

May 23, 2007

Dr. Robert F. Sawyer, Chairman
California Air Resources Board
1001 I Street
Sacramento, California 95814

RE: Status Report on the California Air Resources Board's Zero Emission Vehicle Program, May 24, 2007
Board Meeting Agenda Item 07-5-5.

Dear Chairman Sawyer:

The Northeast States for Coordinated Air Use Management (NESCAUM) offers comments in response to the above-referenced Status Report by the Staff of the California Air Resources Board. NESCAUM is an association of air quality agencies representing Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont.

The Zero Emission Vehicle (ZEV) program has been an important mechanism to promote development and deployment of advanced, low- and zero-emission vehicle technologies that benefit air quality and public health in the Northeast. Accordingly, NESCAUM strongly supports the Board's efforts to maintain the program and to enhance its effectiveness through periodic review and revision. Our specific comments follow.

Fuel Cell Vehicles

We urge the Board to maintain as aggressive a schedule as possible for deployment of Type III ZEVs by those manufacturers that choose the alternative compliance path. If the Board concludes that an adjustment is necessary to the transition from Phase II to Phase III, we suggest that rather than extending Phase II volumes for a longer period of time, the Board instead call for practical intermediate phases that are achievable and still ensure forward momentum and aggressive development efforts by manufacturers. While we recognize that such intermediate target volumes may be challenging for manufacturers, we believe that aggressive targets are necessary to sustain the technology-forcing impact of the alternative path.

Section 177 State "Travel Provision"

We recognize that in the early phases of the program, the travel provision ensures that pre-commercial vehicle deployments are not required in greater numbers than necessary to advance the development of fuel cell vehicle technology. However, by creating uncertainty as to the volumes and locations of future vehicle placements, this provision could hinder the development of refueling infrastructure that is a prerequisite to successful commercialization of Type III ZEVs. We therefore urge the Board to retain the 2011 sunset date for the travel provision.

Battery-Electric Vehicles

We strongly support the concept of technology neutrality as described in Section 6.2 of the Status Report. However, we urge the Board to ensure that if a technology-neutral policy is pursued within the ZEV program, it does not come at the expense of forward progress toward advanced vehicle technology development and deployment. In addition, we suggest that any proposal to equalize the credit value of BEV and FCEV technology in the near term should be accompanied by specific illustrations of compliance scenarios under the new technology-neutral scheme.

Neighborhood-Electric Vehicles

We support the Staff's recommendation for increased credit values for NEVs in recognition of the demonstrable air-quality benefits of these vehicles in actual use. However, we urge the Board to ensure that such a modification will promote either advanced technology development or the displacement of conventional vehicle usage by zero-emission trips. We feel that multiple tiers of NEV credit are appropriate to create incentives for extended warranties and advanced battery and passenger safety technologies. In addition, we feel that any credit adjustment should include provisions to ensure adequate manufacturer support for battery maintenance and charging infrastructure, and to prevent premature removal from service. Finally, we urge the Board to provide compliance scenarios illustrating the overall program impacts of any proposed change to specific credit valuations.

Plug-in Hybrid Electric Vehicles

We would like to express our enthusiastic support for PHEV technology, and urge the Board to consider strengthening the incentives for PHEV deployment under the ZEV program. We appreciate the Staff's reasoning, in Section 6.3 of the Status Report that the current program structure already provides incentives for PHEV production to some degree. However, we feel that the technology shows sufficient promise for in-use zero-emissions operation to warrant even stronger support as a "Silver" category vehicle under the ZEV program.

One approach that the Board might consider is to revisit the category designations for PZEV and mild-hybrid technologies. Since PZEV vehicles have reached mainstream market volumes, it may no longer be necessary to retain incentives for their production through the ZEV program. Similarly, as "conventional" hybrid technology becomes more widely deployed, it may now be appropriate to designate certain HEVs, such as mild hybrids, as "Bronze" category vehicles, reserving the "Silver" category for the most advanced HEV technologies such as Type E and plug-in hybrids.

Conclusion

NESCAUM generally supports the Board's efforts to sustain the technology-forcing nature of the ZEV program, as well as many of the Staff's findings in its April 2007 Status Report. If the specific concerns and suggestions given in these comments are adequately addressed, we believe this program will continue to provide significant air quality and public health benefits. If you have any questions, please contact Matt Solomon of my staff at 617-259-2029.

Sincerely,



Arthur Marin
Executive Director

Cc: Catherine Witherspoon
Tony Andreoni
NESCAUM Directors