



July 7, 2015

Senator Bob Wieckowski, Chair
Senate Environmental Quality Committee
State Capitol
Sacramento, CA 95814

CF #15-0002-572

For
This Wednesday's
City Council
agenda

Re: Assembly Bill 857 (Perea)
Oppose Unless Amended

Dear Chairman Wieckowski:

The undersigned groups are writing to express opposition to AB 857 (Perea) that would establish new constraints on the allocation of funds in the California Clean Truck, Bus and Off-Road Vehicle and Equipment Technology Program. We support the intent of the author to achieve air quality benefits in local communities through the deployment of clean heavy duty truck technologies, however we believe current CARB and CEC incentive programs are working together well to provide funds for a range of new clean technologies and to ensure funding is available to assist both existing and emerging technologies. The effect of AB 857 would be to apply new funding restrictions from 2018 - 2023 that would limit investments in a range of clean fuel vehicle technologies among other issues. Following are some of our key concerns about the bill:

- The state's Greenhouse Gas Reduction Fund (GGRF) should be used to promote the cleanest possible options including new emerging technologies that have both a GHG and criteria pollutant benefit. However this bill could have the effect of restricting funding only to conventional natural gas technologies utilizing limited amounts of renewable fuels, passing up projects that are cleaner over the long term.
- By setting aside 50% of funding or \$100 million dollars (whichever is greater) now for a limited range of clean truck projects, the bill would likely have the impact of substantially reducing funding available for electric and fuel cell options including hybrid-electric trucks or cleaner freight vehicles and equipment that can dramatically reduce greenhouse gas emissions as well as smog-forming pollution and air toxics.
- There are several other pots of funding that can provide assistance to natural gas projects that appear to be the focus of the bill, including the AB 118 alternative fuels and technology

program. The CEC program has provided funding of \$70 million for natural gas vehicles and infrastructure over the years and has deployed or is currently deploying 2600 medium or heavy duty natural gas trucks. The current AB 118 investment plan is proposing \$10 million for natural gas vehicle incentives. The proposed set-aside of GGRF funds in the bill seems very high given the availability of these other sources and continuing opportunities to apply for funding.

- Additional criteria and information about methane leakage as well as the vehicle efficiency with natural gas trucks are both needed to ensure with some confidence that GGRF investments result in GHG emission benefits. Because of the lower vehicle efficiency of natural gas trucks compared to diesel and methane leakage across the natural gas supply chain, recent studies have shown that conventional natural gas vehicles can potentially *increase* GHG emissions compared to new diesel trucks. Additional information on this issue is currently under development through California Energy Commission's and CARB's review processes.

Our organizations are committed to improving air quality and reducing carbon pollution through transitioning to the cleanest possible fuels and technologies. We have supported incentives for a range of clean technologies through the AB 118, Carl Moyer, AQIP and state bond funded incentive programs and will continue to do so. Different pots of incentive funding have different criteria and goals. We believe that CARB's GGRF funding should continue to be used to fund a range of low carbon emerging technologies that can help us on the path to zero and near-zero emission freight systems.

In conclusion, we are opposed to AB 857 unless amended to address our concerns. Thank you for your consideration of our position.

Sincerely,

Bonnie Holmes-Gen
Senior Director, Air Quality and Climate Change
American Lung Association in California

Michelle Kinman
Clean Energy Advocate
Environment California

Simon Mui, Ph.D.
Director, California Vehicles and Fuels
Natural Resources Defense Council

Martha Dina Argüello
Executive Director
Physicians for Social Responsibility - Los Angeles

Joel Ervice
Associate Director
Regional Asthma Management & Prevention (Ramp)

Kathryn Phillips
Director
Sierra Club California

Don Anair
Deputy Director, Clean Vehicles Program
Union of Concerned Scientists

Tom Helme
Social and Environmental Justice Advocate
Valley Improvement Projects

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