



TO: AB 118 Advisory Committee Members
DATE: April 18, 2012
SUBJECT: Docket #: **11-ALT-1**, 2012-13 AB 118 Program Investment Plan

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The undersigned organizations would like to thank the Advisory Committee and CEC AB 118 staff for all of their hard work on a critical program that is advancing transportation and helping the state achieve greenhouse gas reduction goals, as well as reducing petroleum demand and cleaning the air in communities throughout California, especially those impacted most by toxic diesel emissions. We are especially appreciative of all of the AB 118 investments that have been made to advance medium- and heavy-duty vehicle technology in California, and we appreciate the opportunity to provide comments today to help further progress together.

We understand that funds are limited and there are many good advanced transportation projects, but we believe that the current draft of the 2012-13 AB 118 Investment Plan does not adequately recognize the need to maintain sustained funding for medium- and heavy-duty vehicle technology demonstration and advancement. Having a clean and efficient goods movement and public transit sector is crucial to the environment and the state's economy, and existing regulations and programs are insufficient to drive the technology advancement needed in this sector. We need a sustained commitment of approximately \$20 million per year over the next three years to get zero- and near zero-emission, ultra-low carbon trucks and buses in California's most heavily polluted regions.

California must reduce its greenhouse gas emissions to 1990 levels by 2020 and seeks to achieve a 15% reduction in petroleum usage by 2020 and 26% alternative fuel usage statewide by 2022. Additionally, the state's most heavily polluted goods movement corridors (the South Coast air basin and the San Joaquin Valley) must move to zero- and near-zero emission transportation in the next years in order to meet air quality standards. Achieving these goals is vitally important for the health of those living in areas with poor air quality, and also for the state's broader economy and environment.

Existing regulations and programs are not sufficient to meet California's goals. While we have robust programs and plans for light duty vehicles – including a Zero Emission Vehicle mandate and a clear vision for a path to 2050 – we have no comparable programs or plans for the medium- and heavy-duty sector. The federal emissions and fuel economy standards for trucks are a starting point, but there is no current plan to move beyond diesel. We have yet to define a clear path to the future for California's trucks, buses, and goods movement sector.

We must immediately begin to develop the medium- and heavy-duty vehicle technologies that are needed to help address the challenges our state faces. These technologies include extended range electric drayage, roadway powered vehicles, ultra-low emission alternative fuel engines, alternative fuel hybrids, plug-in hybrids and many other medium- and heavy duty technologies. The solutions will vary by location, as the trucks needed in the South Coast for short-haul and urban freight movement are likely to be different from those needed to move through and around the San Joaquin Valley.

Though industry wants to collaboratively address this issue, there is a clear need for public investment. Relatively low production and sales volumes make it difficult for industry to invest independently in technology advancement the way that light duty passenger car manufacturers have over the past several years. This underscores the value of California Energy Commission (CEC) investments in this area. Indeed, the high demand for these types of projects has been demonstrated by the fact that five projects totaling roughly \$10 million met the CEC's scoring criteria but were not funded in the most recent Notice of Proposed Award for Advanced Medium- and Heavy-Duty Vehicle Technologies Pre-Commercial Demonstrations.

The draft Investment Plan proposes only \$4 million for demonstration of medium- and heavy-duty vehicle technologies. Given the significant potential for the medium- and heavy-duty goods movement sector to reduce emissions and petroleum usage – two main goals of the AB 118 program – we strongly recommend that the funding level for demonstration of advanced medium- and heavy-duty vehicles be increased to \$20 million per year for the next two to three years beginning with the 2012-13 Investment Plan. Increasing this amount will help California address the development and demonstration needs of the medium- and heavy-duty vehicle sector so that it can continue to play a critical role in reducing transportation emissions and petroleum usage statewide.

Thank you for your consideration and please do not hesitate to contact us if you wish to discuss further.

Sincerely,

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