

January 26, 2021

Chair Timothy Kennedy
37 Franklin St. Suite 550
Buffalo, NY 14202

Chair William Magnarelli
Room 840
333 East Washington Street
Syracuse, NY 13202

Dear Chair Kennedy, Chair Magnarelli, and Members of the Joint Transportation Committee,

I write respectfully to you today on behalf of Advanced Energy Economy (AEE) to submit our policy considerations to the Joint Transportation Committee.

AEE is a national association of businesses working to advance policies that make the energy we use more reliable, secure, and affordable. Our membership includes companies that manufacture, develop, and purchase advanced energy technologies such as solar, wind, geothermal, energy efficiency, demand response, battery storage, and smart meters. We also represent a variety of companies that span the advanced transportation sector. These companies represent electric vehicle manufacturers of all different sizes - from small, low-speed vehicles to large heavy-duty vehicles, as well as charging infrastructure providers, grid integration solution firms, fleet operators, and companies providing supporting technologies and software services.

Transportation is the largest source of greenhouse gas emissions in the state, contributing over one-third of total New York emissions. This makes the state's transportation sector, and more importantly, electrifying the transportation sector, critical to meeting not only the goals outlined in state law (the Climate Leadership and Community Protection Act; CLCPA) but also New York's transportation electrification goals. There are many opportunities to reduce emissions across the state's transportation sector, yet it still requires a comprehensive set of policies that will make the goals embedded in the CLCPA achievable and accelerate additional adoption of zero-emission (ZEVs) in the state. We believe that the bills listed below will facilitate job growth across the state and expedite New York's transition to a cleaner transportation future.

Respectfully Submitted,

Daniel Bloom



Policy Principal
Advanced Energy Economy

Below, we list several specific legislative proposals that we believe are ready for passage in New York's 2021 legislation session:

Clean Fuel Standard. The adoption of a Clean Fuel Standard (CFS) such as [S.4003-A of 2020 \(Parker\)/A.862-A of 2021 \(Woerner\)](#) will reduce the carbon intensity of transportation fuels while also achieving air quality benefits. A Clean Fuel Standard is a technology-neutral, performance-based standard that requires fuel manufacturers and importers to reduce the greenhouse gas (GHG) emissions associated with the fuels they make and sell. The standard would apply to all transportation fuel suppliers and would utilize a cap-and-trade mechanism whereby those who use fuels with carbon intensities higher than the set standard would generate deficits, while those who use fuels below the set standard would be issued a credit.

Under a CFS, electricity is considered a transportation fuel and is far below the emissions standard, meaning that EV charging would generate credit revenues — for utilities and drivers — to support further vehicle and infrastructure deployment. As more EVs hit the road, the share of emissions reductions from electricity will increase. Looking at the CFS in action in California, emissions reductions from electricity used by cars, trucks, rail lines, and even forklifts comprised a growing share of emissions reductions, rising from less than one percent in 2011 to ten percent in 2016 and in just 2016 alone, the CFS generated \$92 million to support transportation electrification. The CFS will encourage transportation innovation as well as investment and sustainable funding for EVs. There is no cost to New York State's General Fund from this policy.

Reform Electric Rates to Support Electric Vehicle Charging. It is critical that EVs are able to charge at rates that are competitive with gasoline and diesel prices. This will allow the penetration of EVs to grow substantially as envisioned under New York's EV goals and the CLCPA. Addressing operational cost barriers through rate design for commercial EV charging is an essential step toward achieving these ambitious energy, environmental, and EV goals. Without rate reform, as envisioned under [S.8210 of 2020 \(Kennedy\)/A.9875-A of 2020 \(Cusick\)](#), New York will struggle to meet these targets.

Existing tariff structures are presently the most significant operating cost barrier to faster charging infrastructure deployment for both the light-duty and medium-/heavy-duty sectors, including buses and trucks, which have tangible air quality benefits in New York's disadvantaged communities. Given these statistics, existing barriers to widespread transportation electrification must be addressed to continue working toward lower emissions in New York State.

Rate reform is critical to New York meeting its climate and ZEV goals. This legislation would require that each combination gas and electric corporation file an application with the Public Service Commission to utilize an alternative rate structure. This would spur investment in charging infrastructure while also lowering fuel costs for EV drivers and medium-/heavy-duty fleet operators, thereby encouraging adoption. This policy would have no cost to New York's General Fund. Public service commissions across the country have already approved or are considering such tariffs in states including, but not limited to, Arizona, Rhode Island, Maryland, Maine, New Jersey, Nevada, Pennsylvania, Hawaii, Wisconsin, Washington, Oregon, and Colorado.

Allow the Direct Sale of Vehicles. Presently, there is a statewide cap allowing only five retail locations to sell EVs in New York, all of which are currently located downstate. Legislation like [S.1763 of 2021\(Kaminsky\)](#), would increase the number of certificates for entities that manufacture or assemble zero-emission vehicles and require that each region of New York State have at least one seller that also offers repair services for these vehicles. This would have no cost to New York's General Fund and would boost the



number of EV retailers in the State, increase state and local sales tax revenues, create hundreds of new jobs, and make EVs more accessible for New Yorkers.

Provide Incentives for the Purchase of Electric School Buses. We strongly recommend that the Committee endorse a bill that would provide financial incentives to schools for the purchase of electric school buses and the purchase of associated charging equipment and electricity. These incentives would be based on the level of financial aid that a school district received in the previous fiscal year, with higher incentives going to school districts that receive higher state aid. Furthermore, the legislation would also offer a sales tax exemption to private transportation companies that lease buses to school districts and an extension of the allowed lease term from five to ten years; all meant to encourage faster adoption of electric buses by schools. In addition to reducing GHG emissions and particulate matter pollution, electric school buses are cheaper to maintain over the long-term.

Enact California's requirements for Zero-Emission Vehicles. The Committee should endorse a bill that would adopt California's rules for all in-state sales of new passenger cars and trucks be zero emissions by 2035 and for 100% of medium- and heavy-duty vehicles to be zero-emission vehicles by 2045.¹

¹ Executive Order N-79-20, <https://www.gov.ca.gov/wp-content/uploads/2020/09/9.23.20-EO-N-79-20-Climate.pdf>

