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Advanced Energy Economy (AEE) Comments on the 2020-2023 Investment Plan Update for the Clean Transportation Program

June 23, 2020

Dear California Energy Commission,

Advanced Energy Economy (AEE) and our industry members thank you for the opportunity to comment on the "2020-2023 Investment Plan Update for the Clean Transportation Program." Specifically, we are writing to provide specific ideas to support California's economic recovery and re-investment priorities, as outlined on page 7 of the Lead Commissioner's report. As the state slowly reboots the economy after the coronavirus shutdown, California should especially look to advanced transportation as a way to boost the economy and also address the air quality and mobility concerns of our most vulnerable communities.

As you know, the public health crisis and deepening economic recession prompted by COVID-19 has impacted workers and businesses throughout the state. California was home to over half a million advanced energy jobs prior to the crisis. Over the past two months, the state has lost more than 100,000 of those jobs. As the economic crisis persists, it is important that state leaders take action now to transition the state into a period of economic recovery. If done right and swiftly, taking this initiative will seed the clean jobs creation and ratepayer cost reductions needed so desperately throughout the state while simultaneously speeding the state's ZEV transition and attracting greater private investment.

We believe there are beneficial strategies decision makers can embrace to harness our state's innovative strengths and build a plan for recovery that expands on our clean energy and transportation progress while benefiting all Californians. The attached recommendations offer specific no-cost tools and procedural fixes to streamline project review and permitting processes, cutting the red tape that stands in the way of public infrastructure projects that are ready for construction now. Additionally, our recommendations identify programmatic reforms to fix the chronic funding challenges facing programs that accelerate the adoption of ZEV trucks and vehicles and make clean transit options available throughout the state. These recommendations also highlight innovative finance strategies that utilize the state's existing financing capacity and consider other impactful stimulus investments to improve implementation of the California's zero-emission transportation programs.

AEE's recommendations for transportation-led economic recovery include:

— Address permitting barriers for EV charging infrastructure

— Appoint a Cabinet Secretary to oversee agency coordination around the

state's clean transportation programs

— Reform the CPUC transportation electrification process to accelerate project approval and construction

— Ensure that IOU transportation electrification programs move forward

— Transition California's Clean Vehicle Rebate Program (CVRP) to a statewide "point-of-sale" rebate structure.

— Pass an economic recovery bond that promotes shovel-ready projects and targets clean energy and zero-emission transportation investments to support communities hardest hit by COVID-19 and climate change

— Securitize Greenhouse Gas Reduction Funds to scale clean transportation programs.

— Create an EV Infrastructure Investment Fund

— Invest in community resiliency at public schools by scaling electric school bus fleets and utilizing bus batteries as a dependable source of available back-up power in regions with historically high levels of air pollution and vulnerability to COVID-19

— Scale California's "Clean Cars For All" Program

For more details on the above, the full set of recommendations are provided in the attached document entitled "Actions California Can Take To Stimulate Economic Recovery_AEE Filing (6.23.20)". Please do not hesitate to contact Amisha Rai and Emilie Olson (arai@aee.net, eolson@aee.net) with any questions or need for additional information.

Thank you for this opportunity to provide input.

Additional submitted attachment is included below.

Actions California Can Take To Stimulate Economic Recovery

The advanced energy and transportation sector provides the state with a unique opportunity to encourage local economic and employment growth while simultaneously helping the state achieve its environmental, public health, and environmental justice objectives. Below are outlined priority recommendations that fall into three categories: 1.) immediate, no cost actions to get projects moving, 2.) better leverage existing state funding/financing authorities, and 3.) new investments to stimulate additional economic activity.

Immediate, No Cost Actions to Accelerate California’s Advanced Energy and Transportation Progress

Institute smart reforms to improve state programs and advance critical projects. The state should accelerate approval processes where feasible to prevent project delays and to ensure critical advanced transport projects are not held up by overly bureaucratic local and state requirements. State programs with available funding should move quickly and be prioritized so that local communities can reap benefits as soon as possible.

- *Address permitting barriers for EV charging infrastructure.* Assembly Bill 1236 (Chiu), which was signed into law in 2015, requires cities and counties to develop a streamlined permitting plan and the Office of Planning and Research has developed the [ZEV Community Readiness Guidebook¹](#) to provide local leaders with additional guidance on how to comply with the AB 1236 requirements. While these efforts have increased focus on addressing permitting challenges, issues at the local level persist. Uneven enforcement across the majority of local jurisdictions has produced costly delay and limited accessibility to EV charging in communities that could benefit most from the jobs opportunity and air quality benefits these projects provide. Assembly Bill 2168 (McCarty) was introduced earlier this year to resolve this chronic issue of non-compliance by expediting the application review process and codifying to-date best practice timelines established in the 2019 [Electric Vehicle Charging Station Permitting](#)

¹ Governor’s Office of Planning and Research. “Zero-Emission Vehicles in California: Community Readiness Guidebook: Toward 1.5 Million Zero-Emission Vehicles on California Roadways by 2025.” 2013. http://opr.ca.gov/docs/ZEV_Guidebook.pdf

[Guidebook](#)². While that bill did not move forward, the Governor’s GO-Biz team should support its intent by working directly with technology companies, utilities, and labor to better understand these ongoing challenges and work to ensure cities are complying with state requirements. If cities are finding it difficult to comply with the requirements, GO-Biz should assess what assistance is needed to move projects forward and address those gaps immediately.

