April 26, 2013

California Energy Commission
Dockets Office MS-4
Re: Docket Number: 12-ALT-02
1516 Ninth Street
Sacramento, CA 95814-5512
Via email to docket@energy.state.ca.us

Comments Regarding the California Energy Commission's Draft 2013-2014 Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program

The California Center for Sustainable Energy (CCSE) in partnership with the East Bay Clean Cities Organization and a coalition of groups, representing public and private fleets throughout California, would like to thank the California Energy Commission (Energy Commission) for the opportunity to provide these public comments regarding the Alternative and Renewable Fuel and Vehicle Technology Program Buy Down Incentives for Natural Gas and Propane Vehicles (Buy Down Program).

Background

On February 28, 2013 CCSE, the East Bay Clean Cities and the representatives of fleets from across the state provided public comments to the Energy Commission describing the challenges to the Buy Down Program, including:

Knowledge of the Program: Many small and medium size fleet customers are unaware that the Energy Commission has incentives available for natural gas and propane vehicles via the Buy Down program.

Visibility of Available Funding and Vehicles: There is no mechanism to communicate how much funding is available in "real-time". Further, to identify participating dealerships fleets must either contact the OEMs directly or read through funding award announcements on the Energy Commission's website. Both methods create an inefficient and time consuming process, which in turn is a significant barrier to participating in the Buy Down Program.

Dealer/OEM Focused Model: The way incentives are allocated places the responsibility for securing funding on participating OEM's and/or designated dealerships. Interested smaller dealerships in lower volume less urban areas are unlikely to be identified for participation. End-users seeking alternative fuel vehicle incentives under the Buy Down Program are faced with limited funding availability that may not be geographically convenient or economically feasible for them to access. The Buy Down Program calls for a direct pass-through of the incentive to the end-user, however there are cases where this does not occur. In some cases the base cost of the vehicle was being inflated allowing the dealer to earn additional profits on the back of this program.

Release of Funds: The timing of the various releases of funds is impossible to predict or plan for, and, since the vehicles must be new, this causes delays in both deployment and purchasing of clean fuel vehicles. Commercial transportation operators need predictable, year-round funding with minimal application paperwork. Long gaps in funding are not conducive to a real-world market.

Inefficient Allocation Structure: As previously noted, the Energy Commission should move away from a manufacturer-focused allocation structure towards a user-focused structure. There should be no limits to the quantity of each make and model of vehicle funded, if high-fuel usage (mileage) users choose those vehicles. The Commission's goal with the Buy Down Program is to reduce emissions. High-fuel usage (mileage) applications (shuttles, sweepers, refuse trucks, etc.) can operate many more miles or hours per year as non-commercial operators. Only certain models are suitable for sustained commercial service, so the Energy Commission should eliminate artificial restrictions against the operators doing the most to clean California's air.

Recommended Revisions to the Buy Down Program

The current challenges to the Buy Down Program described above and included in the public comments submitted on February 28, 2013 highlight the need for program improvements. In order to mitigate these challenges, CCSE, the East Bay Clean Cities organization and our coalition representing public and private fleets from across the state respectfully recommend the Energy Commission consider revising the design of the Buy Down Program.

Specifically, the coalition recommends that the Energy Commission modify the Buy Down Program to include the following six elements:

1. Statewide Independently Administered Voucher Program:
   This revised program should be independently administered by an impartial third party entity (Program Administrator) chosen through a competitive solicitation process. It is recommended that the Energy Commission mirror the solicitation process developed by the California Air Resources Board (ARB) for both the Hybrid Voucher Incentive Program (HVIP) and the Clean Vehicle Rebate Project (CVRP). This includes implementing a cap on the amount of funding for program administration, outreach and education.

2. Vehicle Vouchers:
   Vehicle vouchers are preferred over the current incentive allocation structure. It is important to ensure that the vehicle purchaser is directly involved in the voucher process and informed of each step. Increasing transparency will ensure the full incentive amount is passed on to the vehicle purchaser. In addition, voucher amounts should be designed to reward vehicles that result in the greatest amount of displaced petroleum consumption.

3. Dedicated Program Education and Outreach:
   One of the primary challenges to the current structure of the Buy Down Program is the lack of program knowledge and understanding. Dedicated outreach and education led by the Program Administrator but inclusive of key actors (e.g. manufacturers, dealers, fleet managers) will directly address this issue. Additionally, a robust webpage will update program funding dynamically, allowing applicants to see the total amount of funding available and reserved in "real-time".

