

GENERAL MOTORS

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To the Transportation and Climate Initiative (TCI) Leadership:

**Subject: GM Comments on the Transportation and Climate Initiative's Draft
Memorandum of Understanding**

General Motors LLC (GM) appreciates TCI's efforts to design a cap-and-invest program to reduce emissions from the transportation sector in the Northeast and Mid-Atlantic states and Washington, DC. We value the opportunity to provide comments herein on the Draft Memorandum of Understanding (MOU).

GM takes the challenge of climate change seriously and recognizes the role of the transportation sector in contributing to global greenhouse gas emissions. This is a driving force behind our vision of a future with zero crashes, zero emissions, and zero congestion. Addressing climate change in an effective and sustainable manner requires a clear, stable, economy-wide approach. The best policies are broadly applied and incentivize economic actors to respond in ways that achieve emissions reductions at the lowest societal cost. GM agrees with the consensus opinion of most economists that predictable policies that place a monetary value on carbon dioxide emissions—including cap-and-invest systems—are the most cost-effective policy options. To achieve the greatest reductions and maximize efficiency, we believe such policies should be applied economy-wide on a national basis.

As we work toward the longer-term goal of a nationwide market-based policy to reduce emissions, GM takes this opportunity to express support for the concepts underpinning TCI's regional framework. We applaud TCI's focus from the outset on designing a policy to reduce carbon emissions from the transportation sector through a pricing mechanism. And we believe the proposed cap-and-invest program would create opportunities for innovations in the fuel sector, as well as for participating jurisdictions to invest in critical complementary policies to catalyze the transition to an all-electric future.¹

GM has made significant investments in vehicle electrification and leads the way among full-line automakers in advancing clean energy technology through our products, plants, and actions. The Chevrolet Bolt EV is a prime example of our unwavering commitment: we were the first

¹ https://www.georgetownclimate.org/files/Final_TCI-statement_20181218_formatted.pdf

automaker to invest in and launch a mass-market, long-range electric vehicle (EV) for everyone. It has been widely praised and represents just the first step on our path to an all-electric future, with more EV models to debut in the coming years including entries into the truck segment.

However, automaker investments and EV model availability are just two of several critical factors that must play a role in transforming and ultimately decarbonizing the transportation sector. Currently the market for EVs remains relatively small, with high battery costs driving up retail vehicle prices and inconsistent charging availability undermining consumer confidence in the utility of EVs. Therefore, there is an urgent need for public policies that support the growth of a profitable EV market. Under the Draft MOU, TCI would generate new revenues for participating jurisdictions to do just that.

GM encourages TCI, and participants in the program, to invest the program's proceeds in funding for critical complementary policies:

- **EV Purchase Incentives.** Because EVs are still as much as a decade away from true cost parity with conventional vehicles, EV purchase incentives are crucial. Participating jurisdictions should fund robust purchase incentives—for example, rebates or tax credits—available at the point of sale to put EVs within reach for more consumers.
- **Public Charging Infrastructure.** While the majority of EV charging today is done at home, the full range of travel, lifestyles, and vehicle use-cases cannot be accounted for by home charging alone. Moreover, the visible presence of public charging infrastructure inspires consumer confidence that EVs can take them everywhere they need to go. Participating jurisdictions should, in coordination with utilities, strategically invest in public charging stations at key locations across communities, as well as along highway corridors. States should also consider providing incentives such as rebates or tax credits for private entities to construct charging infrastructure.

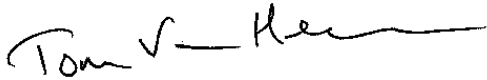
While each participating jurisdiction would decide independently how to invest their share of the program revenues, the Draft MOU allows jurisdictions to identify “shared or common priorities for investment” to more efficiently deliver greater benefits.² GM supports this approach and recommends that participants work together toward shared goals, always with a view to making high-impact investments that advance the EV market's maturation.

GM commends TCI for proposing a market-based policy for reducing emissions from the transportation sector. We believe this can be an effective and efficient approach, reducing the societal cost of achieving emissions reductions, especially when applied on a national basis. We also encourage TCI and participating jurisdictions to use this opportunity to direct additional

² https://www.transportationandclimate.org/sites/default/files/FINAL%20TCI_draft-MOU_20191217.pdf

funding toward critical complementary policies in support of vehicle electrification as the nascent but critical EV industry continues to develop. We appreciate this opportunity to provide comments and look forward to the remainder of the policy implementation process.

Sincerely,

A handwritten signature in black ink that reads "Tom Van Heeke". The signature is written in a cursive style with a long horizontal flourish at the end.

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