



**AUTO ALLIANCE**  
DRIVING INNOVATION®

November 5, 2019

Transportation & Climate Initiative Leadership:

The Alliance of Automobile Manufacturers<sup>1</sup> (Alliance) is the leading advocacy group for the auto industry, and represents 70% of all car and light truck sales in the United States. The Alliance 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. The Alliance 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.

The Alliance 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. The Alliance 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.

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

One of the biggest hurdles to increased adoption of zero emission vehicle technologies is that the cost of the technology is still significantly greater than that 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 cost barrier. 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. TCI should also direct program funds to support investment in publicly available charging infrastructure.

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<sup>1</sup> Alliance members include BMW, FCA US, Ford Motor, General Motors, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi, Porsche, Toyota, Volkswagen and Volvo. Please visit [www.autoalliance.org](http://www.autoalliance.org) for further information.

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. The Alliance 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. 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. TCI and participating states should consider directing some program revenues to support research and technology deployment in this area.

### **Conclusion**

The Alliance 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, we believe 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. The Alliance looks forward to working with TCI and member states to develop the proposed program and supportive policies alongside it.

Sincerely,



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