4. Manufacturer Neutral:
   This program should be structured so that the end-user or applicant chooses an eligible vehicle that best fit their needs. The Energy Commission will determine vehicle eligibility based on the same process as the current Buy Down Program. However, once a vehicle is eligible, the Program Administrator will post a description on the revised Buy Down Program Website complete with vehicle characteristics, associated incentive amount and a link to the online voucher application. Funding will be available for eligible vehicles on a first come, first serve basis.

5. Transparent Program Measurement and Evaluation:
   The Program Administrator will be required to establish an online data portal that displays program statistics (e.g. vehicle deployment by County) in "real-time". This dynamic portal will assist the Energy Commission in measuring program efficacy on an on-going basis. In addition, the online portal will provide data valuable to market promotion of natural gas and propane vehicle technology.

6. Program Safeguard Measures:
   The revised Buy Down Program should also include safeguard measures that provide a more even distribution of vouchers across the state. This will include a limit on the number of vouchers one organization may receive in a year. In addition, a funding set aside for municipal fleets is recommended, due to their unique vehicle procurement process.

Benefits of Recommended Buy Down Program Improvements

The table below describes the benefits associated with each of the program revisions identified in the previous section.

Program Design Element	**Benefits**
Impartial Program Administrator	• Vehicle purchasers develop trust through a open administration process, including cost transparency • Education regarding the incentive process, technology and installation from a non-vendor with no financial stake in making a sale provides peace of mind to consumers • Reduces barriers to market entry by keeping pace with rapid

Program Design Element	Benefits
	technology innovation and new entrants
Vehicle Voucher	• Increases the certainty vehicle purchasers will receive incentive/voucher • Ensures full incentive/voucher amount is passed on to vehicle purchaser • Improves incentive/voucher access to vehicle purchasers in lower volume less urban areas
Dedicated Outreach and Education Component	• Single point source of program information, including real-time program funding levels, provided via clear and accurate methods to potential program participants • Consistent program messaging, with the ability to tailor outreach efforts to each region to meet consumer demands
Manufacturer-Neutral	• Ensures consumers have no limitations on product choice • Allows consumers to take advantage of latest technologies available on the market
Single Statewide Program	• Ability to cost-effectively leverage outreach and marketing efforts • Consumers in all regions have equal access to the incentive program • Provides opportunity to conduct follow-on surveys and research easily and cost-effectively

Conclusion

In summary, CCSE, the East Bay Clean Cities Organization and our coalition representing public and private fleets from across the state believes there are significant challenges that exist with accessing Buy Down Incentives for Natural Gas and Propane Vehicles. To overcome these challenges, the Buy Down Program should be revised to reflect the program design elements discussed above.

Further, the Coalition believes that the Energy Commission has the authority to invest in the recommended program design. California Health and Safety Code 44272 defines funding eligibility under the Alternative and Renewable Fuel Vehicle and Technology Program (ARFVTP). This code states that the Energy Commission has the authority to fund projects that include "*Block grants or incentive programs administered by public entities or not-for-profit technology entities*".[1] This language clearly establishes that the program revisions described above are within the direction given to the Energy Commission in administering the ARFVTP.

[1] See California Health and Safety Code Section 4472(d)(11). www.leginfo.ca.gov/cgi-bin/displaycode?section=hsc&group=44001-45000&file=44272-44273

We thank you for the opportunity to engage with the Energy Commission on these initiatives and are happy to provide any additional information as needed.

Sincerely,

Sachu Constantine
Director of Policy
California Center for Sustainable Energy

Center for Sustainable Energy CALIFORNIA

RICHARD E. BATTERSBY
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CITY OF SACRAMENTO FOUNDED IN 1849

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CLEAN CITIES COACHELLA VALLEY REGION

CCVR
Clean Cities Coachella Valley Region

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San Francisco International Airport

April 22, 2013

California Energy Commission
Dockets Office MS-4
Re: Docket Number: 12-ALT-02
1516 Ninth Street
Sacramento, CA 95814-5512
Via Email to docket@energy.state.ca.us

Subject: Comments Regarding the California Energy Commission's Draft 2013-2014 Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program

San Francisco International Airport (SFO), in partnership with the California Center for Sustainable Energy (CCSE) and a coalition of 12 other organizations representing public and private fleets throughout California, would like to thank the California Energy Commission (Energy Commission) for the opportunity to provide public comment regarding the Alternative and Renewable Fuel and Vehicle Technology Program Buy-Down Incentives for Natural Gas and Propane Vehicles (Program).

