Date of Hearing: April 26, 2017

ASSEMBLY COMMITTEE ON COMMUNICATIONS AND CONVEYANCE
Miguel Santiago, Chair
AB 1184 (Ting) – As Amended March 30, 2017

SUBJECT: Electric vehicles

SUMMARY: Requires the California Public Utilities Commission (CPUC) to establish a California Electric Vehicle Initiative to incentivize the purchase of electric vehicles in the state. Specifically, **this bill**:

1) Requires the CPUC to establish a California Electric Vehicle Initiative, to be administered by electrical corporations, subject to the CPUC's supervision.

2) Requires the program to incentivize the purchase of electric vehicles in the state, including incentives to low-income households and incentives for electrical corporations for the deployment of electric vehicle charging infrastructure.

EXISTING LAW:

1) Requires California Air Resources Board (CARB) to adopt rules and regulations that would reduce the states greenhouse gas (GHG) emission levels to 1990 levels by 2020. (Health and Safety Code (HSC) Section 38500 et seq.)

2) Establishes the California Renewables Portfolio Standard Program which requires retail sellers of electricity to procure 33 percent of retails sales of electricity by 2013, and 50 percent by 2030, from eligible renewable energy resources. (Public Utilities Code (PUC) Section 399.11, et seq.)

3) Requires each electrical corporation to propose a cost recovery plan to the CPUC for the recovery of the uneconomic costs of an electrical corporation's generation-related assets and obligations, as specified. (PUC Section 368)

4) Requires the CPUC to establish rates using cost allocation principles that fairly and reasonably assign to different customer classes the costs of providing service to those customer classes, consistent with the policies of affordability and conservation. (PUC Section 739.6)

5) Provides CARB with primary responsibility for control of mobile source air pollution, including adoption of rules for reducing vehicle emissions and the specification of vehicular fuel composition. (HSC Section 39000, et seq., and Section 39500, et seq.)

6) Requires CARB to adopt and implement motor vehicle emission standards, in-use performance standards, and motor vehicle fuel specifications for the control of air contaminants and sources of air pollution which CARB has found to be necessary, cost effective, and technologically feasible, to carry out specified purposes. (HSC Section 43013, et seq.)

7) Requires CARB, in consultation with CPUC and with input from relevant state agencies and the public, to develop and publish a study on barriers for low-income customers to zero-emission and near-zero-emission transportation options, including those in disadvantaged communities, as well as recommendations on how to increase access to zero-emission and near-zero-emission transportation options to low-income customers, including those in disadvantaged communities, by January 1, 2017. (Public Resources Code Section 25327)

FISCAL EFFECT: Unknown. This bill is keyed fiscal by the Legislative Counsel.

COMMENTS:

1) **Authors Statement:** According to the author, "While California has set ambitious goals to reduce GHG emissions and incentivize Electric Vehicles (EV) purchases, the state must do more to accelerate its path towards transportation electrification [...] Currently, the state issues rebates to consumers for new EV purchases ranging anywhere from $1,500-$5,000. In spite of these rebates, an EV purchase for most is not an affordable or attractive option for drivers, especially for those car buyers who are concerned about not having access to convenient charging. For low-income households, having the ability to purchase a new vehicle, let alone a more expensive EV, is simply not an option. Fleets of affordable and refurbished EVs could be a better option for many households […] This bill creates the California Electric Vehicle Initiative […] in order to transform the EV market."

2) **Background:** Zero Emissions Vehicles (ZEVs) run on electricity stored in batteries instead of fossil fuels, such as pure battery plug-in electric vehicles, plug in hybrid vehicles and hydrogen fuel cell electric vehicles. In 2006, the Legislature enacted AB 32 (Nunez) Chaptered 488, Statutes of 2006, which required CARB to adopt rules and regulations that would reduce GHG emissions in the state to 1990 levels by 2020. In addition, in 2015, the Legislature enacted SB 350 (De Leon) Chapter 547, Statutes of 2015, which established new energy efficiency and renewable electricity targets to support the state's climate goals. Transportation emissions represent approximately 37 percent of the states GHG emission, 83 percent of its NOx emissions, and 95 percent of its diesel emissions. In implementing AB 32, CARB found that efficient, ZEVs using low carbon fuels are a vital component of the state's effort to reach its GHG emission reduction goals. CARB estimates that by mid-century, 87% of cars on the road will need to be full ZEVs, putting California on the path to reducing GHG emission by 80% by 2050.

