourage fleets to apply and will reduce the amount of resources fleets need to dedicate to applying for assistance, especially small fleets that have limited resources and employees.

CalETC supports piloting voucher certificates for Class 2b fleet vehicles, and we recommend this includes pick-up trucks. There is currently no statewide purchase incentive for medium-duty vehicles, other than cargo vans. Many small businesses and local governments rely on medium-duty vehicles, particularly medium-duty pickups, for their daily operations. To truly accelerate market transformation and support equitable investments in small fleets, it is crucial that all MHD vehicles owned by fleets, including pickups, are eligible for voucher support.

CalETC supports exploring a Used Truck Voucher Pilot within the Innovative Small e-Fleet Pilot Project (ISEF). Cost remains the biggest barrier for small fleet electrification despite available incentives. Most small fleets participate through the standard HVIP program because reducing the MSRP of the vehicle is the first priority of these fleets when buying a ZE MHD truck. The ISEF set-aside is underutilized because straight-purchase incentives are more favorable: fleets prefer to reduce the MSRP as much as possible instead of redirecting that funding to other costs like insurance or charging. To increase participation in ISEF and to reach the most cost-sensitive small fleets we recommend removing the 90% MSRP cap on ISEF vouchers or creating a separate program that covers non-vehicle costs (such as insurance or charging) and is stackable with HVIP.

CalETC strongly recommends CARB and CALSTART provide more transparency into HVIP data for available funding, fleet sizes, and redeemed/unredeemed vouchers. The HVIP website is a great resource for information, however, it needs to be shored up with a few key pieces of data. First, the amount of funding is only displayed as a static number for what is presently available. We strongly encourage CARB and CALSTART to provide past and present data on the funding that is available and a prediction for when funding will run out. A simple line graph of available funding by time would suffice to give stakeholders, industry, and applicants a much better understanding of how quickly funding is being drawn down, or alternatively, how stable it has been for a given period of time.

Second, we strongly encourage CARB and CALSTART to provide more granularity of existing data to show the fleet sizes that are applying for, receiving, and importantly, redeeming the HVIP vouchers. California has set ambitious regulations with both the Advanced Clean Trucks (ACT) and Advanced Clean Fleets (ACF) Rules, so stakeholders need to understand which fleets have sought to access HVIP and which fleets have been able to complete the redemption process to get ZE trucks on the road and improve our communities' air quality. It is also clear from the HVIP website that over $800,000,000 worth of vouchers are currently unredeemed.[1] While there may be good reasons for the amount of unredeemed voucher funding, stakeholders still need a clearer picture of why so much of this funding is tied up in unredeemed vouchers and how industry, CARB, and CALSTART can work to address this issue.

CalETC continues to remain concerned about limiting eligibility for HVIP to fleets of 50 vehicles or less and we recommend postponing this fleet size limit for at least another year. CARB's Large Entity Reporting showed that 48% of the fleets that reported are larger than 50 vehicles. There were 401 fleets between 50 and 100 vehicles and 470 fleets have over 100 vehicles.[2] The ZE MHD truck market is too nascent to exclude roughly half of the fleets in California from HVIP, especially when ZE truck prices are currently not near parity. Large and medium sized fleets are typically willing to dedicate their limited resources to investing in new technology and the associated changes that come with transitioning to ZE trucks. Not only do the trucks cost more, but these

[1] Voucher Map and Data, CaliforniaHVIP.org, unredeemed vouchers for BEV ($631M) and FCEV ($198M) totaled on November 7, 2024, available at https://californiahvip.org/impact/#deployed-vehicle-mapping-tool.

[2] CARB's Large Entity Reporting, available at https://ww2.arb.ca.gov/our-work/programs/advanced-clean-trucks/large-entity-reporting

fleets must use their own employees to work with contractors to create new vehicle acquisition and fueling plans and protocols. Some of this work can be outsourced to charging service providers, but some cannot. Strategic decisions to install charging infrastructure must be made by the fleets themselves and working closely with their utilities. In the case where the fleet does not own the property where the trucks will be charged, the fleet must negotiate installing charging with the property owner. All of this takes time and resources. CalETC is concerned that excluding a significant share of the trucking industry from HVIP has significantly slowed adoption of ZE trucks and jeopardized our ability to meet our ZEV goals.

We greatly appreciate the Board's and Staff's dedication to transitioning the state's vehicle fleet to zero-emission and thank you for your consideration of our comments. Please do not hesitate to contact me if you have any questions at kristian@caletc.com.

Sincerely,

Kristian Corby
Deputy Executive Director
California Electric Transportation Coalition