Background

On February 28, 2013, CCSE and representatives of partner fleets from across the state provided public comment to the Energy Commission describing the challenges to the Program, including:

> **Knowledge of the Program**: Many small and medium sized fleet customers are unaware that the Energy Commission has incentives available for natural gas and propane vehicles via the Program.
>
> **Visibility of Available Funding and Vehicles**: There is no mechanism to communicate how much funding is available in "real-time". Further, to identify participating dealerships, fleets must either contact the original equipment manufacturers (OEMs) directly or search through the funding award announcements posted on the Energy Commission's website. Both methods create an inefficient and time-consuming process and a significant barrier to participating in the Program.
>
> **Dealer/OEM Focused Model:** The way incentives are allocated places the responsibility for securing funding on participating OEM's and/or designated dealerships. Interested smaller dealerships selling in lower volume and located in less urban areas are not likely to be identified for participation. End users seeking alternative fuel vehicle incentives under the Program are faced with limited funding availability that may not be geographically convenient or economically feasible for them. The Program calls for a direct pass-through of the incentive to the end user; however, there are cases where this does not occur. In some cases, the base cost of the vehicle was being inflated, allowing the dealer to earn additional profits on the back end of the Program.
>
> **Release of Funds:** The timing of the various releases of funds is impossible to predict or plan for and, because the vehicles must be new, this causes delays in both deployment and purchasing of clean fuel vehicles. Commercial transportation operators need predictable, year-round funding with minimal application paperwork. Long gaps in funding aren't conducive to a real-world market.

Inefficient Allocation Structure: As previously noted, the Energy Commission should move away from a manufacturer-focused allocation structure towards a user-focused structure. There should be no limits to the quantity of each make and model of vehicle funded if high-mileage users choose those vehicles. The Energy Commission's goal with the Program is to reduce emissions. High-mileage users can operate 10 times as many miles per year as non-commercial operators. Only certain models are suitable for sustained commercial service, so the Commission should eliminate artificial restrictions against the operators doing the most to clean California's air.

Recommended Revisions to the Buy-Down Program

The current challenges to the Program described above, and included in the public comments submitted on February 28, 2013, highlight the need for Program improvements. In order to mitigate these challenges SFO and its partners, representing public and private fleets from across the state, respectfully recommend the Commission consider revising the design of the Program.

Specifically, the coalition recommends that the Energy Commission modify the Program to include the following seven elements:

1. Statewide Independently Administered Voucher Program
   This Program should be independently administered by an impartial third party entity chosen through a competitive solicitation process. It is recommended that the Energy Commission mirror the solicitation process developed by the California Air Resources Board (ARB) for both the Hybrid Voucher Incentive Program and the Clean Vehicle Rebate Project.

2. Vehicle Vouchers
   Vehicle vouchers are preferred over the current incentive allocation structure. It is important to ensure that the vehicle purchaser is directly involved in the voucher process and informed of each step. Increasing transparency will ensure the full incentive amount is passed on to the vehicle purchaser. In addition, voucher amounts should be designed to reward vehicles that result in the greatest amount of displaced petroleum consumption.

3. Dedicated Program Education and Outreach
   One of the primary challenges to the current structure of the Program is the lack of Program knowledge and understanding. Dedicated outreach and education led by the Program Administrator which includes key actors (e.g., manufacturers, dealers, fleet managers) will directly address this issue. Additionally, a robust webpage will update Program funding dynamically, allowing applicants to see the total amount of Program funding available and reserved in real-time.

4. Manufacturer Neutral
   This Program should be structured so that the end user or applicant chooses an eligible vehicle that best fits their needs. The Energy Commission will determine vehicle eligibility based on the same process as the current Buy-Down Program. However, once a vehicle is eligible, the Program Administrator will post a description on the Program website, complete with vehicle characteristics, associated incentive amount, and a link to the online voucher application. Funding will be available for eligible vehicles on a first come, first served basis.

5. Transparent Program Measurement and Evaluation
   The Program Administrator will be required to establish an online data portal that displays program statistics (e.g., vehicle deployment by County) in "real-time". This dynamic portal will assist the Energy Commission in measuring program efficacy throughout the Program. In addition, the online portal will provide data valuable to market promotion of natural gas and propane vehicle technology.

