



February 28, 2020

Transportation & Climate Initiative Leadership:

The Alliance for Automotive Innovation¹ (Auto Innovators) is the leading advocacy group for the auto industry, and represents 99% of all car and light truck sales in the United States, tier-one original equipment suppliers, as well as technology and other automotive-related companies. Auto Innovators is committed to developing and implementing constructive solutions to public policy challenges that promote sustainable mobility and benefit society in the areas of environment, energy, and motor vehicle safety. In the context of climate change, market-based mechanisms are widely understood to encourage emissions reductions in the most efficient way—especially when broadly applied. Auto Innovators appreciates the Transportation & Climate Initiative's (TCI) desire to implement a regional transportation cap-and-invest program in the Northeast and Mid-Atlantic states and Washington, DC that adheres to market principles and would encourage cost-effective emissions reductions from the transportation sector.

Auto Innovators and its members are invested in and supportive of the electrification of vehicles and are working diligently to expand offerings, including plug-in electric vehicles (PEVs) and fuel cell electric vehicles (FCEVs) with ranges, price points, and vehicle types that meet all customers' needs and further reduce transportation-related carbon emissions. Auto Innovators believes TCI's proposed policy framework represents an important opportunity for participating jurisdictions to fund important complementary policies that support the auto industry's efforts. We look forward to working with TCI to develop a set of policies and funding priorities that support zero emission vehicle targets, accelerate overall electric vehicle adoption, and reduce the carbon intensity of transportation fuels.

¹ Formed in 2020, the Alliance for Automotive Innovation is the singular, authoritative and respected voice of the automotive industry. Focused on creating a safe and transformative path for sustainable industry growth, the Alliance for Automotive Innovation represents the manufacturers producing nearly 99 percent of cars and light trucks sold in the U.S. The newly established organization, a combination of the Association of Global Automakers and the Alliance of Automobile Manufacturers, is directly involved in regulatory and policy matters impacting the light-duty vehicle market across the country. Members include motor vehicle manufacturers, original equipment suppliers, technology and other automotive-related companies and trade associations. The Alliance for Automotive Innovation is headquartered in Washington, DC, with offices in Detroit, MI and Sacramento, CA. For more information, visit our website <http://www.autosinnovate.org>.

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Reducing the Cost Barrier to Zero Emission Vehicle Technologies Alongside TCI is Critical

Some of the biggest hurdles to increased adoption of zero emission vehicle technologies are that the cost and price of the technology are still significantly greater than those of traditional internal combustion systems. Therefore, TCI should leverage revenues from the cap-and-invest program to support new and additional funding for robust consumer vehicle incentives to reduce the price barriers. While the regional cap-and-invest program will begin to curb emissions from the fleet of vehicles on the road today, using the program's revenues to provide incentives to consumers making the switch to PEVs and FCEVs would be one way to encourage the electrification of the fleet going forward and potentially accelerate emissions reductions from the sector relative to business as usual. TCI should also direct program funds to support investment in publicly available charging infrastructure.

Varied goals and differing program parameters across states and regions will result in the program not meeting its full potential. Therefore, in order for the incentive to provide the most value, all participating jurisdictions should have a shared goal and a percentage allocated to funding initiatives for zero emission vehicle technologies. Auto Innovators also recommends that TCI continue to explore complementary measures to support vehicle electrification alongside a cap-and-invest program.

TCI Would Reduce the Carbon Intensity of Liquid Fuels

In addition to increasing the adoption of zero emission vehicle technologies, reducing the carbon intensity of liquid fuels is paramount to further greenhouse gas reductions from the transportation sector given the role internal combustion engines will continue to play even as we push toward decarbonization. The proposed cap-and-invest program could support this goal and should be performance-based, and focused on greenhouse gas reductions while being fuel- and technology-neutral. Promising opportunities to reduce liquid fuel carbon intensity include, but are not limited to, renewable fuels, bio-fuels, low or net-zero carbon fuels, and carbon capture and sequestration (CCS). However, additional research and innovation are still necessary to achieve industrial viability and scale in some of these technologies and fuels—for example, CCS or net-zero carbon liquid fuels. The cap-and-invest framework created by TCI has the potential to create new market opportunities for these innovations, helping to spur further private-sector investment in the field, but participating states should also consider directing some program revenues to support research and technology deployment in this area.

Conclusion

Auto Innovators appreciates TCI's leadership and desire to implement a regional cap-and-invest program. In order for the program to achieve the greatest reduction in greenhouse gases, this program should leverage the revenues generated to support maximal deployment of zero emission vehicle technologies going forward while also being fuel- and technology-neutral. This is an opportunity to achieve emissions reductions while also continuing to build the market for zero emission vehicle technologies. Auto Innovators looks forward to working with TCI and member states to develop the proposed program and supportive policies alongside it.

Thank you for your consideration of our comments. If I can answer any questions or provide any further information, please don't hesitate to contact me at dbowerson@autosinnovate.org.

Sincerely,

A handwritten signature in black ink, appearing to read "D. M. Bowerson", with a long horizontal flourish extending to the right.

Dan Bowerson
Director, Environment & Energy

