

Date of Hearing: June 27, 2022

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

SB 1258 (Allen) – As Amended May 19, 2022

SENATE VOTE: 38-0

SUBJECT: Clean Transportation Program: electric vehicle charging: fleet-operated vehicles

SUMMARY: Adds electric vehicle (EV) charging station infrastructure that supports zero-emission vehicles (ZEVs) for autonomous vehicle (AV) fleets as an eligible activity to be funded under the Clean Transportation Program (CTP). Specifically, **this bill:**

- 1) Includes both publicly and nonpublicly available EV charging station infrastructure for autonomous fleets as eligible.
- 2) Applies to autonomous fleet-operated vehicles weighing less than 8,501 pounds (i.e. light-duty passenger vehicles).
- 3) Applies to fleets that have a deployment permit issued by the Department of Motor Vehicles (DMV).

EXISTING LAW:

- 1) Creates the CTP, administered by the California Energy Commission (CEC), to provide competitive grants, revolving loans, loan guarantees, or loans to various entities to develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies.
- 2) Requires CEC to provide preference to projects that maximize the goals of the CTP, based on specified criteria.
- 3) Requires CEC to rank applications for projects proposed for funding awards based on solicitation criteria developed and give additional preference to funding projects with higher benefit-cost scores.
- 4) Limits the activities funded under the CTP to only those explicitly named in statute, including:
 - a) Alternative and renewable fuel infrastructure, fueling stations, and equipment; and,
 - b) Infrastructure projects that promote alternative and renewable fuel infrastructure development connected with existing fleets, public transit, and existing transportation corridors, including physical measurement or metering equipment and truck stop electrification.
- 5) Requires CEC, working with the State Air Resources Board (CARB) and the California Public Utilities Commission (CPUC), to prepare a statewide assessment of the EV charging infrastructure needed to support the levels of electric vehicle adoption required for the state

to meet its goals of putting at least 5 million ZEVs on California roads by 2030, and of reducing emissions of GHGs to 40% below 1990 levels by 2030.

- 6) Defines an AV as any vehicle with integrated autonomous technology that has the capability to drive the vehicle without active physical control or monitoring by a human operator.
- 7) Prohibits an AV from operating on public roads until the manufacturer submits an application to DMV and the application is approved by DMV under its AV deployment regulations.
- 8) Requires, commencing January 1, 2030, to the extent authorized by federal law, any AV of model year 2031 or later and a gross vehicle weight rating of less than 8,501 pounds to only be operated if it is a ZEV.
- 9) The Clean Miles Standard, requires CARB to adopt, and CPUC to implement, annual targets, beginning in 2023, for the reduction of GHG emissions of transportation network company (TNC) vehicles, including AVs.

Clean Mile Standard regulation:

- 1) Requires TNCs, including AVs, with annual vehicle miles (VMT) traveled more than 5 million in a given calendar year to have 90% of their VMT be zero emission by 2030.

FISCAL EFFECT: According to the Senate Appropriations Committee, unknown, potentially significant cost pressure (General Fund or special fund) for the CTP to allocate funding to specified electric vehicle charging station infrastructure.

COMMENTS:

Since 2006, California has set several pivotal goals to reduce GHG emissions and address the threat posed by global climate change. These goals require incremental progress that will ultimately lead to larger emission reductions, including:

- 1) Reducing GHG emissions to 1990 levels by 2020.
- 2) Reducing GHG emissions to 40% below 1990 levels by 2030.
- 3) Reducing short-lived climate pollutant emissions, such as methane, to 40 to 50% below 2013 levels by 2030.
- 4) Achieving a carbon-neutral economy by 2045.
- 5) Setting specific goals to boost the supply of ZEVs and charging and fueling stations, including:
 - a) Putting at least 1.5 million ZEVs on the road by 2025.
 - b) Installing 200 hydrogen-fueling stations and 250,000 battery-electric vehicle chargers, including 10,000 direct-current fast chargers, by 2025.
 - c) Putting 5 million ZEVs on the road by 2030.
 - d) Transitioning 100% of new sales of passenger vehicles and trucks to ZEVs by 2035. Transitioning 100% of operating MD/HD trucks and buses to zero emissions by 2045 everywhere feasible, and 100% of drayage trucks by 2035.
 - e) Transitioning 100% of operating off-road vehicles and equipment to zero emissions everywhere feasible by 2035.

