

Date of Hearing: July 5, 2021

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

SB 551 (Stern) – As Amended July 1, 2021

SENATE VOTE: 31-6

SUBJECT: California Zero-Emission Vehicle Authority

SUMMARY: Establishes the California Zero-Emission Vehicle (ZEV) Authority within the Governor's Office of Business and Economic Development (GO-Biz). Specifically, **this bill:**

- 1) Requires the ZEV Authority to coordinate activities among state agencies to advance light-, medium-, and heavy-duty ZEVs and zero-emission infrastructure deployment, as well ensure related equity, workforce development, economic development, and other needs are addressed to grow and support the sector statewide in order to achieve the goals of Executive Order (EO) N-79-20.
- 2) Requires the ZEV Authority to have an Executive Director.
- 3) Requires the ZEV Authority to develop new funding and financing programs, as separately authorized by the Legislature, including incentives, rebates, tax credits, loan guarantees, reverse auctions, seed funds, pooled insurance funds, and matching grants to start early stage markets such as heavy-duty zero-emission trucks, lower the cost of capital, unlock private capital, allow business models not captured by current programs, and address gaps in the market to accelerate the transition to a zero-emissions transportation system including:
 - a. Electric vehicle supply equipment deployment, in order to achieve the state's goal of 250,000 charging stations by 2025.
 - b. Electric vehicle research, design, development, and manufacturing and supply chain support, such as lithium from the Salton Sea for battery supply chain.
 - c. Public and private sector fleet procurement across all vehicle classes as well as the ZEV infrastructure to support these fleets.
 - d. Funding dedicated to address both vehicle, infrastructure, and travel needs in low-income and disadvantaged communities, as well as reduction of pollution.
 - e. Workforce development to ensure support for all segments, including utility upgrades, charger installation and maintenance, manufacturing, research and design and related vocations.
- 4) Requires the ZEV Authority to build upon the ZEV Market Development Strategy to coordinate among state, regional, and local governmental entities to facilitate and accelerate the transition to a zero-emission transportation system.
- 5) In building upon the ZEV Market Development Strategy, requires the ZEV Authority to:

- a. Serve as the state coordinator of transportation electrification and zero-emission goods movement efforts to remove barriers and friction to accelerate progress towards the state's ZEV goals by coordinating among the State Air Resources Board (CARB), Energy Commission (CEC), Independent System Operator, Public Utilities Commission (CPUC), California Transportation Commission (CTC), and other state agencies, along with load-serving entities and electric distribution utilities, air quality boards, public agencies, local municipalities, and end users, including the trucking industry.
 - b. Coordinate various efforts across relevant state agencies to ensure they are not enacting rules or regulations that are in conflict with one another.
 - c. Develop recommendations of model ordinances, commercial electric vehicle tariffs, and other actions for accelerating and streamlining permitting, interconnection, and other processes key to achieving transportation electrification and zero-emissions goods movement informed by a working group and other stakeholders.
 - d. Convene a working group that consists of experts to evaluate practice and cost-effective methods to streamline the electric utility interconnection, energization, and service upgrade request process and timelines and local permitting process costs and timelines.
 - e. Ensure equity in access to zero-emissions mobility options in low-income and disadvantaged communities.
 - f. Establish ZEV-related job training programs, safety certificates, and skilled jobs.
- 6) Authorizes the ZEV Authority to review existing state targets and propose needed updates across all agencies to reduce emissions and achieve carbon neutrality by 2045 and track progress on reaching those targets.
 - 7) Authorizes the ZEV Authority to increase electric vehicle charging infrastructure building code requirements for new and existing buildings.
 - 8) Requires the ZEV Authority to publish, every two years, an update of progress on all activities, including metrics tracking of vehicle sales, infrastructure deployment, funding, private capital leveraged, the growth of market players in the state, and associated job training and creation.
 - 9) Requires the ZEV Authority to ensure that CARB serves as the lead state agency of ZEV policy and that CEC serves as the lead state agency on ZEV infrastructure policy.
 - 10) Sunsets the ZEV Authority and its related activities and authority on January 1, 2029.

EXISTING LAW:

- 1) Establishes GO-Biz as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth.

- 2) Requires CARB to adopt regulations to achieve the maximum technologically feasible and cost-effective greenhouse gas (GHG) emissions reductions to ensure that the statewide GHG emissions are reduced to at least 40% below the statewide GHG emissions limit, as defined.
- 3) Authorizes CPUC to approve investments by Investor Owned Utilities to accelerate widespread transportation electrification.

