

July 6, 2016

Secretary Brian Kelly
California Department of Transportation
915 Capitol Mall Suite 350 B
Sacramento, CA 95814

Sacramento, CA 95812

Re: Comments in Response to Draft California Sustainable Freight Action Plan

Dear Secretary Kelly:

BYD submits the following comments in response to the draft California Sustainable Freight Action Plan (Action Plan).

BYD is a global leading manufacturer of green technology solutions such as zero-emission, battery electric freight trucks, transit buses and taxis, as well as battery storage solutions. With North American headquarters located in Los Angeles and two manufacturing facilities located in Lancaster California, BYD is committed to being part of California's growing green economy.

BYD applauds the multi-agency approach taken to develop the Action Plan, which included participation from the California State Transportation Agency, California Environmental Protection Agency, Natural Resources Agency, California Air Resources Board, California Department of Transportation, California Energy Commission, and Governor's Office of Business and Economic Development. This coordinated, multi-agency approach should be emulated as the State grapples with a variety of other climate change, transportation and environmental related issues.

BYD supports the numerous positive goals outlined in the plan, such as the intention to ultimately deploy 100,000 zero emission trucks and improve efficiency (as measured by carbon emissions) by 25% by 2030, the inclusion of pilot projects to help accelerate market penetration of zero emission vehicles, and a recognition of the need for a strong legislative funding package. BYD also acknowledges the draft nature of the Action Plan and that many details will need to be worked out in the coming years. That said, BYD submits the following comments for consideration:

- **Need to Fully Fund Proposed Programs:** The success of the overall Action Plan will be contingent on appropriating enough funding to fully fund all proposed programs and initiatives. For example, the plan calls for pilots related to Advanced Technology for Truck Corridors (Southern California), which BYD supports. These pilots will be ineffectual unless sufficient funding is secured on the scale that would allow for the types of robust pilots needed

to prove up the technology in a meaningful, convincing fashion. All agencies involved should work with public stakeholders and experts to identify what a strong appropriation might look like, and then work in a coordinated fashion with legislative leaders to ensure necessary levels of funding are secured. It is important to stress that higher funding amounts translate both into a higher likelihood of achieving the Action Plan goals, and also results in greater overall benefits to the State since we know every state dollar spent on transportation projects attracts several additional dollars of private match funding investment.

- **Increase Funding for Existing Programs:** While securing strong appropriations for new proposed programs and initiatives from the Action Plan is critical, it is also important that State policy leaders and regulators seek out and secure increases in funding for existing programs that can be utilized to help meet Action Plan goals. For example, the Air Resources Board's (ARB) HVIP program, by handing out point of purchase vouchers, already helps bring down the cost of advanced technology vehicles in order to help make them more price competitive with legacy fuel vehicles. However, State leaders should consider significantly increasing HVIP voucher amounts in order to increase the rate of overall zero emission freight vehicle adoption as outlined in the Action Plan. BYD encourages ARB to double existing HVIP voucher amounts in order to accelerate market adoption of zero emission freight vehicles.
- **Explore Innovative Approaches:** Meeting the Action Plan's aggressive goals will require a host of new and innovative approaches. One such approach might involve utilizing a tradable credit program that rewards early adopters and manufacturers of zero emission vehicles. For example, the ARB has seen great success with its light duty ZEV Credit Program, which incentivizes production of zero emission vehicles. Given this, we believe that ARB or some other state agency should consider replicating the success of the ZEV credit program model on the freight vehicle side by creating a new medium and heavy-duty freight vehicle credit program and mandate for freight vehicle manufacturers that would incentivize greater manufacturing of zero emission freight vehicles. The tradable credit program has already proven itself to be a successful model – and it holds great potential to incentivize advances in zero emission freight vehicle technology.
- **Utilize Strong Regulatory Targets to Spur Progress:** The ARB is currently considering a procurement regulation to spur market adoption and technology acceleration of zero emission vehicles. The regulation would entail implementation of a modest purchasing requirement beginning in 2018 and then slowly increasing the purchasing requirement percentage until 100% of all new zero emission bus transit purchases are zero emission by 2040. A similar approach should be considered for the freight sector. A

long-term regulatory scheme that creates sequenced targets – such as requiring 20% new truck purchases be zero emission by 2020, 40% be zero emission by 2025, etc. – would go a long way to helping the State meet its Action Plan’s goals.

We thank you for consideration of our comments and look forward to the opportunity to discuss these with you in more detail soon. For questions or more information, please contact Andy Swanton at andy.swanton@byd.com or Mark Weideman at mark@weidemangroup.com.

Sincerely,

A handwritten signature in black ink, appearing to be the name 'Stella Li' written in a cursive style.

Stella Li
President, BYD Motors, Inc.