



October 28, 2019

Lauren Sanchez  
Mark Wenzel  
Julie Henderson  
California Environmental Protection Agency  
1001 I Street  
Sacramento, CA 95818

**RE: AB 74 Studies on Vehicle Emissions and Fossil Fuel Demand and Supply**

Dear Ms. Sanchez, Mr. Wenzel, and Ms. Henderson:

This letter follows my organization's participation in the AB 74 studies workshop CalEPA hosted on September 24. It also follows our submittal before that workshop of a joint letter about the demand-side study.

First, thank you for the workshop on September 24. And thank you, too, for your plans to hold additional workshops in Kern and Los Angeles counties. I want to reiterate our suggestion from our earlier letter that the staff also reach out directly to outreach to leaders in environmental justice communities around the state to ensure equitable access to the study process.

As background for your consideration of the following comments, on behalf of Sierra Club California, I was involved in the process of advocating for both studies before they became part of the budget and was quite delighted to see the studies funded. Below I provide comments on the plans for the demand-side study followed by comments on the supply-side study.

Comments on Each Study's Content

**DEMAND-SIDE STUDY**

The budgeted funding for the demand-side study was inspired by Assembly Bill 40, which called for CARB to develop a strategy for ensuring that all brand-new light-duty vehicles sold in the state are zero-emission vehicles (ZEVs). The budget item was expanded and allows consideration of ways to improve transit and other transportation modes to reduce fossil fuels demand. Our comments here on content focus on the aspect of the study addressing light-duty vehicles, but several of these specific comments apply as well to the aspects of the study addressing other transportation modes. Specifically:

- a. **The study should consider actions and policies all state agencies can contribute to reducing demand for fossil fuels in transportation.** For instance, historically the California Air Resources Board has been the lead on advancing zero-emission light-duty vehicles through its landmark regulatory scheme. However, CARB does not have jurisdiction over the consumer experience at dealerships. We know from other studies and our own experience that auto dealers often neglect ensuring that battery electric vehicles on their lots are charged, making it difficult for interested customers to test-drive a ZEV and move forward with a purchase. This raises a question: Are there state agencies addressing consumer issues that have regulatory authority to require dealers to ensure that ZEVs on lots are charged and available for testing? Is new action required by the legislature to provide such authority to an agency?
- b. **The completed study should be very practical, not academic.** That is, it should include suggested actions state agencies, commissions or boards or the state legislature can and must take to reduce demand for fossil fuels, and that includes ways to accelerate an across-the-board transition to zero-emission vehicles. It should include guidance about possible legislative or regulatory action.
- c. **The study should recognize that time to put policies in place to effectively reduce the worst impacts of climate change is limited.** It must be bold to reflect the urgency to act.
- d. **The study should lay out how to ensure that, by 2030, all new light-duty vehicles sold in the state are zero-emission vehicles.**
- e. **The plan should acknowledge that California has an opportunity to become a hub for ZEV manufacture (as it already is for ZEV transit buses).** It should consider how to best use state policies and incentives to encourage ZEV manufacture by companies that participate in fair and responsible worker pay and safety.
- f. **The plan should consider ways to improve charging infrastructure policies at the state and local level to ensure abundant and equitable access.**

### **SUPPLY-SIDE STUDY**

The international scientific consensus is that humans must dramatically reduce fossil fuel combustion if we are to effectively avoid the most catastrophic impacts of climate change. And we must adopt the technologies and policies to make those reductions within the next decade.

In California, it will not be enough to cut demand for oil by transitioning to zero-emission vehicles. As one of the largest producers of oil and gas in the nation, we must also end our role as an oil supply state. In calling for two studies in his 2019 budget, Governor Newsom recognized that the supply-side study would have to identify a pathway to dramatically reduce fossil fuel use in a way that is economically sustainable and responsible.

In essence the report must outline a pathway to transition California's major oil producing regions to economies that are no longer dependent on oil production. Currently, no such document exists and its absence has led to a stalemate about the economic future in California's oil-producing regions. Its absence has hindered the state from taking the needed steps to cut greenhouse gas pollution and air pollution as much as medical and environmental science suggests.

Specifically, the report, at a minimum, must include the following:

- a. **A description of the current human health and environmental impacts of oil production in California.** This includes identification of the five top oil production regions in California and their overall characteristics, including environmental and public health trends. The description must catalog localized air pollution and climate pollution impacts of continued oil production in the state, and other environmental impacts, including water and soil degradation. It should also emphasize the health and environmental quality impacts on disadvantaged communities located in or near oil production areas and on workers.
- b. **A description of the current direct economic impacts of oil production, including job numbers, types and wages; health cost impacts, including air pollution impacts and associated lost days at work, lost days at school, emergency room admissions created by those pollution impacts.** This should include an analysis of the uncertainties associated with dependence on oil production, including economic volatility associated with international demand and price fluctuations.
- c. **An analysis of what an economic and job transition in key oil regions would look like and could be achieved.** Specifically, what clean, family-sustaining jobs and industries could be drawn to oil-production regions to replace the oil industry while strengthening the local economy? What actions must state and local policymakers take to help draw those jobs and industries, and what training and other measures are needed to ensure that workers reliant on oil production and refining are prepared for a transition to cleaner industries and jobs? What jobs will be created to ensure appropriate and safe decommissioning of retired oil facilities?
- d. **An analysis of the tax consequences of a regional transition.** Specifically, what are the tax consequences of phasing out oil production, and how can any negative consequences of phasing out oil production be reduced and tax benefits be increased and accelerated?
- e. **A description of the transportation technologies and shifts that can occur to ensure that phasing out oil production in California doesn't shift our oil production dependence to other states or countries.**
- f. **A description of other changes in products and activities that would reduce dependence on oil-based inputs in agriculture, cleaning products, pesticide production, etc., and to promote non-petroleum-based alternatives.** The statewide single-use plastic shopping bag ban is just one example of a policy that reduces non-fuel oil consumption.
- g. **An analysis of the benefits of shifting away from oil production.** This would include new economic opportunities that will be promoted by propelling a transition away from oil

production as well as environmental, economic and social benefits of oil production phase out.

- h. A summary of state, regional and local government and government agency policies and actions needed to transition key regions away from oil production.**
- i. A list of possible timelines for policies and actions to transition the key regions away from oil production.**

### Conclusion

California must transition away from fossil fuel production and combustion. Fossil fuel production and combustion have been at the heart of the state's decades-long inability to control its health-threatening air pollution. Fossil fuel use and production are also responsible for climate change impacts that continue to threaten quality of life and economic stability in California, especially in disadvantaged communities.

The demand-side study can help accelerate the transition to zero-emission, non-fossil-fuel burning vehicles in the state. The supply-side study can illuminate a pathway to transition the state's oil production regions to away from fossil fuels and towards cleaner, family-supporting jobs.

However, neither study will be useful to policymakers and the public unless they are very focused on the mission: helping the state cut its fossil fuel use and production. The studies must also be very practical. Academic studies that conclude with the recommendation for more study will not be acceptable or useful. The studies must include specific policy steps that agencies and the legislature can take to accelerate the transition away from fossil fuels.

Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in blue ink that reads "Kathryn Phillips". The signature is written in a cursive, flowing style.

Kathryn Phillips  
Director