



Union of Concerned Scientists

Citizens and Scientists for Environmental Solutions

December 9, 2008

Chairperson Mary Nichols
California Air Resources Board
1001 'I' St., P.O. Box 2815
Sacramento, CA 95812

RE: FEEBATES in the AB 32 Scoping Plan

Dear Chairperson Nichols and Members of the Board:

The Union of Concerned Scientists (UCS) supports CARB's plan to analyze the environmental and consumer benefits of a vehicle feebates program for reducing global warming emissions from passenger cars and trucks. We strongly encourage CARB to look at the benefits of feebates both as a fallback program if necessary, *and* as a complement to existing and future vehicle regulations.

A Feebate program can lead to substantial cumulative emission reductions. UCS fully supports the inclusion of a feebates program in the scoping plan to help achieve the emission reduction requirements under AB 32. A vehicle feebates program can work well as a complement to existing and future global warming regulations for vehicles. Because a feebates program provides financial incentives for automakers to install clean technology, it essentially provides a market-oriented incentive for auto manufacturers to meet California's GHG regulations sooner than would otherwise be required. **A well-designed feebates program should lead to significant *cumulative* reductions during and beyond the lifetime of the program.**

A Feebate program encourages automakers to make cleaner cars, and consumers to purchase them. A feebates program will not only encourage automakers to make improvements in their vehicle fleet, but can engage the general public in the battle to combat global warming by offering direct incentives for consumers to make choices that help reduce pollution. A feebates program where the rebates would go to car buyers in the state would be one of a few programs in the scoping plan that engages consumer directly to be part of the climate solution puzzle. While UCS agrees that most of the emissions reductions would come from manufacturers adapting to the feebates program by installing clean technologies on most of their vehicles, there exists a quantifiable, but unknown amount of emissions reductions through changes in consumer choice in response to a rebate. We encourage ARB to fully examine this affect in their pending research on feebates.

Over time, a Feebates program will produce a used car fleet that is more environmental efficient than today. The new cars of today become the used cars of tomorrow. As the feebates program creates a pool of new vehicles that are, on the average, lower in emissions, the pool of used vehicles for sale years later will also be cleaner and more efficient. This means that consumers—including lower income consumers who tend

to purchase used vehicles—will not only be able to purchase clean used vehicles, but will also save money on fuel costs. Rebates in a feebate program will give some consumers a greater ability to purchase a new clean vehicle, rather than settle for a dirtier used vehicle.

Feebates affects all vehicle miles traveled (VMTs). The one-time fees and rebates in a feebate program are based on the *lifetime* of the vehicle, not on annual miles driven as skeptics try to suggest. Moreover, a feebate program is entirely consistent with how the state sets tailpipe emissions standards for all new vehicles—essentially on a per mile basis.

A Feebates program will benefit consumers and save money at the pump. Affordable new cars are likely to earn a rebate thereby helping moderate income consumers afford a new vehicle. A feebate program will not only reduce global warming emissions, it will benefit consumers by having more vehicles from which to choose that will save money at the gas pump. In fact, a University of Michigan study showed that a feebate program will save consumers thousands of dollars over the lifetime of the vehicle. Thus, in these difficult economic times, a feebate program will reduce the cost of cleaner vehicles and save money at the pump for consumers.

We can't rely on the volatility of gas prices to help us achieve significant reductions in greenhouse gas emissions. Gas prices and other market forces have failed to bring greenhouse gases under control within the transportation sector. A combination of regulations and incentives are necessary to substantially reduce GHGs from the cars and trucks that will be on the road in our state.

Feebates can ensure consumer choice. ARB should have appropriate flexibility on how it designs an eventual feebates program. Most design options can preserve consumer choice and ensure that consumers and families continue to have substantial choices of vehicles among and within all vehicle types (SUVs, trucks, minivans, etc.) that were not assigned a fee. We encourage the research team to consider this when evaluating the feebate program.

Administrative costs are expected to be modest.

A legislative analysis estimated that, depending on how the program is designed, the ongoing administrative costs for such a program would be about \$1.31 million annually—and these costs would be paid for from the one-time fees charged to higher-emitting new vehicles. Much of the data necessary to implement a feebates program is already readily available to ARB or other agencies.

The following organizations and associations have expressed strong support for a vehicle feebates program in California (partial list):

African American Environmentalist Association ◇ American Council for an Energy-Efficient Economy ◇ American Lung Association of California ◇ Amigos de los Rios ◇ Audubon California ◇ Breast Cancer Fund ◇ Breathe California ◇ California Interfaith Power and Light ◇ California League of Conservation Voters ◇ CalPIRG ◇ California Science Teachers Association ◇ California Thoracic Society ◇ Center for Biological Diversity ◇ Center for Energy Efficiency and Renewable Technologies ◇ Center on Race, Poverty, & the Environment ◇ Clean Air Now ◇ Clean Water and Air Matter ◇ Coalition for Clean Air ◇ Community

Environmental Council ◇ Consumer Action ◇ Consumer Federation of California
◇ Consumers for Auto Reliability and Safety (CARS) ◇ Consumers Union ◇ Earth
Day Los Angeles ◇ Earthjustice ◇ Energy Independence Now ◇ Environment
California ◇ Environmental Defense Fund ◇ Environmental Entrepreneurs ◇
Friends of the Earth ◇ Green Cities California ◇ Latino Issues Forum ◇ National
Hispanic Environmental Council ◇ Natural Resources Defense Council ◇ New
Voice of Business ◇ Orange County Interfaith Coalition for the Environment ◇
Physicians for Social Responsibility ◇ Planning and Conservation League ◇
Republicans for Environmental Protection ◇ San Diego Audubon Society ◇ San
Diego Environmental Foundation ◇ Santa Clara Valley Water District ◇ Sierra
Club California ◇ Silicon Valley Leadership Group ◇ The Interfaith
Environmental Council ◇ Transportation and Land Use Coalition ◇ Tri-Valley
CAREs ◇ Tulare County Asthma Coalition/CAFA ◇ Union of Concerned
Scientists ◇ Working Assets

UCS believes that a vehicle feebate program can be a flexible tool for CARB to use not only as a potential backstop to existing GHG vehicle regulations, but also as a complementary program in conjunction with the ‘Pavley’ regulations to bring more emissions reductions *sooner*.

We support CARB’s effort to research the effects of feebates and believe that its adoption will benefit California. We respectfully urge the Board to strongly support moving forward on a Feebates program for California. Thank you for considering our comments on this issue.

Sincerely,



Spencer Quong
Senior Vehicles Analyst



Daniel Kalb
California Policy Coordinator

cc: ARB Board Member John Balmes, M.D.
ARB Board Member Sandra Berg
ARB Board Member Dorene D’Adamo
ARB Board Member Lydia H. Kennard
ARB Board Member Mayor Ron Loveridge
ARB Board Member Barbara Riordan
ARB Board Member Supervisor Ron Roberts
ARB Board Member Dr. Daniel Sperling
ARB Board Member John Telles, M.D.
Mike Pro시오, Governor’s Legislative Secretary
John Moffatt, Governor’s Deputy Legislative Secretary
Susan Kennedy, Governor’s Chief of Staff
Linda Adams, Secretary, CalEPA
Chuck Shulock, Chief, CARB Office of Climate Change