Enhance and improve implementation of California’s zero-emission transportation programs.

The state has historically led the nation in enacting policies that promote zero-emission vehicles (ZEVs), transit and mobility options, but this leadership is at risk with proposed budget cuts that will cripple the state’s clean transport programs. Key actions taken now to improve implementation will speed the state’s ZEV transition, attract greater private investment, and reduce costs for ratepayers.

- *Appoint a Cabinet Secretary to oversee agency coordination around the state’s clean transportation programs.* California has a number of electrification efforts underway. As with many energy related efforts, multiple agencies have overlapping jurisdictions over various transportation priorities. While this is not uncommon, it can be challenging to put the state’s transportation goals into action. Addressing this requires identifying a central point of contact to facilitate interagency collaboration and coordination while increasing the efficiency of regulatory processes so that consumers can more quickly see and feel the benefits of investment in their communities. The Governor should empower a Cabinet member within his office to directly oversee current implementation efforts and to ensure all agency efforts are aligned with the state’s zero-emission goals. This process should not add an extra layer of bureaucracy, but rather address and identify existing implementation challenges and accelerate agency action.
- *Reform the CPUC transportation electrification process to accelerate project approval and construction.* Given the current shortage of charging infrastructure in California that is needed to meet the state’s zero-emission vehicle (ZEV) and greenhouse gas (GHG) reduction goals,³ downward pressure transportation electrification (TE) places on rates,⁴ and employment

² California Governor’s Office of Business and Economic Development. “Electric Vehicle Charging Station Permitting Guidebook.” July 2019. <https://businessportal.ca.gov/wp-content/uploads/2019/07/GoBIZ-EVCharging-Guidebook.pdf>

³ California has goals of 1.5 million ZEVs on the road and 250,000 public charging stations operating by 2025, including 10,000 direct current fast charging (DCFC) stations and 5 million ZEVs by 2030. For reference, the state has about 30,000 public/workplace charging ports today. Source: Private analysis by Guidehouse, February 2020.

⁴ A Synapse study showed that from 2012 through 2017, EVs in California increased utility revenues more than they increased utility costs, in turn leading to downward pressure on electric rates for EV owners as well as non-



associated infrastructure deployment, the state needs to accelerate its process. Under the existing regulatory structure, Commission, utility, and stakeholder resources are repeatedly tied up in years of litigating one-off utility applications for infrastructure projects. The framework underway in the transportation electrification proceeding at the CPUC (R.1812006) entrenches this status quo of delayed and piecemeal review of EV infrastructure investments. The CPUC needs to instead adopt a streamlined process for investor-owned utility (IOU) investments (i.e., adopting a one step process for approving both long-term IOU plans and budgets) and expedite IOU work with third parties irrespective of their work with IOU-funded programs (e.g., expediting internal processes, such as utility inspection and site assessments). Only then can the CPUC process provide sufficient cohesiveness and certainty to attract sustained private investment at the speed and scale envisioned by California’s landmark Senate Bill 350 (de Leon, 2015).⁵

- *Ensure that IOU transportation electrification programs move forward.* The state should require the CPUC to swiftly approve any pending IOU program applications and continue funding for existing programs at their annual funding rate to avoid any gaps in program funding. Furthermore, the state should require the CPUC to adopt a new tariff or rule that allows utilities to design, install, own, and maintain electrical infrastructure and all associated work on the utility side of the meter for all nonresidential EV charging deployments.⁶
- *Transition California’s Clean Vehicle Rebate Program (CVRP) to a statewide “point-of-sale” rebate structure.* To increase the effectiveness of the CVRP without the need for additional stimulus funding, the state should make the incentive available at the point-of-sale (i.e., when customers buy the car). Moving to a point-of-sale approach not only maximizes the effect of the incentive for consumers (i.e., by providing greater perceived value for potential consumers), but it also encourages private incentive dollars to complement the program. This is because a point-of-sale incentive allows original equipment manufacturers (OEMs) to effectively utilize private incentives to complement the CVRP and consequently provide lower vehicle prices to potential EV adopters.

