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Comments on Revised Draft Investment Plan

Please see the attached comments from 14 organizations.

Additional submitted attachment is included below.

September 30, 2021

Commissioner Monahan, CEC
1516 Ninth Street
Sacramento, CA 95814

Re: 2021-2023 Investment Plan Update for the Clean Transportation Program (CEC-600-2021-038)

Dear Commissioner Monahan:

The undersigned health, community, environmental and labor groups file comments on the 2021-2023 Investment Plan Update for the Clean Transportation Program.[1] Our transportation system imposes immense harms on communities throughout California. In addition to the localized harms from a transportation system primarily run on burning fossil fuels, the system imposes regional pollution in the form of being the largest contributor to the notorious blankets of smog that cover many parts of our state. In addition, to meet our ambitious greenhouse gas targets, we must dramatically reduce emissions from the transportation sector. The California Energy Commission (CEC) plays a significant role in investing in solutions to our transportation pollution problems. This year presents an immense opportunity to take our transportation electrification efforts to the next level as the CEC, in addition to other agencies, have significantly more resources to advance transportation electrification. As such, we encourage a long-term commitment from the CEC towards zero-emissions and strong workforce development to achieve this zero-emissions future.

I. Summary of Recommendations.

[1] CEC, "Revised Staff Report: 2021–2023 Investment Plan Update for the Clean Transportation Program" (hereinafter "Revised Staff Report") (September 2021).

We are pleased to see a growing recognition in the transportation electrification space that we need to move from smaller pilots to larger scale. The current air pollution crisis in communities requires larger deployments of zero-emission vehicles. We continue to hear from entities operating fleets that the largest impediment is not the vehicles, but rather, the lack of infrastructure. For many categories of vehicles, we need many 100+ vehicle deployments, particularly in the medium- and heavy-duty space in the next three years to graduate to the next level in these larger vehicle sectors. In other sectors, like the offroad sector, we need bolder and more ambitious efforts from the CEC to launch zero-emissions in these categories. The following chart provides a summary of our proposal for reallocating the proposal from the Revised Staff Report.

Category	Funded Activity	2021-2022	2022-2023	2023-2024
Clean Transportation Program Zero-Emissions Vehicles and Infrastructure	Light-Duty Electric Vehicle Charging Infrastructure and eMobility	$30.1	$30.1	$13.8
General Fund Zero-Emissions Vehicles and Infrastructure	Light-Duty Electric Vehicle Charging Infrastructure	$258.0	-	-
Clean Transportation Program Zero-Emission Vehicle and Infrastructure	Medium- and Heavy-Duty Zero Emissions Vehicles and Infrastructure	$30.1	$30.1	$13.8
General Fund Zero-Emission Vehicles and Infrastructure	Medium- and Heavy-Duty Zero-Emissions Vehicles and Infrastructure	~~$190.0~~ $103.5	-	-
General Fund Zero-Emission Vehicles and Infrastructure	Drayage	$80.75	~~$85.0~~ $60.0	~~$80.0~~ $55.0
General Fund Zero-Emissions Vehicles and Infrastructure	Drayage and Infrastructure Pilot	$25.0		
General Fund Zero-Emissions Vehicles and Infrastructure	Transit	~~$28.5~~ $75	~~$30~~ $50	~~$30~~ $45
General Fund Zero-Emission Vehicles and Infrastructure	School Bus	~~$19.0~~ $40.0	~~$15.0~~ $30.0	~~$15.0~~ $30.0
General Fund Zero-Emission Vehicles and Infrastructure	Offroad Vehicles and Equipment	$30		
Clean Transportation Program Zero-Emission Vehicle and Infrastructure	Public Hydrogen Fueling Infrastructure	$20.0	$20.0	$10.0
General Fund Zero-Emission Vehicles and Infrastructure	Public Hydrogen Fueling Infrastructure Meeting 200 station goal	$27.0		

Clean Transportation Program Alternative Fuel Production and Supply	Zero- and Near Zero-Carbon Fuel Production and Supply	~~$10.0~~	~~$10.0~~	~~$5.0~~
General Fund Manufacturing	ZEV Manufacturing	$118.75	$125.0	
Clean Transportation Program Related Needs and Opportunities	Workforce Training and Development	$5.0	$5.0	$5.0
	Total Clean Transportation Program Fund	**~~$95.2~~ $85.2**	**~~$95.2~~ $85.2**	**~~$47.6~~ $42.6**
	Total General Fund	**~~$747~~ $758**	**~~$255~~ $265**	**~~$125~~ $130**

II. We Support Investments in Charging Infrastructure for Passenger Vehicle Electrification.

We support the investments advancing charging for electric cars and small trucks. We do not support expanding the investments in this category beyond those from the proposals articulated in Table ES-2 of the revised draft plan.[2] We encourage the CEC to continue to prioritize charging in areas that benefit disadvantaged communities. In addition, the CEC should identify particularly hard sectors to advance charging, such as multi-unit dwellings. These investments in disadvantaged communities, particularly beyond single-family housing, are desperately needed to build a charging network sufficiently robust to support a large increase in electric cars and small trucks.

