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Tesla Comments - Second Revised Staff Report FY 18-19 ARFVTP

Additional submitted attachment is included below.



March 22, 2018

Commissioner Janea A. Scott and Energy Commission Staff
California Energy Commission
Dockets Office
Re: Docket No. 17-ALT-01
1516 Ninth Street
Sacramento, CA 95814-55 12

RE: 2018-2019 Investment Plan Update for the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) 2nd Revised Staff Report

Dear Commissioner Scott and Energy Commission Staff:

I am writing on behalf of Tesla to share our additional comments in response to the second revised staff report for the draft 2018-2019 Investment Plan Update for the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) that was released on March 5, 2018. We previously submitted comments in November 2017 on the initial staff report focused on sections of the ARFVTP related to Electric Vehicle (EV) charging infrastructure deployment, Heavy-Duty (HD) EVs, and the Regional Alternative Fuels Readiness Plans.¹ Specifically, we supported continuing to maintain the proposed funding allocations for EV charging infrastructure and HD Zero Emission Vehicles (ZEVs) and providing additional funds for Regional Alternative Fuel Readiness Plans.

The second revised staff report highlights the Governor's recent Executive Order (EO) B-48-18, which among other items sets a target of 5 million ZEVs in California by 2030 and calls for the construction of 250,000 EV chargers by 2025. To reflect these updated targets, the Governor's proposed budget for FY 2018-2019 allocates \$235 million in additional funding to accelerate the investment in EV charging stations and hydrogen refueling infrastructure under the ARFVTP.² Given the increase in funding, Energy Commission staff is proposing to allocate \$135.4 million to EV charging infrastructure, which represents a significant increase from the previously proposed \$20 million for FY 2018-2019. The remaining \$92 million will be set aside for hydrogen refueling infrastructure.

While our previous comments on the ARFVTP continue to remain applicable under the revised funding amounts, we focus these comments on the following aspects:

- Explicitly include charging infrastructure for HD EVs under eligible activities or projects for Zero Emission Vehicle Infrastructure
- Explicitly include regional alternative fuel readiness and planning efforts under eligible activities or projects for Zero Emission Vehicle Infrastructure

¹ Tesla comments, November 17, 2017. Available at: http://docketpublic.energy.ca.gov/PublicDocuments/17-ALT-01/TN221826_20171117T160527_Francesca_Wahl_Comments_Tesla_Comments__FY_1819_ARFVTP_Investme.pdf

² 2018-2019 ARFVTP (second revised staff report), p.5.

I. Heavy Duty EV Charging Infrastructure

In our previous comments we expressed support for “taking into account the need to develop infrastructure alongside vehicles” based on the expected increased demand for charging and refueling infrastructure for freight and fleet vehicles and the Energy Commission’s role as the lead agency for fueling infrastructure deployment. Given Energy Commission staff’s proposal to significantly increase the amount allocated for electric vehicle charging infrastructure, we support staff’s recommendation that it “may propose to use funding from this allocation or the Advanced Freight and Fleet Technologies allocation to support the deployment of charging infrastructure specifically for medium- and heavy-duty PEVs.”³ We would recommend that the language in this section be strengthened by replacing the word “may” with “will” in the above referenced sentence and adding “As necessary” at the front of the sentence. The revised sentence would say the following: As necessary, Energy Commission staff will propose to use funding from this allocation or the Advanced Freight and Fleet Technologies allocation to support the deployment of charging infrastructure specifically for medium- and heavy-duty PEVs.

IV. Regional Alternative Fuel Readiness and Planning

In our previous comments we expressed concerns with the investment plan’s suggestion to not add additional funds for local EV readiness and planning efforts. Recognizing the important role local government agencies, air districts, and cities play in driving the adoption of EVs, the ARFVTP has funded regional readiness and planning since 2011 providing \$9.6 million for 43 agreements.⁴ The policies and best practices identified and implemented as part of these funding efforts have significantly helped regions begin to reduce the barriers to EVs, yet barriers continue to remain, and planning continues to be important. Therefore, we do not agree with the assessment “that because most regions in California have developed regional readiness plans and this has aided in the deployment of first generation of ZEVs...the need for these planning grants, however, has diminished because of the initial statewide success of ZEV deployment efforts.”⁵

Cities are centers for innovation and represent a significant opportunity to advance EV deployment, yet without continued potential for investment in readiness and planning, this opportunity may be diminished. We recognize that many regions have already received some form of existing funding, yet we also know there continues to be significant interest by cities to receive additional funding to build off previous efforts and incorporate lessons learned. For instance, the EV Ready Communities Challenge grant funding opportunity that was recently released provides an opportunity for blueprint development and future opportunity to receive funds for implementation, and many cities/regions expressed interest and submitted proposals for these funds.⁶ Unfortunately, only about \$1.9 million remain under this grant funding opportunity, which could be insufficient given the level of interest by cities.

Energy Commission staff does indicate that “these types of projects [readiness and planning] may be funded through the electric vehicle charging infrastructure allocation, if the need arises.”⁷ Therefore, we recommend that if staff believes that it is most appropriate to remove regional alternative fuel readiness and planning as its own funding activity or category, that it should be a viable funding option for projects

³ 2018-2019 ARFVTP (second revised staff report), p.41.

⁴ 2018-2019 ARFVTP (second revised staff report), p.21.

⁵ 2018-2019 ARFVTP (second revised staff report), p.54.

⁶ http://www.energy.ca.gov/contracts/GFO-17-604/GFO-17-604_Pre-Application_Workshop_Presentation.pdf

⁷ 2018-2019 ARFVTP (second revised staff report), p.54.

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applying under the electric vehicle charging infrastructure allocation or under the general Zero-Emission Vehicle Infrastructure category. The language in this section can also be strengthened by replacing the word “may” with “will” in the above referenced sentence.

* * *

Our primary recommendations to modify the second revised staff report for the proposed investment plan are to 1) continue to emphasize regional alternative fuel readiness and planning as a funding option for the Zero Emission Vehicle Infrastructure category and 2) to enable future opportunities to fund Heavy-Duty EV infrastructure under the Zero Emission Vehicle Infrastructure category.

We appreciate the opportunity to comment on the second revised staff report for the FY 2018-2019 proposed ARFVTP investment plan and look forward to continuing to work in partnership with the Energy Commission to provide additional input.

Sincerely,

Francesca Wahl
Sr. Associate, Business Development and Policy