Charging and refueling infrastructure needs: To meet the state's ZEV goals will require a significant increase in the number of light-, medium-, and heavy-duty ZEVs on the road and a drastic increase in the infrastructure to support these vehicles. In the first quarter of 2022, California's cumulative ZEV sales reached 1.1 million, and ZEVs made up 16% of new car sales. As of January 4, 2021, California has installed more than 70,000 public and shared chargers, including nearly 6,000 direct current fast chargers (DCFC). The AB 2127 EV Charging Infrastructure Assessment (Assessment) finds that an additional 123,000 are planned, of which about 3,600 are fast chargers, which leaves a gap of about 57,000 installations, including 430 fast chargers, from the 250,000 chargers goal. For passenger vehicle charging in 2030, the Assessment projects over 700,000 public and shared private chargers are needed to support 5 million ZEVs, and nearly 1.2 million to support about 8 million ZEVs anticipated under Executive Order N-79-20. An additional 157,000 chargers are needed to support 180,000 medium- and heavy-duty vehicles anticipated for 2030.¹

Clean Transportation Program: Authorized under AB 118 (Nunez), Chapter 750, Statutes of 2007 and reauthorized by AB 8 (Perea), Chapter 401, Statutes of 2013, CTP invests up to \$100 million annually in a broad portfolio of transportation and fuel transportation projects throughout the state. CEC leverages public and private investments to support adoption of cleaner transportation powered by alternative and renewable fuels. The program plays an important role in achieving California's goals on climate change, petroleum reduction, and adoption of ZEVs, as well as efforts to reach air quality standards.

State and federal funding: Typically, the CTP receives \$100 million per year through revenue from various fees. Due to recent surpluses, the Legislature has appropriated additional General Fund money to ZEV infrastructure. Last year's 2021-22 Budget approved \$1.1 billion across three fiscal years for the CTP to fund charging and hydrogen refueling infrastructure for light-duty and medium- and heavy-duty ZEVs vehicles.

The \$5 billion National Electric Vehicle Infrastructure (NEVI) Formula Program is part of \$7.5 billion in electric vehicle (EV) infrastructure funding made available by the federal bipartisan Infrastructure Investment and Jobs Act (IIJA). This funding aims to provide a network of 500,000 ultra-fast EV charging stations along the nation's travel corridors to help make cross-country electric travel accessible to all Americans. The remaining \$2.5 billion, awarded on a competitive basis, will be announced later this year.

Through NEVI formula funds, California will receive \$57 million in Fiscal Year 2022, pending approval of a state plan, which must be submitted by the Department of Transportation (Caltrans) by August 1, 2022. Five-year NEVI formula funding for California totals \$384 million.

CEC's Investment Plan Process for CTP: CEC prepares and adopts an annual investment plan update that identifies the funding priorities for the coming fiscal year. AB 1314 (Wieckowski), Chapter 487, Statutes of 2011 focused the scope of the annual CTP investment plan to an update. The update builds on the work of previous investment plans while highlighting differences from

¹ Alexander, Matt, Noel Crisostomo, Wendell Krell, Jeffrey Lu, and Raja Ramesh. July 2021. Assembly Bill 2127 Electric Vehicle Charging Infrastructure Assessment: Analyzing Charging Needs to Support Zero-Emission Vehicles in 2030 – Commission Report. California Energy Commission. Publication Number: CEC-600-2021-001-CMR.

previous years. The resulting funding allocations are intended to reflect the unique technological and market conditions for each of these fuels and technologies, as well as state goals, policies, and directives. CEC utilizes a public stakeholder process to evaluate whether adjustments should be made to the allocations.

Which companies would be eligible under this bill? Cruise LLC, the sponsor of this bill, is one of three potential beneficiaries of this bill. Cruise, Nuro Inc., and Waymo LLC are the only companies that hold AV deployment permits, authorized through DMV at this time. In addition, on June 2, 2022 the California Public Utilities Commission issued Cruise the first Phase I Driverless AV Passenger Service Deployment permit which allows for passenger service without a driver present in the vehicle.

With this permit, Cruise may offer passenger service to the general public in its fleet of 30 all-electric AVs without a safety driver present on select streets in San Francisco at maximum speed of 30 mph, from the hours of 10 p.m. to 6 a.m. daily when weather conditions do not include heavy rain, heavy fog, heavy smoke, hail, sleet, or snow. Cruise is authorized to collect fares for these rides but cannot offer shared rides between passengers from different parties at this time.