EV owners. Source: Synapse Energy. “Electric Vehicles are Driving Electric Rates Down.” February 2019. <https://www.synapseenergy.com/sites/default/files/EVs-Driving-Rates-Down-8-122.pdf>

⁵ National Resources Defense Council (NRDC). “Realizing the Vision Established By Senate Bill 350.” [https://info.aee.net/hubfs/Realizing%20the%20Vision%20Established%20by%20SB%20350%20\(1\).pdf](https://info.aee.net/hubfs/Realizing%20the%20Vision%20Established%20by%20SB%20350%20(1).pdf)

⁶ Ibid.



Leverage existing and new state funding streams and financing authorities to address gaps in climate program funding

Pass an economic recovery bond.

As a federal stimulus package is unlikely to come to form in 2020, the state should pursue an economic recovery bond that promotes shovel-ready projects, creating much-needed jobs, and expanding local economies and benefits to communities. This bond should be shaped to meet a triple bottom line of 1.) creating genuine economic stimulus, 2.) meeting community resiliency needs, and 3.) targeting clean energy and zero-emission transportation investments to support communities hardest hit by COVID-19 and climate change.

Securitize Greenhouse Gas Reduction Funds to scale clean transportation programs.

Each year the state's clean vehicle incentive programs (Clean Vehicle Rebate Program and Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project) are annually appropriated from California's Greenhouse Gas Reduction Fund (GGRF). The uncertainty around how much funding and when it will be appropriated has created a challenge for these high-demand programs. These programs run out of funding and have had to waitlist customers looking to purchase these vehicles. To address this issue and stabilize funding for these critical programs, the state should utilize the IBank's capacity to issue a revenue bond that is backed by future GGRF revenues. This would enable program administrators to pull future GGRF revenues forward to create funding certainty for the market, allow administrators to implement refinements that will increase program impact, and expand the number of vehicle incentives during the next several years, when increasing consumer education and interest in ZEVs is at a critical inflection point.

Create an EV Infrastructure Investment Fund.

The state will need to accelerate buildout of EV charging infrastructure to meet its ZEV targets. Many communities around the state lack sufficient charging infrastructure which impacts car-buying decisions and prolongs concerns that ZEVs are not practical for many Californians. To address the infrastructure shortage and accelerate buildout, the state should establish a public-private fund (e.g., FannieMae) with seed funds from the state and backed by the state's faith and credit designed to invest in all new charging infrastructure stations that meet specific quality criteria. The fund would attract low cost, patient capital by guaranteeing the financial performance of those stations (through the state backing) and allow infrastructure developers to expand their reach by providing certainty that a low cost investor will invest in each new station.



Strategies to stimulate local economies, expand job opportunities, and strengthen community resilience

Invest in our public schools.

While public schools remain closed during the statewide shelter-in-place, the opportunity is ripe to better prepare these buildings and other community centers for future wildfires and other emergency situations. The need for affordable, reliable, clean back-up power is especially urgent in communities most impacted by public safety power shut offs (PSPS), wildfire risk, and the economic strain of COVID-19. By fast-tracking investments in microgrid development and other clean distributed energy resources, California can immediately improve public health and prepare our schools to serve as resiliency hubs during emergency situations. These projects will provide relief for budget-strapped local school districts by reducing energy costs and utility bills, and will stimulate job creation in at-risk communities by safely putting people back to work now. Correspondingly, the state should scale electric school bus fleets in regions with historically high health risk from air pollution and increased vulnerability to COVID-19 to maximize community resilience by harnessing bus batteries as a dependable source of on-site, available back-up power. Existing private and public funding streams, including a combination of Power Purchase Agreements (PPAs), Energy as a Service (EaaS) agreements, and revolving loan funds through IBank, and bonds, can be leveraged to realize this opportunity. To maximize cost savings, the state should explore innovative public-private partnership options for EV infrastructure, microgrids, and other resiliency-enhancing upgrades as an alternative to state CAPEX spending.

Scale California’s “Clean Cars For All” Program.

Building on California’s experience with Clean Cars 4 All and the lessons learned from the federal “Cash for Clunkers” program, the state should provide an incentive to lower income households to trade in older, higher polluting vehicles for a new or used battery electric vehicle (BEV). Simply put, this program would speed the shift to zero-emission vehicles on our roads and improve air quality in the state’s most impacted and vulnerable communities. On top of ensuring equitable access to zero-emission vehicles and mobility, this incentive could provide a lifeline to struggling regions and the state’s auto-industry and dealerships by jump-starting manufacturing activity (critical to California’s export economy⁷) and unlocking new job opportunities.

⁷ Governor’s Office of Business and Economic Development. “The Plug and the Nozzle No. 2 Newsletter.” 3 February 2020.