6. Program Safeguard Measures
   This Program should also include safeguard measures that provide an even distribution of vouchers across the state. This will include a limit on the number of vouchers one organization may receive in any one year.

Benefits of Recommended Program Improvements

The table below describes the benefits associated with each of the Program revisions identified in the previous section:

Program Design Element	**Benefits**
Impartial Administrator	• Vehicle Purchasers develop trust through transparent administration process, including cost transparency. • Education regarding the incentive process, technology and installation from a non-vendor with no financial stake in making a sale provides peace of mind to consumers. • Reduces barriers to market entry by keeping pace with rapid technology innovation and new entrants.
Vehicle Voucher	• Increases the certainty vehicle purchasers will receive incentive/voucher. • Ensures full incentive/voucher amount is passed on to vehicle purchaser. • Improves incentive/voucher access to vehicle purchasers in lower volume less urban areas.
Dedicated Outreach and Education Component	• Single point source of Program information, including real-time Program funding levels, offer clear and accurate methods to potential Program participants. • Consistent Program messaging with the ability to tailor outreach efforts to each region to meet consumer demands.
Manufacturer-Neutral	• Ensures consumers have no limitations on product choice. • Allows consumers to take advantage of the latest technologies available on the market.
Single Statewide Program	• Ability to cost-effectively leverage outreach and marketing efforts. • Consumers in all regions have equal access to the Incentive Program. • Provides opportunity to conduct follow-up surveys and research easily and cost-effectively.

Conclusion

In summary, SFO, the California Center for Sustainable Energy, and our coalition representing public and private fleets from across the state believe there are significant challenges that exist with accessing Buy-Down Incentives for Natural Gas and Propane Vehicles. To overcome these challenges, the Program should be revised to reflect the Program design elements discussed above.

Further, the Coalition believes that the Energy Commission has the authority to invest in the recommended Program design. California Health and Safety Code 44272 defines funding eligibility under the Alternative and Renewable Fuel Vehicle and Technology Program (ARFVT). This code states that the Energy Commission has the authority to fund projects that include "*Block grants or incentive programs administered by public entities or not-for-profit technology entities*".[1] This language clearly establishes that the Program revisions described above are within the direction given to the Energy Commission in administering the ARFVT.

Thank you for the opportunity to provide comment to the Energy Commission on these initiatives. If you require additional information, please contact Roger Hooson, Senior Planner, Landside Operations at (650) 821-6511.

Very truly yours,

Jeff Littlefield
Deputy Airport Director
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[1] See California Health and Safety Code Section 4472(d)(11). www.leginfo.ca.gov/cgi-bin/displaycode?section=hsc&group=44001-45000&file=44272-44273

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"To enrich lives through effective and caring service"

April 25, 2013

Via email to docket@energy.state.ca.us

California Energy Commission
Dockets Office MS-4
Re: Docket Number: 12-ALT-02
1516 Ninth Street
Sacramento, CA 95814-5512

COMMENTS REGARDING THE CALIFORNIA ENERGY COMMISSION'S DRAFT 2013-2014 INVESTMENT PLAN FOR THE ALTERNATIVE AND RENEWABLE FUEL AND VEHICLE TECHNOLOGY PROGRAM

The County of Los Angeles has been part of California Center for Sustainable Energy (CCSE) CEC AB 118 Buy Down Working Group representing both public and private fleets throughout California. We appreciate the opportunity to offer our comments in support of the CCSE proposed changes to the CEC's Alternative and Renewable Fuel and Vehicle Technology Program Buy-down Incentives for Natural Gas and Propane Vehicles (Buy Down Program).

Over the past several years, the County has purchased more than 100 alternatively fueled medium and heavy duty vehicles eligible for this CEC funding. The County has been unable to access these funds. Recently, we sought CEC funding for 15 medium-duty vehicles and were again unable to access funding.

A voucher program, similar to the Hybrid Voucher Incentive Program (HVIP), would be simple and would directly reduce the County's capital costs. A voucher Program would provide much greater access this funding and would ensure a more level playing field for public agencies.

Thank you for the opportunity to submit our comments. I will be happy to provide any additional information as needed or requested.

Very truly yours,

Marie Nunez, Division Manager
Contracts Administration Division