III. A Focus on Supporting the Transition to Zero Emissions In the Medium- and Heavy-Duty Sectors Is Appropriate.

For years, our organizations have advocated for shifting substantial resources to zero-emissions medium- and heavy-duty vehicles and associated infrastructure. We appreciate the recognition in the plan that significant air and climate pollution goals can be obtained by targeting medium- and heavy-duty sectors. We support providing more hard-wired funding for transit buses and school buses in the plan. In addition, we recommend the CEC direct more funding to the offroad sector, particularly in disadvantaged communities, to address the toxic impacts from the freight movement sector.

A. Provide More Investments in Transit Infrastructure.

Our transit agencies are the early actors in advancing zero-emissions transportation. Many of the larger agencies have plans articulating how they will achieve 100% zero-emissions buses. Because they are public agencies, they are a perfect place for additional investments of public dollars. For many transit-dependent Californians, this will be their access to zero-emission vehicles, not passenger vehicles. Electrifying transit is an extremely effective use of limited funds: it is the most mineral- and energy-efficient means of expanding zero-emission mobility while simultaneously reducing car dependence and congestion. We are concerned that the plan

[2] Revised Staff Report, at p. 11

does not allocate sufficient resources towards transit electrification projects. In particular, we recommend that the plan shift $46.5 million more in Year 1, $20 million more in Year 2, and $15 million more in Year 3 for transit infrastructure.[3]

B. Provide More Investments in School Bus Infrastructure.

We recommend allocating more funds for school bus infrastructure. Our school districts need more support for this infrastructure. In particular, the CEC should provide more funding to support larger deployments of electric buses (i.e., 50-250). We are at the phase where the lack of infrastructure will delay the deployment of zero-emission buses. This can be partially alleviated by adding $21 million more in Year 1, $15 million more in Year 2, and $15 million more in Year 3 to school bus electrification projects.

As in prior comments, we encourage the CEC to work with other California agencies to determine other, more cost-effective ways to fund the conversion of school buses to electric models. For example, other states have used strategies involving utility ownership of batteries and other investment models for advancing electric school buses.[4] We appreciate the CEC's continued leadership in advancing zero-emission school buses, and we want to make sure any dollar expended on electrification of school buses and associated charging infrastructure is stretched to the maximum.

C. Invest More in Offroad Vehicles.

There is a general lack of focus on cleaning up harmful offroad equipment in the freight sector. While significant attention has been placed on trucking into and out of the ports in places like Los Angeles and Long Beach, there is an impending crisis of heavily polluting ships, cargo equipment, and locomotives with really no clean-up strategy. This issue is all the more acute as ships line up to get into our ports and impose immense harm to communities adjacent to the ports. Likewise, refrigerated shipping containers and trains impose tremendous health harms to communities living near the ports and railyards.

We recommend allocating a portion of this significant amount of funding from the general fund to advance electrification in the offroad sector. We suggest a $30 million allocation for Year 1. In the coming years, the CEC staff should recommend specific allocations in this sector for upcoming clean transportation investment plans. We also recommend the CEC use some manufacturing funds to advance offroad zero-emissions manufacturing in California. Electrifying our offroad sector can simultaneously save many lives and create good jobs.

D. Invest in Programs and Staffing to Support a Successful Zero-Emission Transition.

Throughout the state, we are seeing a wide array of agencies looking to advance this zero-emissions vision. This level of across-the-board engagement is what it will take to finally

[3] The total amount suggested to be invested in this category is summarized in section I.
[4] *See e.g.*, Dominion Energy, *Electric School Buses*, *available at* https://www.dominionenergy.com/ourpromise/innovation/electric-school-buses.

make it safe to breathe in California and reduce climate pollution. Based on this, we highly encourage the CEC to dramatically expand its ZEV Blueprint grants. These grants have been critical at ports and other entities in accelerating the deployment of ZEV vehicles and infrastructure, and are wise expenditures.

