



## **Introduction**

Thank you, Chairman DeSaulnier and members of the Committee for the opportunity to testify. My name is Eileen Tutt, and I'm Executive Director of the California Electric Transportation Coalition, a non-profit organization promoting electrification of the transportation sector for the benefit of both the economy and the environment. Our members include Burbank Water and Power, Los Angeles Department of Water and Power, Pacific Gas and Electric, San Diego Gas and Electric, Southern California Edison, and Sacramento Municipal Utility District. We also have auto maker members.

I have a long history of working on transportation issues, both clean cars and clean fuel. Prior to coming to CalEETC, I worked at the Air Resources Board and California Environmental Protection Agency. Electricity is not only one of the cleanest transportation fuels it is also ubiquitously available and significantly cheaper than gasoline or diesel. For the last 11 years I have driven an electric car and now own both an all electric and a plug-in hybrid electric car. I can personally attest to the incredible performance, quiet driving, convenience of home or work charging and low cost of electric vehicle ownership.

## **California's Transportation Policies are Driving Greater Customer Choice**

Regulations like cap-and-trade and the low-carbon fuel standard are integral to AB 32 and particularly attractive as they provide industry with targets and allow innovation and flexibility in how the targets are met. These kinds of regulations complement the more traditional command and control types of regulations and CalEETC supports this approach to AB 32. California has also implemented a number of incentive programs designed to encourage businesses and consumers to make clean alternative-fuel choices.

Consumers are responding to California policies, about 40 percent of the electric vehicles being sold in the U.S. are being sold in California. Every major auto maker has either produced or announced production of plug-in electric vehicle offerings and these vehicles are selling at twice the rate that traditional hybrids sold when introduced ten years ago. If you talk to electric vehicle owners, they overwhelmingly laud the performance of the vehicles, they love charging at home and appreciate the number of choices available to them when they decide to buy a car. The fact that

electricity is so much less expensive than gasoline is also quite attractive to electric vehicle drivers. They will brag about how much they used to spend for fuel and they get super excited when utilities offer “super off-peak” rates for charging their vehicles at night.

### **Transportation Electrification Creates Jobs and Promotes Economic Growth**

U.C. Berkeley modeled the economic impacts of electrification of the light-duty fleet on the California economy.<sup>1</sup> The analysis considered two scenarios. The first assuming 15 percent of all new light-duty vehicles are plug-in electric by 2030 and the second increasing to 45 percent of the new vehicle fleet. By 2030, the low scenario improved gross state product by about \$5 billion and increased jobs by about 50,000. The high end doubled those benefits.

The reason for this is due to a few key factors. The vehicle and electricity sectors are more job intensive than the oil sector. Therefore, when people spend more money on cars and electricity than on oil, jobs are created. The biggest reason for the jobs growth is the fuel cost savings associated with electric vehicles. When consumers save money on fuel, they tend to spend those savings in sectors of the economy that are local, health care and entertainment being at the top of the list.

The Berkeley study included some incentives in the early years of electric vehicle introduction and the consumer benefits of the LCFS, consistent with California policies.

### **Large Potential for Emission Reductions from the Fuels Sector**

I want to spend a moment talking about the low-carbon fuels standard as CalETC believes it is one of the most effective policy tools in support of reducing the carbon content of fuels. As I said earlier, the market approach is preferred as a mechanism to provide low cost and flexibility to industry. The LCFS sets a target and allows fuel providers to meet that target in a variety of ways.

There have been a number of studies that have considered options for reducing the carbon content of transportation fuels. One study by the Boston Consulting Group mistakenly assumed

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<sup>1</sup> David Roland-Holst, U.C. Berkeley, *Plug-in Electric Vehicle Deployment in California: An Economic Jobs Assessment*, September 2012. Materials and link to full study at: <http://caletc.com>

that many alternative-fuel options would not contribute to compliance with the LCFS.<sup>2</sup> However, assessments by CalETC and others have shown that there are a number of clean energy fuel options. As shown in the slide, these include, but are not limited to:

- Nonroad electrification opportunities (electric rail, forklifts, truck-stop electrification)<sup>3</sup>
- Light-duty vehicle electrification
- Blending of currently available low-carbon biodiesel
- Continued growth of natural gas vehicle use particularly in the medium and heavy-duty truck markets
- Investments in reduction technologies at petroleum refineries, including energy efficiency, as well as crude oil production facilities<sup>4</sup>

And from the slide you can see that the shortfall indicated by the Boston Consulting Group study can be made up with these alternative-fuel and other emission reduction options allowed under the LCFS.

## **Conclusion**

California is attracting a significant number of electric vehicles. Consumers are using their purchasing power to show that Californians appreciate choice in the marketplace. We need to continue to support transformative policies that allow for flexibility and broader consumer choice, and we need to continue to provide incentives in the earliest years of transformation. Thank you again for the opportunity to testify today and for holding this important hearing. I am happy to answer any questions.

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<sup>2</sup> Tiax, *Review of the Boston Consulting Group Study*, prepared for California Business Alliance for a Green Economy, October 2012

<sup>3</sup> CARB has indicated support in the regulation for including these pathways but additional work is needed to finalize credit value

<sup>4</sup> *ibid*