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Ecology Action Comment on SB 114 Funding for ZEV School Buses and Infrastructure

Additional submitted attachment is included below.



December 27, 2023

California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

Re. Comments to Docket # 18-TRAN-01 as requested in Workgroup #1 on SB 114 Grants for ZESBI (December 5, 2023)

Dear California Energy Commission and California Air Resources Board;

We are grateful for this opportunity to provide comments and ideas to the CEC and CARB on the design of the envisioned ZESBI funding.

Ecology Action is a 53-year-old nonprofit based in Santa Cruz and is working throughout California implementing large scale programs in EV infrastructure deployment, EV demand generation, and energy efficiency with a specialization in serving hard-to-reach, rural and under-resourced participants and entities. We have worked very closely with more than 75 individual school districts supporting them with end-to-end technical assistance to complete demand side energy upgrades. We are extremely familiar with the strengths and challenges faced by small and rural districts.

We would like to amplify and build upon specific comments of both BYD | RIDE and VEIC around a.) the need for a joint application and b.) the critical need for technical assistance. Both are foundational to achieve the rapid scaling of electrification of small/rural school bus fleets.

We applaud the program's recognition that vehicle and infrastructure money are needed at the same time. The unsynchronized nature of these separate channels has historically created a level of financial uncertainty that has halted many enthusiastic districts. While aligning vehicle and charger incentives is essential, it alone cannot assure the rapid scaling of small/rural fleet electrification because these districts face multiple barriers; each of which must be addressed at once for the strategy to be successful. Core to this is end-to-end technical assistance.

Multiple previous programs that have offered generous incentives with the design logic (theory of change) that the incentives provided would make it financially attractive for private sector actors (vehicle and/or software and/or hardware companies) to provide the technical support required to move a given district from planning through to activation. This has worked well for larger districts that often employ fleet specialists thereby requiring minimal outside technical support from the vendors. Likewise, larger entities are procuring relatively large numbers of vehicles and chargers making it economically feasible for vendors to provide the needed

technical support within their operating margins. Conversely smaller/rural districts often have no dedicated fleet specialists thereby requiring in depth, more costly technical support. These fleets buy comparatively fewer vehicles and chargers making it economically much less attractive for vendors to step in to provide the needed technical assistance. For these reasons, private industry has not been able to prioritize serving the small/rural fleets and we have seen lagging electrification in this market subsegment.

If ZESBI were to ultimately follow this same “incentive-only” program logic model, we are deeply concerned that the current market failure in small and rural school bus fleets will persist. To achieve the results which CEC and CARB are seeking with ZESBI we strongly believe that embedded technical assistance is essential.

One example of a proven equity-achieving model that embeds both technical assistance and incentives is a single offering is called “direct installation.” The model is a one-stop, turnkey service package that provides the end-user with needed consultation, education, design, permitting, construction, and commissioning support combined with financial incentives; all in a unified package. Over the last two decades, direct installation has proven to achieve equity in the scaled deployment of energy efficiency and demand response technologies. It is now being piloted at scale by both PG&E and the CEC to deploy EVSE in affordable multifamily housing and small businesses located in disadvantaged communities.

Direct installation is appropriate when a given market segment fails to respond to customary incentive-only offerings. It is important to note that direct installation is not simply offering technical assistance in parallel to incentive programs, rather it is a bundled programmatic offering where “implementers” competitively bid and are hired to deliver a bundled solution from start to finish to multiple participants.

Such a packaged solution has multiple equity benefits. It can be provided at no-or-low cost to the target participant and utilizes local trades people at prevailing wages. The model is vendor neutral because the technical assistance that is delivered is not dependent on the procurement of the chargers, software or vehicles from an affiliated vendor(s). Instead, the implementer supports the participating district in evaluating the configuration that best meets the districts operational and financial needs. The model also allows for bulk procurement and economies of scale that are otherwise unavailable to under-resourced program participants.

Without program solutions such as direct installation, incentives will continue to confer inequitably to the large better-resourced entities thus exacerbating existing inequalities and stranding vast GHG reduction potential within under-resourced communities.

We would ask that the CEC and CARB staff strongly consider a solution for smaller/rural districts that includes these characteristics:

- Is a programmatic offering rather than a traditional passive incentive program.

- Is a combined solicitation that includes incentives for both vehicles and infrastructure and is vendor neutral to assure best fit for a given district.
- Where eligible implementers would include school districts and for-profit and non-profit entities that are qualified to provide technical and financial incentives to small/rural districts.
- Where all technical assistance required to properly support small/rural districts, from planning through system commissioning is considered an allowable expense.

Thank you for this opportunity to provide our perspective on how to equitably achieve the State's GHG reduction goals.

Sincerely,

Mahlon Aldridge
Vice President, Strategy
Ecology Action