FISCAL EFFECT: Unknown

COMMENTS: Nearly 40% of California's GHG emissions are generated by the transportation sector, which includes both the light-duty (passenger) and medium- and heavy-duty fleets. Diesel trucks also contribute to unhealthy levels of ozone, inhalable particulate matter, carbon monoxide, NOx, and sulfur dioxide, affecting local air quality. In the transportation sector, measures to reduce GHG emissions include requiring the use of low carbon fuels, cleaner vehicles, and strategies to promote sustainable communities and improved transportation choices that reduce growth in number of vehicle miles traveled. To further these efforts, at the end of 2020, Governor Newsom issued EO N-79-20 which requires 100% of medium- and heavy-duty vehicles in the state be zero-emission by 2045 for all operations where feasible and by 2035 for drayage trucks. EO N-79-20 charges CARB with developing and proposing medium- and heavy-duty vehicle regulations requiring increasing volumes of new zero-emission trucks and buses sold and operated in the state towards that goal.

To help meet these targets Governor Newsom tasked GO-Biz to collaborate with multiple agencies and partners to shepherd the administration's ZEV Market Development Strategy (ZEV Strategy). The GO-Biz ZEV team's role is to "actively build constructive connections between stakeholders, work with stakeholders to chart and correct the course of action for collective focus, coordinate state agency actions, and facilitate transparency to keep stakeholders and agencies accountable, including to one another."

This bill formally codifies the role that GO-Biz's ZEV team has in coordinating the state's ZEV efforts and adds specific requirements and authority to GO-Biz's role.

Double referral: This bill was heard by the Assembly Accountability and Administrative Review committee on June 30, 2021 and passed out on a 5-1 vote.

According to the author, "California currently leads the nation with over 800,000 ZEVs on the road and over 70,000 electric vehicle chargers, with numerous manufacturers of light-, medium- and heavy-duty ZEVs employing thousands of workers. These manufacturing efforts have resulted in ZEVs being California's #1 export in 2020. With the current health and economic crisis caused by COVID-19, California needs to help put people back to work, restart our economy, and clean up the air—particularly in disadvantaged communities. Yet, we have a long way to go in achieving the state's goal of 5 million ZEVs by 2030. Currently, 29 state agencies work together with a variety of ZEV partners to develop ZEV policies, but this process can be slow, burdensome and inefficient. Decision making among various agencies can become difficult when deadlines loom. Achieving the state's ZEV goals by 2030 requires a state-level electric vehicle authority with the leadership, responsibilities and dedication to keep everyone on task to meet these goals, and the responsibility to create a set of financing tools to leverage private capital and scale this promising clean-tech sector. With purposeful leadership, direction, and

accountability, we can address many of the existing challenges around enhancing coordination and financing to achieve our state ZEV goals, and help to secure the state's recovery through the equitable deployment of ZEV programs in the coming years, making California a world leader in electric vehicle deployment, design, development, manufacturing, supply chain, and infrastructure.”

In support a broad coalition, including members of the Los Angeles Cleantech Incubator, writes, “SB 551 would help address barriers to achieving EO N-79-20 by establishing a clear statewide leader with the authority to accelerate progress by coordinating, aligning, and holding accountable the many state agencies that play important roles in transportation electrification. The Electric Vehicle Authority would also streamline consistent funding, and provide clear economic development tools to grow the industry and supply chain.”

The opposition's main concerns, that this bill is duplicative of GO-Biz's efforts and that this bill favored EV technology, have been addressed for the most part with recent amendments. However, in the Accountability and Administrative Review committee hearing, the opposition stated that the bill missed several opportunities to be truly technology neutral.

Committee comments:

Appropriate activities for a ZEV Authority: Prior versions of the bill established a stand-alone Authority. Recent amendments taken in the Assembly Accountability and Administrative Review Committee acknowledge the ongoing efforts of the GO-Biz ZEV team by placing the new ZEV Authority within GO-Biz. As this bill goes forward, it will be important to coordinate with GO-Biz, CEC, CPUC, CARB and others to ensure that activities assigned to the newly created ZEV Authority are not duplicative of existing efforts and make sense to be centralized.

Establishes leads for ZEV policy: This bill requires the ZEV Authority to ensure that CARB serves as the lead state agency of ZEV policy and that CEC serves as the lead state agency on ZEV infrastructure policy. It is unclear what practical impact designating an agency as the “lead” would have as each agency already has its distinctive role and responsibilities dictated by statute. For example, both CEC and CPUC provide complimentary transportation electrification infrastructure roles. CPUC authorizes the electric IOUs to invest in electric distribution system infrastructure upgrades, also known as “make-ready” infrastructure to accommodate the installation of BEV charging stations. CEC on the other hand largely serves in the role of helping to plan the location of ZEV charging station deployment throughout the state and also provides funding to help offset the upfront costs of charging stations.

