

April 10, 2017

Mr. Richard Corey, Executive Officer
California Air Resources Board
1001 I St.
Sacramento, CA 95814

SUBMITTED ELECTRONICALLY VIA [HTTP://WWW.ARB.CA.GOV/CC/SCOPINGPLAN/SCOPINGPLAN.HTM](http://www.arb.ca.gov/cc/scopingplan/scopingplan.htm)

Dear Mr. Corey:

RE: Proposed 2030 Scoping Plan

The Association of Global Automakers, Inc.¹ (Global Automakers) is committed to reducing greenhouse gas (GHG) emissions, and our members are actively pursuing lower emitting, more fuel efficient and greener technology options, which help achieve the goals set under the California Advanced Clean Car program. In the 1990s, our member companies became the first to successfully introduce commercial hybrid electric vehicles into the market. Today, customers have the choice of over 25 electric-drive vehicle models including battery, plug-in hybrid, and fuel cell electric vehicles. Global Automakers' member companies account for 56% of all new vehicle sales and 66% of new green vehicle sales in California.

We appreciate the Air Resources Board's (ARB) work to date on "The 2017 Climate Change Scoping Plan Update; The Proposed Strategy for Achieving California's 2030 Greenhouse Gas Target" (2030 Scoping Plan), which has included a comprehensive stakeholder process with multiple opportunities for comment to help inform the proposed 2030 Scoping Plan and important cross-coordination with other California agencies. The proposed plan establishes a path for achieving the Governor's goal of reducing GHG to levels 40% below 1990 levels by 2030. While it is essential to build on California's past successes and experience with its GHG reduction programs, it is equally important to explore opportunities to improve upon existing programs and provide greater opportunities for flexibility that support compliance. As noted in the proposed 2030 Scoping Plan:

Flexibility is important as it allows each regulated entity the ability to pursue its own path toward compliance in a way that works best for its business model. Flexibility also acknowledges

¹ The Association of Global Automakers represents international motor vehicle manufacturers, original equipment suppliers, and other automotive-related trade associations. Global Automakers works with industry leaders, legislators, regulators, and other stakeholders in the United States to create public policies that improve motor vehicle safety, encourage technological innovation, and protect our planet. Our goal is to foster an open and competitive automotive marketplace that encourages investment, job growth, and development of vehicles that can enhance Americans' quality of life. In California, Global Automakers' member companies have invested over \$4 billion, with a sizeable amount in green technology. We operate more than 75 facilities, including 16 research and development sites, and employ more than 11,000 Californians. For more information, visit www.globalautomakers.org.

that regulatory agencies may not have a complete picture of all available low-cost compliance mechanisms or opportunities even across the same sector.²

As Global Automakers stated in our July comments on the 2030 Scoping Plan, we support ARB's approach to establish a multi-pronged plan that addresses all sectors. The proposed 2030 Scoping Plan does exactly that by addressing:

- Renewable Portfolio Standards
- Low Carbon Fuels Standard
- Mobile Source Strategy
- Sustainable Freight Action Plan
- Short-Lived Pollutants Reduction Strategy
- Sustainable Communities Strategies
- Post-2020 Cap and Trade Program
- Refinery Sector Standard
- Natural and Working Lands

Nevertheless, Global Automakers understands that the 2030 Scoping Plan is a planning document. As a result, ARB efforts to incorporate any of the items into future regulations must go through a full public evaluation process which includes consideration of feasibility, assessment of alternative regulatory scenarios, cost-benefit analysis, and socio-economic impact consideration. Global Automakers supports the 2030 Scoping Plan's assertion that:

Strategies to reduce GHG emissions from the transportation sector, therefore, must actively address not only infrastructure and technology, but also coordinated strategies to achieve development, conservation, and land use patterns that align with the State's GHG and other policy goals.³

This point rightfully recognizes that there are larger considerations at play—such as the changes to the market dynamics, customer preferences and attitudes, and public policies necessary to encourage the changes in behavior needed to support long-term environmental goals.⁴ This is relevant to the current, challenging MY 2025 standards, as well as to the development of standards beyond MY 2025. It is important that the regulations strike a balance between offering affordable vehicles that consumers' want to purchase with future environmental goals.

² ARB. "The 2017 Climate Change Scoping Plan Update: The Proposed Strategy for Achieving California's 2030 Greenhouse Gas Target," at 46.

