



DOCKET

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TO: California Energy Commission Commissioners and Staff

FROM: John Boesel, President and CEO

RE: Docket No. 11-ALT-1, 2012-2013 Investment Plan: Efficient, Alt-Fuel and Zero Emission Goods Movement – Critical Timing for California

Clean Transportation Technologies and Solutions

www.calstart.org

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As the lead agency charged with California's petroleum reduction objectives, and a key partner agency in achieving climate change actions, we recommend that the California Energy Commission place high priority in its transportation investments in those areas of high fuel use and impact. Goods movement is one of these areas. Given the state's premier position as the nation's import/export capital (40% of the nation's trade passes through the LA/Long Beach ports) and its standing as a major national market, California's goods movement sector is responsible for much of the state's problems around fuel use, carbon emissions, and air quality. A higher level of investment in cleaning up the medium- and heavy-duty vehicles used in this sector is therefore justified. We recommend increasing FY 2012-13 funding for advanced technologies in this sector to at least \$10 million.

Existing regulations alone, including federal truck fuel economy standards, are insufficient to meet California's petroleum reduction and climate goals in 2020. California needs a 15 percent reduction in petroleum use, a 15 percent increase in alt fuels use and a 15-20 percent reduction in climate emissions by this date. We need to steepen the development and deployment curve to achieve that.

On top of this, California's air regions face a concurrent and even more serious need to move to near and zero emission transportation by the mid-2020s, to meet national health standards. The need for progress is particularly urgent in the goods movement sector. Hard-hit areas such as the South Coast Basin and the San Joaquin Valley are in need of greatly accelerated development of advanced technologies, including but not limited to the following:

- Extended range electric drayage
- Roadway powered vehicles
- Ultra-low emission alternative fuel engines
- Alternative fuel hybrids

The air district needs, clearly stated by South Coast Air Quality Management District Executive Officer Barry Wallerstein, are equivalent in terms of the technology needed to meeting the state's 2050 climate goals by 2030. Sayed Sedredin, Air Pollution Control Officer for the San Joaquin Valley APCD, agrees. This challenge is only just becoming recognized. Both air districts are pursuing near- and zero-emission goods movement as a top priority. The South Coast is examining the feasibility of a zero-emission goods movement corridor on the heavily-impacted I-710, and the San Joaquin Valley is looking at similar options for goods movement corridors in that region. Both areas have specifically requested assistance and funds to support their own investments in this arena.

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To ensure these three critical targets are met requires steady and higher rates of development today so that needed technology sets are validated and prepared to ramp up in this time frame. Based on an assessment from the California Hybrid, Efficient and Advanced Truck (CalHEAT) research center, we will need to both (a) develop new advanced, low-emitting vehicle technology, and (b) spur deployment volumes approaching multiple tens of thousands of vehicles in the next ten to twenty years to meet the state's multiple goals. This is on top of the broader deployments of technology already identified today (such as natural gas and hybrid trucks), and far beyond the technology that will be considered acceptable in some other regions of the nation. California's needs require increased and targeted investments beyond what the federal government is considering.

One year's worth of technology investments is insufficient to the task. Ideally, the CEC should be thinking in five and ten year horizons for driving commercialization of advanced medium- and heavy-duty vehicles. In 2011 the state combined two years' worth of funding to create a \$16.9 million investment in medium- and heavy-duty vehicles (roughly \$8.5 million per year). The proposed \$3 million for 2012 is insufficient to meet the state's accelerated needs. Indeed, the state already has a "backlog" of \$10 million in five already approved critical projects (finalists, passed but not funded) that are sitting at the CEC waiting for funding. These are projects that specifically address the needs outlined above, including low or zero emission drayage and road power pathway trucks – critical identified needs of the air districts mentioned.

\$3 million will pay for roughly two of these pre-approved projects from the previous year, and no new projects or next steps beyond it. Given the state's needs, this simply does not adequately move the needle. We recommend that the Commission increase funding for this category to at least \$10 million in order to fund these approved projects and accelerate technology advancement in the goods movement sector.