

DOCKETED

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Joint parties letter on CEC RFI on MHDV loans

Additional submitted attachment is included below.



Oct 1, 2021

California Energy Commission
1516 9th Street
Sacramento CA, 95814

Submitted to docket 20-FINANCE-01

Re: Request for Information (RFI) on Medium and Heavy-Duty Zero Emission Vehicle Charging and Refueling Infrastructure Potential Loan Program.

Dear Commissioners and Staff:

The joint signatories write in support of the concept for a combined vehicle and infrastructure loan-loss reserve program for ZEVs as proposed by CALSTART, NRDC and SCE in their Oct 1 letter (called the Zero Emission Truck, Bus, and Infrastructure Finance (ZETBIF)) pilot, and in support of the Response those organizations filed for the Commission's Request for Information on Medium and Heavy duty (MHDV) Charging and Refueling Infrastructure Potential Loan Program.

We are writing to support the "ZETBIF" pilot concept because we think it will provide an important and highly necessary tool to drive ZEV adoption in California. In response to the Commission's questions, we agree that a financing program is severely needed to support the incremental cost for ZEVs and ZEV infrastructure, which is not always covered by public grants or incentives. We further support the assertion, in the CALSTART/ NRDC/ SCE Response that the CEC should combine \$20M in CEC funds¹ with utility and other funds to create a \$50M pilot, to be run either by the State Treasurer's California Capital Access Program (CalCAP), run by California Pollution Control Finance Authority (CPCFA), or a new program through the California Economic Development Infrastructure Bank (iBank). We further agree that the ZETBIF pilot program would also validate the leveraging of fleet's Low Carbon Fuel Standard (LCFS) credits as well as other fuel and maintenance savings as part of the loan provided by the financial institution and backed by a state-run loan-loss reserve.

¹ From the Recovery and Reinvestment Fund

ZEV adoption faces the same challenge as energy efficiency: even with a decent payback on investment vs. a diesel vehicle, many public and private fleets cannot make the switch because their capital budgets may not allow them to cover the incremental cost difference between a conventional vehicle and a ZEV, and these cost-differences may not be fully covered by state or federal incentives. The importance of financing was recognized by the CA legislature this year in passing SB 372 (Leyva), which calls for state agencies to work together on innovative financing for MHDVs specifically. Between 2019 and 2021 over 2,000 ZEV HVIP vouchers were requested—but this likely represents half of the demand for commercial ZEVs, or less. In addition, there are transactional barriers for private banks to provide loans to fleets for relatively new technology, and we understand commercial ZEVs may be viewed as risky due to unknown residual value.

Thank you for your consideration of our comments and the CALSTART/ NRDC/ SCE Response to the RFI. Please contact Meredith Alexander at malexander@calstart.org with any questions.

Sincerely,

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