Technology neutral: Recent amendments broaden the focus of the authority to include all zero-emission vehicles. Further technical amendments are needed to ensure ZEV technology is referenced throughout the bill.

The committee recommends amendments as follows:

- Mentions of “charging” should also be inclusive of “fueling” as it relates to Hydrogen.
- References to infrastructure goals should include the current goals for hydrogen stations.
- As it relates to the report, if GO-Biz is being asked to share information about job training and creation, it would be good to identify the Labor Agency or some other entity as a partner since this may not be information that is readily available to GO-Biz.

Related and previous legislation: SB 372 (Leyva) of this session establishes the Medium- and Heavy-Duty Zero-Emission Vehicle Fleet Purchasing Assistance Program to help the operators of these fleets transition to ZEVs by making financing tools and nonfinancial supports available. SB 372 is currently pending in the Assembly Natural Resources Committee.

SB 726 (Gonzalez) of this session requires the Governor to identify and appoint one key lead agency to steer the coordination of ZEV deployment across state agencies and to implement the ZEV component of the Sustainable Transportation Strategy. SB 726 is currently pending in this committee.

SB 643 (Archuleta) of this session requires the development of a hydrogen assessment. SB 643 is currently pending in this committee.

SB 633 (Stern) of 2020 would have established the California Electric Vehicle Authority within the Governor's office. SB 643 was amended late and not heard in the Assembly.

SB 1183 (Hertzberg) of 2020 would have 1) required CEC to convene the Electric Vehicle Infrastructure Council, established by the bill, to develop, by January 1, 2022, an Electric Vehicle Charging Master Plan and 2) established a goal of the state to deploy no less than 250,000 publicly available electric vehicle charging stations by 2025. SB 1183 died in the Senate Energy, Utilities, and Communications Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Electric Vehicle Charging Association (Sponsor)
Los Angeles Cleantech Incubator (Sponsor)
Transportation Electrification Partnership (Sponsor)
350 Sacramento
350 Silicon Valley
American Lung Association in California
Ampaire
AMPLIFY Power
Audi of America, Inc., a Subsidiary of Volkswagen Group of America, INC.
Bay Area Council
Better World Group
Breathe California Sacramento Region
BYD Motors, Inc.
California Business Alliance for a Clean Economy
California Kids IAQ
Center for Biological Diversity
Central California Asthma Collaborative
Ceres
ChargerHelp!
Circuit
City of Culver City
City of Elk Grove
City of Inglewood
City of Los Angeles

City of Santa Monica
City of Thousand Oaks
Clean Power Alliance
Cleantech San Diego
Climate Center
Climate Reality Project, Los Angeles Chapter
Climate Reality Project, Orange County
Climate Reality Project, San Fernando Valley
Coalition for a Safe Environment
Coltura
Communities for a Better Environment
Community Dreams
Community Environmental Council Santa Barbara
County of Los Angeles
Drive Gemini
East Bay Community Energy (EBCE)
East Yard Communities for Environmental Justice
Electric Auto Association
Electric Vehicle Charging Association
EMERGE
ENGIE Impact
Environment California
Environmental Defense Fund
Environmental Health Coalition
EV Advocates of Ventura County
GRID Alternatives, Greater Los Angeles
Itron
Jobs to Move America
Launch Mobility
Lion Electric Co.
Local Government Commission
Los Angeles Business Council
Motiv Power Systems
NAACP San Pedro-Wilmington Branch
Natural Resources Defense Council
NextGen California
Nissan North America
Pacoima Beautiful
PCS Energy
Plug in America
Port of Los Angeles
Reinhausen Manufacturing
Rivian
Roush Cleantech
Sierra Business Council
Sierra Club California
Southern California Edison
SREC Trade
St. Philomena Social Justice Ministry

Total Transportation Services (TTSI)
Uber
URB-E
U.S. Green Building Council - Los Angeles
USC Schwarzenegger Institute
USC Transportation
Valley Vision
Veloce Energy
Ventura County Regional Energy Alliance
ViriCiti
Watts Clean Air and Energy Committee
Watts Rising Collaborative
Waymo
Wilmington Improvement Network
XOS Trucks

Opposition

This list may not reflect current positions on the bill as amended by the Accountability and Administrative Review committee on June 30, 2021. This committee has not had sufficient time to determine if the amendments remove the opposition.

Advanced Emissions
Bennett Pump
California Hydrogen Business Council
Community Environmental Services
Hexagon Purus
IGX Group
Next Hydrogen
Nikola
PowerTap Hydrogen
Proteum Energy
Ways2H
Western States Hydrogen Alliance

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