Explicit inclusion of funding for AV fleets in CTP is unnecessary. The activity called out in this bill is authorized under existing law, under the general provisions of (5) Alternative and renewable fuel infrastructure, fueling stations, and equipment and (9) Infrastructure projects that promote alternative and renewable fuel infrastructure development connected with existing fleets, public transit, and existing transportation corridors. In general, the eligible projects currently stipulated in statute are broad to allow CEC flexibility in administering CTP

Explicit inclusion of funding for AV fleets in CTP may increase prioritization of funding that exclusively benefits private companies. While the vehicles that an AV company operates may be available for public use, the infrastructure best suited to support these fleets is known as “behind the fence.” This means that the charging infrastructure would only be available to the private company and not for public use.

TNC specific project solicitation: At the May 11, 2022 business meeting, CEC voted to approve an agreement with EVgo (a charging network company), to develop 30 DCFCs, including 18 dedicated to Cruise vehicles and 12 that will be open to the public. The \$1.7 million agreement should be executed shortly. This is one of 10 proposed agreements to serve TNCs fleets, under the Charging Access for Reliable On-Demand Transportation Services (CARTS) solicitation.

Committee amendments: The committee recommends the author strike the provisions of the bill and instead amend Section 25229 (b) of the Public Resources Code to read:

The assessment shall expand on the commission’s electric vehicle infrastructure projections to consider all necessary charging infrastructure, including, but not limited to, the chargers, make-ready electrical equipment, and supporting hardware and software, all vehicle categories, road, highway, and offroad electrification, port and airport electrification, and other programs to accelerate the adoption of electric vehicles to meet the goals described in subdivision (a). The assessment shall examine existing and future infrastructure needs throughout California, including in low-income communities, as well as for emerging electric vehicle use cases such as electric autonomous vehicle fleets.

According to the author, “California has ambitious goals to combat climate change and curtail greenhouse gas emissions through statewide adoption of zero-emission vehicles. The CEC’s CTP is an effective tool in achieving those goals through grant funds that support innovative transportation and fuel technologies. Zero-emission autonomous rideshare services are an emerging industry that can help achieve EV and GHG reduction targets by expanding public access to zero-emission transportation and providing green alternatives to personal vehicle ownership.”

In support Cruise writes, “California’s ambitious goals in the transportation sector are a reflection of the State’s values. A major component to this future is increasing zero emission vehicles and building the infrastructure to support them. Cruise is a major employer in San Francisco, our first launch market, with over 3,000 full-time staff. As we expand our service across the state, our autonomous electric fleet will create new jobs, skills development, and green growth as well. As an example of the opportunities this technology can generate, we are developing a fleet charging and R&D facility in San Francisco that will be the largest of its kind in the US. The creation and maintenance of this facility will help create 100 union jobs alone, alongside other ongoing employment. The facility will create \$25 million in opportunities for organized labor and has been formally endorsed by the SF Building Trades Council. Over the long-term, the scaled production of these vehicles also presents a unique area for job growth, such as the Cruise Origin assembly line at GM’s Factory ZERO, which will go towards creating 2,000 union jobs. These are all opportunities that policy changes like those in [this bill] can create for California.”

Previous legislation: SB 500 (Min), Chapter 277, Statutes of 2021 requires, commencing January 1, 2030, to the extent authorized by federal law, any AV of model year 2031 or later and a gross vehicle weight rating of less than 8,501 pounds to only be operated if it is a ZEV.

SB 726 (Gonzalez) of 2021 and AB 1389 (Reyes) of 2021 would have revised the CTP by eliminating specified prioritization and eligibility criteria and instead focus the program on projects that support certain equity and environmental goals. The bills are currently on the Assembly and Senate Inactive Files, respectively.

SB 589 (Hueso), Chapter 732, Statutes of 2021 expanded the types of projects eligible for funding from the CTP to include to include projects that develop in-state supply chains and the workforce for raw materials and components needed for ZEV manufacturing.

AB 2127 (Ting), Chapter 365, Statutes of 2018 requires CEC to conduct an assessment every two years of the EV charging infrastructure needed to meet California’s ZEV deployment goals.

REGISTERED SUPPORT / OPPOSITION:

Support

Cruise, LLC (sponsor)
Chamber of Progress
Chargepoint, INC
Electric Vehicle Charging Association
Technet-technology Network

Opposition

None on file

Analysis Prepared by: Christine Casey / TRANS. / (916) 319-2093