We also understand that there are many public agencies (i.e., transit agencies, school districts, ports) that are pursuing a zero-emissions future on limited staff and budgets. A lot of these agencies will provide important information on how to operate fleets of hundreds of medium- and heavy-duty vehicles. We strongly encourage the CEC to explore capacity grants that could fund additional staff for these agencies to advance the deployment of zero-emission vehicles.

Finally, we recommend exploring grants for agencies to right-size the estimates for their transportation electrification. Throughout the country, we see agencies' infrastructure estimates at much greater levels than what is actually needed. This is because transportation planners are not always familiar with energy planning. When energy planners get into the mix, they can often help right-size the investments through energy management solutions. This is critical given that much of the consulting universe for vehicles is not sufficiently educated on the energy side, because we have been a combustion-oriented world for decades. Grants to expand this understanding of the energy system will be useful for a wide variety of public fleets.

IV. We Discourage Continued Investments in Alternative Fuel Production Supplies.

We remain concerned about the efficacy of some investments in alternative fuel production. The plan lays out a strategy "[f]unding priorities for this allocation may include increasing the in-state production of low-carbon fuels from waste-based feedstocks such as woody biomass from forest or agricultural sources, supporting upstream blending infrastructure, and improving the state's supply of renewable hydrogen from renewable electricity overgeneration or biomethane."[5] Our experience has been that the promotion of these fuels in the transportation sector has not displaced existing fossil fuel use, but rather has led to the expansion of combustible fuels in the transportation sector. These funds could be better deployed on zero-emissions transportation projects in communities where alternative fuel production would traditionally take place (i.e., the San Joaquin Valley). To the extent the Commission continues to invest in this area, we encourage the $10 million to go towards hydrogen produced from electrolysis using renewable electricity ("green hydrogen"), instead of biomethane or alternatives to diesel, which have more pollution-intensive production pathways. Moreover, we urge the Commission to use any support for green hydrogen to direct it towards end uses that best achieve decarbonization while maximizing reductions in air pollution. This can be achieved by limiting funding to green hydrogen used in fuel cells (rather than for combustion) for sectors beyond road transportation that currently lack a direct path to electrification with batteries (such as long-haul shipping or aviation). This would be more in line with the ultimate goal of a zero-emissions transportation system.

[5] Revised Draft Plan, at 63-64.

V. Increased Investments in Workforce Development Are Critical To Advancing Our Ability to Deploy Electric Vehicles.

Recent reports have confirmed that electric vehicles play an increasingly important role in California's economy. For example, a recent report by the Los Angeles Economic Development Corporation determined that the electric vehicle industry represents 1.6% of statewide employment. In fact, while the overall job rate in California increased by 1.9% between 2010 and 2018, jobs in the electric vehicle sectors increased at 2.8%.[6] Also, these jobs paid more than jobs in other sectors. Given that California is poised to continue to be a major center for jobs associated with the electric vehicle industry, increasing investments in workforce development is critical to advancing our ability to deploy electric vehicles. We recommend doubling the workforce development funding in this plan.

Likewise, it is critical for the CEC to support strong workforce development policies in its electric vehicle procurement contracts. Specifically, we recommend that the CEC consider the following criteria in evaluating electric vehicle manufacturer contracts going forward: the electric vehicle manufacturer's number of core workforce employees with direct, year-round employment of at least 35 hours per week; the manufacturer's employees' wage levels are competitive with the industry; the manufacturer maintains easily accessible, relevant, and enforceable policies for paid leave, scheduling, and grievance process; the manufacturer provides competitive benefits to employees, including affordable employer-supported medical insurance and paid time-off per year; the manufacturer conducts performance reviews, training, and upward mobility opportunities are provided to employees on an appropriate schedule; and the manufacturer has scheduling practices that ensure predictable schedules and compensation for schedule changes. The manufacturer should also develop a plan for recruiting and hiring communities that have historically been excluded from manufacturing jobs and face significant barriers to employment, such as women, people of color, and formerly incarcerated people. The California budget has allocated significant funding to support zero-emissions manufacturing in this budget plan, and we encourage diligent attention to making sure these investments grow not just jobs but good careers in the green energy economy.

We appreciate your consideration of these comments.

Sincerely,

Adrian Martinez
Yasmine Agelidis
Earthjustice

[*Additional Signatures on Following Page*]

[6] Los Angeles Economic Development Corporation, *Energizing an Ecosystem: The Electric Mobility Revolution in Southern California*, at p. 36 *available at* https://laedc.org/2020/03/01/laedc-ev-industry-report/.

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