3) **California's ZEV Action Plan:** In 2012, Governor Brown signed Executive Order B-16-12 which directed the CPUC and other state agencies to help accelerate the market for ZEVs to support the adoption of 1.5 million ZEVs on California roads by 2025 and the integration of plug-in electric vehicle charging into the state's electricity grid by 2020. As of the summer of 2016, Californians drive 47% of all ZEVs on the road in the United States with Los Angeles and Santa Clara County being the largest ZEV metropolitan adoption regions in the state. In October 2016, the Governor's Interagency Working Group on ZEVs released its 2016 ZEV Action Plan, which provides an updated roadmap towards reaching the states ZEV goals. The plan highlighted certain priorities for ZEV development and adoption including, raising consumer awareness and education about ZEVs; ensuring ZEVs are accessible to a broad range of Californians, making ZEV technologies commercially viable in targeted sectors, and aiding ZEV market growth beyond California.

4) **Investments in ZEV Infrastructure:** Since 2012, California's ZEV market has grown significantly through the expansion of rebates and incentives. California's three investor owned utilities provide rebates to plug-in electric vehicle drivers, including Pacific Gas & Electric's Clean Fuel Rebate, San Diego Gas & Electric's Electric Vehicle Climate Credit, and Southern California Edison's Clean Fuel Rewards. In addition, the IOUs are currently implementing pilot programs to install 12,500 electric vehicle charging stations in multi-unit dwellings, workplaces, and public interest destinations at a cost of $197 million, with a certain number of charging stations designated in disadvantaged communities.

5) **Barriers to ZEV Adoption:** The average California drives less than 40 miles per day, well within the range of available ZEV models. However, achieving the states climate goals requires multiple approaches toward transportation electrification. Because ZEVs require longer charge times, range anxiety caused by the lack of infrastructure impedes the adoption of ZEVs in rural areas or for drivers seeking to make longer trips.

   To further promote the adoption of ZEVs, California has several programs including the Low Carbon Transportation Investments and Air Quality Improvement Program which funds clean vehicle and equipment projects and research biofuels production. In addition customers who purchase electric vehicles may also be eligible for rebates up to $7,000 through the states Clean Vehicle Rebate Project, which has issued nearly $350 million in rebates since 2009. However, according to the author, California's incentive program suffers from inadequate and inconsistent funding, as it relies on the wildly fluctuating proceeds from Cap and Trade Auctions. The author argues that without a reliable, long-term incentive program, manufacturers are reluctant to commit the time and money required to build a range of affordable EVs, dealers are uncertain that rebates will be available to their customers, and consumer are hesitant to buy.

   This bill requires the CPUC to establish the California Electric Vehicle Initiative, to incentivize the purchase of electric vehicles in the state, including incentives to low-income households and incentives for electrical corporations for the deployment of electric vehicle charging infrastructure.

6) **Arguments in Support:** According to NextGen California, a co-sponsor of the bill, "The transportation sector is the largest source of California's [GHG] emissions and a primary contributor to air pollution. As a result, increasing the number of ZEVs on California's roads is critical to achieving our state's landmark GHG reduction targets […] Recent uncertainty about the availability of California's [EV] rebates may be deterring prospective buyers from considering [EVs]. By establishing a continuously-funded electric vehicle rebate program, AB 1184 will provide the market certainty needed to achieve this critical target. Moreover, by building on existing EV infrastructure programs and encouraging smart charging, AB 1184 will provide benefits to all California electricity customers."

7) **Related Legislation:** AB 33 (Quirk) of 2017 requires the CPUC, in consultation with CARB, and the California Energy Commission to authorize electrical corporations to offer programs and investments in electric vehicle service equipment installed in residential garages. *Status: Pending in the Assembly Committee on Communications and Conveyance.*

AB 1082 (Burke) of 2017 requires an electrical corporation to file with, and the CPUC to approve, a program proposal for the installation of electric charging stations at school facilities. *Status: Pending in the Assembly Committee on Education.*

AB 1083 (Burke) of 2017 requires an electrical corporation to file with, and the CPUC to approve, a program proposal for the installation of electric charging stations at state parks and beaches. *Status: Pending in the Assembly Committee on Water, Parks and Wildlife.*

REGISTERED SUPPORT / OPPOSITION:

Support

Advanced Energy Economy (co-sponsor)
NextGen California (co-sponsor)

Opposition

None on file.

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