

August 12, 2016

The Honorable Anthony Rendon
Speaker
California State Assembly
State Capitol
Sacramento, California 95814

The Honorable Kevin de León
President pro Tempore
California State Senate
State Capitol
Sacramento, California 95814

Dear Assemblyman Rendon and Senator de León:

On behalf of the member companies of Global Automakers,¹ we are writing to express our strong **OPPOSITION** to a last-minute legislative proposal being circulated by Tesla that would significantly change California's Zero Emission Vehicle (ZEV) mandate. Tesla's proposal would: (a) require that at least 15 percent of all new vehicles sold in California be ZEVs by 2025, (b) require that 100 percent of all new vehicles sold in California be ZEVs by 2050, and (c) cut plug-in hybrid vehicles out of the ZEV program.

Our members have invested billions of dollars in green technology, introducing the first commercially successful hybrid vehicle into the market over 25 years ago. We are no less committed today, as automakers have doubled the number of popular and affordable ZEV models over the last three years. There are over 30 electric vehicle options—including plug-in hybrid, battery-electric and fuel cell-electric technology—that significantly extend electric-drive range, and more are coming soon.

While we have had only a short time to consider Tesla's proposed legislation, we have identified a number of problems with it, both procedural and substantive, which we list below for your consideration.

¹ The Association of Global Automakers, Inc. ("Global Automakers"), www.globalautomakers.org, represents international motor vehicle manufacturers, original equipment suppliers, and other automotive-related trade associations. Our members sell 57% of new motor vehicles and 72% of green vehicles in the Golden State. Global Automakers and our member companies are investing heavily in alternative fuel and green technology and are working hard to reduce greenhouse gases, improve fuel efficiency and further reduce vehicle emissions.

- As an initial matter, a last-minute amendment to an existing bill is not the proper vehicle for such a significant overhaul of California’s long-standing ZEV program. A proposal such as this requires input from all stakeholders and deliberate consideration by the Legislature. Driving it through at the eleventh hour of a legislative session would be entirely improper.
- Tesla’s proposal is nothing more than a self-interested attempt to eliminate competition and consumer choice in the green vehicle market, and to favor their products over others that have been instrumental in reducing emissions from the mobile source sector.
- Cutting plug-in hybrid electric vehicles (PHEVs) out of the ZEV program would be a serious mistake. These vehicles play an important role in reducing emissions from the mobile source sector and increasing miles driven in electric mode. Automakers have invested in battery technology that significantly extends the electric-drive range of PHEVs, thus giving car buyers greater choice among green technology.
- The proposal would short-circuit the mid-term review of the ZEV program that is currently underway. The Air Resources Board (ARB) is in the process of reevaluating the standards after considering important factors, such as market readiness, infrastructure development, and consumer acceptance. Rather than intercede now, the Legislature should allow this process to continue.
- By setting the required sales volumes in stone (and effectively outlawing the sale of internal combustion engine vehicles by 2050), the proposal would cut consumers out of the equation. Despite the tremendous advances in ZEV technology, sales of these vehicles are languishing, due in part to low gas prices and increased efficiency of internal combustion engine vehicles. Any changes to the ZEV mandate must take into account consumer demand.
- Tesla’s proposal ignores the significant role the state plays in developing the necessary infrastructure and other public support for ZEVs. Building a robust and sustainable market cannot be accomplished by the automobile manufacturers alone through a sales mandate. Public investment is required to build a much larger electric charging and hydrogen fueling infrastructure, ensure HOV lane access and fund consumer incentives. Any legislation that mandates a certain sales volume of ZEVs must be accompanied by a corresponding commitment to develop and fully fund these initiatives.

The California Legislature, along with the ARB and others, has an important role to play in the ZEV mandate conversation. **Before the session adjourns, legislators can make a significant contribution to building a sustainable ZEV market by addressing the sales incentives and ensuring ongoing ZEV access to HOV lanes.** Funding of the Clean Vehicle Rebate Program (CVRP) and the cap on “Green Stickers” has created a scenario where consumers are foregoing ZEVs when they purchase or lease a new vehicle. Green stickers have not been available since December 2015 and CVRP funds were depleted in June 2016. Immediate action restoring funds,

extending the “White Sticker” program, expanding the “Green Sticker” program and providing certainty to consumers would go a long way in supporting the market for ZEVs. These measures should be high priority for the California Legislature in the remaining days of session.

Sincerely,



Damon Shelby Porter
Director
State Government Affairs
Global Automakers