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New York State
Energy Research and Development Authority (NYSERDA)
17 Columbia Circle
Albany, NY 12203-6399

SUBJECT: 2015 RGGI Operating Plan Draft Amendments and Funds Allocation

To Chairman Kauffman and NYSERDA Board Members:

The Association of Global Automakers, Inc.¹ (Global Automakers) would like to thank you for this opportunity to provide comments regarding the New York Regional Greenhouse Gas Initiative (RGGI) 2015 Operating Plan Draft Amendments regarding the allocation of RGGI funds. Global Automakers represents twelve international automobile manufacturers. Our members' sales represent more than half (51%) of the new vehicles sold in New York, and of those new sales, we comprise nearly 80% of new green vehicles sold in the state.^{2,3} In the State of New York alone, Global Automakers' members' have invested \$21.7 million in employees, facilities and dealerships.

Global Automakers' members are committed to reducing greenhouse gases (GHG) and meeting the national standard to reduce carbon dioxide emissions and reliance on fossil fuels. New York's RGGI portfolio, which includes energy efficiency, renewable energy, and carbon abatement programs, demonstrate New York's commitment to its environmental and energy goals. Global Automakers is encouraged by the efforts New York has taken and is recommending additional efforts related to using RGGI funds to develop a zero emission vehicle (ZEV) market in New York.

Advanced technologies play a vital role in achieving energy efficiency and GHG reduction goals. A recent report from the Georgetown Climate Center recognizes the benefits of these vehicles, stating:

Plug-in electric vehicles have the potential to reduce greenhouse gas emission and other pollutants..., enhance our nation's energy security, and save drivers money over the

¹ The Association of Global Automakers, Inc. represents international motor vehicle manufacturers, original equipment suppliers, and other automotive-related trade associations. Our members' market share of both U.S. sales and production is 40 percent and growing. We work with industry leaders, legislators, regulators, and other stakeholders in the United States to create public policy that improves motor vehicle safety, encourages technological innovation and protects our planet. Our goal is to foster an open and competitive automotive marketplace that encourages investment, job growth, and development of vehicles that can enhance Americans' quality of life. For more information, please visit www.globalautomakers.org.

² 2013 Economic Impact Survey of Global Automakers' members, AIADA's membership roster, NADA DATA, Wards Auto InfoBank, and R.L. Polk Automotive Data. Note: Dealerships are independently owned and operated franchises.

³ Green vehicles include all hybrid, electric, fuel cell, and natural gas vehicles.

lifetime of the vehicle. To capture these benefits...states are launching ambitious policies and program that will address barriers to deployment and increase PEV sales.⁴

New York is one of eight states that signed onto a 2013 Memorandum of Understanding (MOU), committing these states to growing the market for ZEVs.⁵ To date, New York's efforts to promote ZEVs have been limited, and the ZEV market share in NY has declined compared to 2013.⁶ The availability of advanced technologies and the clear benefits from their use are not enough to move the market. Additional funding for incentives, infrastructure, and other efforts to promote ZEVs is necessary to support the market, and we believe the RGGI funds provide a unique opportunity to develop an advanced technology market.

Automakers are committed to building markets for plug-in electric vehicles (PEVs) and fuel cell electric vehicles (FCEVs), have invested billions of dollars in the development and deployment of these vehicles, and want to see them succeed. These vehicles, however, are still in the early stages of deployment and face many barriers and challenges, including higher production costs than traditional vehicles, new refueling infrastructure, and lack of consumer awareness, just to name a few. The Georgetown Climate Center's report notes that "RGGI proceeds have the potential to support future PEV programs and energy efficiency measures."⁷ We recommend using RGGI funds to begin demonstration projects that will help support and grow the ZEV market in New York.

As New York considers its plans to modernize and develop a future path for the state's energy footprint, it is necessary to consider the role of automobiles in that vision and how RGGI funds can be used to build and demonstrate a successful market for PEVs and FCEVs. With this point in mind we offer comments in the following areas:

- Support for the infrastructure program through Community Clean Energy and Climate Action Programs and Charge NY
- Need for support through additional policies and incentives

Infrastructure and Charge NY

Global Automakers supports the Charge NY initiative. Charge NY's strategies of investing in marketing and outreach and supporting the installation of PEV charging stations at workplaces, municipal lots, and multifamily buildings are important to growing the PEV market in New York. As shared in a slide developed by NESCAUM at an April 1 meeting, the State of New York's PEV infrastructure is currently lagging behind the other seven ZEV MOU states. Three million dollars is a good start to building the momentum needed to accelerate growth of the market but may not be adequate to meet or exceed the infrastructure being installed in the other ZEV MOU states. We would support additional funds in this area to help build out a robust ZEV infrastructure.

⁴ Georgetown Climate Center, "Finding the Funds, Options for State Plug-in Elective Vehicle Programs." April 2015, p. 1.

⁵ "State Zero-Emission Vehicle Programs Memorandum of Understanding." <http://www.nescaum.org/documents/zev-mou-8-governors-signed-20131024.pdf/view>

⁶ 2013 ZEV Market Share: 0.50%; 2014: 0.43%; and 2015 (Jan-Mar average): 0.3%. Source: IHS Global Automotive Data.