³ ARB. "The 2017 Climate Change Scoping Plan Update: The Proposed Strategy for Achieving California's 2030 Greenhouse Gas Target," at 98.

⁴ As Global Automakers previously noted in our comments on the "2030 Target Scoping Plan Concept Paper" in July 2016, "targets alone don't create markets; flexibility in the regulations and market enablers are necessary." (See Global Automakers' Comments on the "2030 Target Scoping Plan Concept Paper," July 8, 2016). Global Automakers urges ARB to keep this point at the forefront of its future regulatory considerations.

The Scoping Plan continues to show a strong reliance on the need for specified volumes of electric-drive vehicles -- 4.2 million zero-emission vehicles (ZEVs) on the roads, to be exact -- by 2030. First, Global Automakers is concerned about the numeric goal, because it relies on a regulatory-based effort—automakers must sell the required number of ZEV (irrespective of market conditions) or face the consequences. Requiring that automakers sell a certain number of ZEVs will not guarantee that those vehicles will actually be purchased by customers. The 2030 Scoping Plan should therefore be expanded to include a robust discussion of key market-based mechanisms and complementary policies needed for a transition to electrification. The ARB Staff Report on California’s Advanced Clean Car Midterm Review recognizes the importance of these market-building actions:

Irrespective of any regulatory action, appropriate complementary policies will need to be in place to support the expansion of the ZEV market as the market share will need, at a minimum, to approximately triple in the next nine years. ARB and other stakeholders will need to accelerate and expand non-regulatory and complementary actions that have been identified as successful to continue to enhance market demand for ZEVs and remove the remaining barriers to ZEV adoption. Examples of such policies include consumer rebates and tax credits, carpool lane access, availability of public charging infrastructure, parking incentives, and others.⁵

The goal of the ZEV mandate all along has been to require early sales of advanced technologies and to “act as the focused technology forcing piece” of California’s vehicle emissions program.⁶ The program has done just that, and now it is the state’s responsibility to build out a plan to support market transformation. State-based market efforts needed to support a changing marketplace include, but are not limited to, consistently-funded incentives, significant investment in electric charging and hydrogen infrastructure, and ongoing work on time of use rates, codes, standards and permitting. There remain many areas of uncertainty about consumer acceptance and the progression of markets to support ZEVs. The 2030 Scoping Plan should recognize these challenges and detail specific market-based actions that will be needed. This will help state planners, legislators, cities and localities to plan resources accordingly.

Second, Global Automakers has raised concerns in our previous comments on the Scoping Plan and ARB’s Midterm Review staff report that the current evaluation is based on modeling exercises and not actual market capabilities. It is not appropriate to suggest that this modeling activity equates to regulatory requirements, nor should it predetermine the direction for future regulations. Global Automakers’ comments on ARB’s Midterm Review staff report noted our concern that regulating specified volumes is a fundamental change that will not necessarily achieve the state’s programmatic goals. An approach relying on volumes would be overly restrictive and more cost-prohibitive, and it would likely complicate compliance. It is also not clear that a volume-based approach considers the impact on consumer choice and affordability. While we understand that the 2030 Scoping Plan is only a framing document, we encourage ARB to avoid a reliance on specified volumes and to think more broadly about promoting electrification of the fleet and supporting customers in the transition toward electrification. There are likely smarter, more comprehensive approaches that can be used to promote a pathway from petroleum-based to electric-based miles.

⁵ ARB. “California’s Advanced Clean Cars Midterm Review” at ES-8.

⁶ *Id.* at ES-1

Finally, regarding the evaluated alternatives to replace the Cap and Trade Program, Global Automakers believes that Cap and Trade is needed to help provide the broad, multi-sector approach envisioned in the 2030 Scoping Plan.

Global Automakers and our member companies are making significant investments to produce low and zero emission vehicles and look forward to working with policymakers in assessing future GHG targets. As Global Automakers and our members look ahead to 2025 and beyond, our collective task is to develop a smarter and more efficient approach to the goals ahead of us, including helping consumers manage the transition to vehicle electrification. Thank you for consideration of our comments. If you have any questions regarding these comments, I can be reached at (202) 650-5555 or jrege@globalautomakers.org.

Sincerely,



Julia M. Rege
Director, Environment & Energy

CC: Alberto Ayala
Edie Chang