

**American Lung Association in California
Center for Energy Efficiency and Renewable Technologies
Energy Independence Now
Natural Resources Defense Council**

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April 23, 2012

Commissioner Carla Peterman
California Energy Commission
Emerging Fuels & Technology Office
1516 Ninth Street, MS-27
Sacramento, CA 95814

Re: 2012-2013 AB 118 Investment Plan

Dear Commissioner Peterman,

As members of the AB 118 Advisory Committee, we greatly appreciate the staff work that has gone into the updated draft 2012–2013 Investment Plan and the discussions to date about the program’s funding needs. After last week’s (April 19) Advisory Committee meeting discussion, we realized that a key gap in the Investment Plan needs to be addressed this year. As we discussed, the state urgently needs a strong rollout of plug-in electric vehicles (PEVs) —both plug-in hybrid and battery electric vehicles—in the next year or two to ensure they quickly reach full commercialization. While the current draft Investment Plan has included funding for both expansion of PEV infrastructure and continuing consumer incentives for light-duty vehicle deployment, we believe more funding is needed for consumer incentives.

Consumer incentives are a big factor in promoting PEV sales. CARB projects approximately 30,000 PEVs will be sold in 2013¹. If all 30,000 consumers were to receive an incentive similar to the amount offered today, the state would need roughly \$60 million. Nowhere near that much funding is currently proposed. CARB currently has budgeted \$13–\$17 million under its most likely funding scenario and CEC is proposing to set aside another \$5 million. The combined funding of at most \$22 million would support only one-third of the vehicles expected.

Given the immediate need for state support to get PEVs on the road, we believe CEC and CARB should strive to support incentives for at least half of these expected vehicles. Such a goal would require roughly \$30 million. To enable this level of incentive support, CEC would need to change the Investment Plan to boost funds available for PEVs and CARB would need to change the types of vehicles that qualify for these funds.

¹ CARB Staff Presentation to the Second Public Workshop on the Development of the AQIP FY 2012-13 Funding Plan, April 10, 2012.

http://www.arb.ca.gov/msprog/aqip/fundplan/fy1213_aqip_fp_april12_workshop_presentation.pdf

1. Shift Funding to Clean Vehicle Rebate Program to Boost CVRP Vehicle Incentives. We recommend that CEC respond to the urgent need to support consumer purchases of PEVs by revising the draft Investment Plan funding allocations. Specifically, we recommend that CEC consider shifting some of the \$4 million currently allocated for propane vehicle deployment to the CVRP and examine additional ways to reduce other categories to boost light-duty vehicle incentives in this next year.²
2. Revise Funding Eligibility for CVRP: We also believe CARB must re-examine the vehicles that are eligible for this incentive program. Giving higher priority to full function battery electric and plug-in hybrid electric vehicles (and eventually fuel cell vehicles) will ensure that incentives advance commercialization of full function, light duty zero and near-zero emissions vehicles. For example, we think that neighborhood electric vehicles (NEVs) should not be granted incentive funding at this point.

We greatly appreciate all your work on the Investment Plan and your commitment to promoting clean, low carbon transportation technologies and fuels in California. We will follow up with you soon to discuss our recommendations further.

Sincerely,

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² We would not support reducing funds from alternative fuel production, electric vehicle charging or hydrogen fueling infrastructure.