⁷ Georgetown Climate Center, "Finding the Funds, Options for State Plug-in Elective Vehicle Programs." April 2015, p. 6.

A necessary complement to the Charge NY initiative are the Community Clean Energy and Climate Action Programs, and Global Automakers is very pleased to see the effort being made to promote sustainable, low-carbon communities. The transportation needs of a community are of utmost importance, and a cleaner, greener community cannot be created without cleaner transportation choices. PEVs and hydrogen FCEVs produce less carbon pollution and would reduce consumers' gasoline expenses, contributing to a more sustainable transportation system. Infrastructure within the communities, such as charging stations in multi-family dwellings that would allow residents the convenience of charging at home and/or spearheading hydrogen infrastructure in the New York, would, in turn, create communities with minimal use of fossil fuels. PEVs and FCEVs must play a large role in achieving the goals of the program. A focus on building the market for PEVs and FCEVs and necessary infrastructure for these vehicles would create communities that are clean, green and future-looking.

Piloting Policies and Incentives

With today's market challenges for ZEVs, we need to create a value proposition for the consumer. As a start, New York States offers HOV access and reduced tolls on some roads and expanding this would allow more consumers access to these benefits. This benefit alone is not enough to create demand. Creating a market for PEVs and FCEVs requires a suite of policies that generate demand and prepare the market for these vehicles.

Direct incentives, which may include rebates, tax credits, or reduced/eliminated registration fees, are one method to generate interest in ZEVs, and to date New York has not offered any such incentives. Several studies show that incentives have been effective in generating demand for plug-in vehicles in the market. For instance, the International Council on Clean Transportation (ICCT) evaluated state-level electric vehicle incentives and found that "subsidies, HOV lane access and public charger installation...may offer the greatest effectiveness per dollar" in accelerating vehicle adoption;⁸ subsidies include rebates, tax credits and other sales incentives for consumers. The National Academy of Sciences (NAS) recently released a report titled "Overcoming Barriers to Deployment of Plug-In Electric Vehicles" that found "substantial financial incentives are effective in motivating consumer to buy PEVs" (in addition to other findings on how to further the market).⁹ The NAS and ICCT studies highlight both the need for, and role of, vehicle incentives to help drive sales. Given this demonstration of effectiveness from these two studies, we believe that it is appropriate and necessary to develop an incentives program for PEVs and FCEVs using RGGI funds to help create consumer interest in purchasing these vehicles in the early stages of the market. Massachusetts and Maryland have created such programs using their RGGI funds and could provide models for a program in New York.

Furthermore, there are additional policies and programs that can be developed, and where RGGI funds could be used. There are many examples of creative, successful demonstration projects for PEVs and FCEVs that New York could consider, such as:

⁸ International Council on Clean Transportation, "Evaluation of State-Level U.S. Electric Vehicle Incentives." October 2014, p.28.

⁹ National Research Council of the National Academies, "Overcoming Barriers to Deployment of Plug-in Electives Vehicles." April 2014, p. 9.

- The cities of Houston and San Diego are examples of municipalities partnering with car share programs to increase the number of PEVs in fleets.
- Hawaii allows free parking for PEV drivers at all public meters and offers HOV lane access. The state had the third highest PEV sales share in 2013.¹⁰
- Hawaii also requires public parking systems with more than 100 spaces to include at least one PEV- designated parking space with a charging system.

Other projects for the state could include streamlining charger permitting and working with utilities to offer financial support for charger installation, as well as developing time-of-use pricing. Education and outreach events such as ride-and-drives are also a great way to raise consumer awareness of the vehicles.

We understand the intent to build a sustainable market and that direct incentives may not be viewed as sustainable. However, sales of ZEVs in the state as a percent of market share are declining, and a suite of policies and programs that include direct incentives to support ZEVs are necessary. We believe it may be appropriate to consider a pilot program that scales direct incentives to market growth to help build the initial market, along with developing PEV and FCEV infrastructure and other creative demonstration projects to develop and support the ZEV market. Therefore, we recommend the adoption of direct incentives using RGGI funds in a pilot program, implementing other demonstrations, and working together to pursue new and creative projects to build a ZEV market.

In summary, we believe that NYSERDA should consider additional RGGI funding mechanisms, in addition to the Charge NY and the Community Clean Energy and Climate Action Programs efforts, to help foster the future zero emission fleet of vehicles in New York. New York has the opportunity to lead the Northeast region in generating demand for these vehicles by creating the right market conditions through a variety of demonstration programs and market-scaled direct incentives using its RGGI funds. Building successful markets for these vehicles is necessary for any long term efforts to reduce GHG emissions.

Thank you for your consideration of our comments. If you have any additional questions, I can be reached at (202) 650-5559 or jrege@globalautomakers.org.

Sincerely,



Julia M. Rege
Director, Environment & Energy

¹⁰ International Council on Clean Transportation, "Evaluation of State-Level U.S. Electric Vehicle Incentives." October 2014, p.21.