



ENVIRONMENTAL DEFENSE

finding the ways that work

January 22, 2007

Hon. Robert Sawyer, Ph.D.
Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95818

Dear Chairman Sawyer:

On behalf of Environmental Defense's 60,000 California members, we write to urge you to enact the following "discrete early action" measures to reduce transportation-related greenhouse gas emissions under the California Global Warming Solutions Act. In addition to these strategies, we support the adoption of those strategies listed in the group letters we've signed on to relating to Medium- Duty Heavy-Duty Vehicle and Shipping sources.

The transportation sector is California's single largest source of global warming pollution, accounting for over 40 percent of the state's 2004 emissions. Early action to reduce emissions from this sector is essential to achieving the statewide pollution limits established by AB 32, as well as the Governor's target of an 80 percent reduction in global warming pollution, relative to 1990 levels, by 2050.

We have tried to use the following criteria in selecting early action measures:

1) generates significant reductions and progress towards California's greenhouse gas targets, 2) minimizes conflict with and/or complements a future market system, 3) has net savings or low societal costs on a life-cycle basis, and 4) is easy to implement administratively. We have also looked for strategies that have co-pollutant benefits that improve air quality and public health.

Based on these criteria we urge ARB to adopt a low-carbon fuel standard, provide incentives or guidelines that improve the greenhouse gas performance of medium-duty vehicles, and hydrofluorocarbon (HFC) reduction measures, as well as CEC adoption of the fuel efficient replacement tire program as early action measures. We strongly support Climate Action Team efforts to coordinate with the Department of Insurance to encourage individual insurance companies to offer a pay-as-you-drive insurance policy option. We also strongly encourage the Climate Action Team to coordinate with state and local government agencies to identify opportunities for congestion pricing. Below we briefly discuss each of these measures.

We also urge CARB to provide incentives or credit for any future regulatory program or cap and trade system to encourage companies to reduce greenhouse gas emissions beyond what is required by law or sooner than required by law.

Environmental Defense is committed to the successful implementation of AB 32 and the achievement of the State's greenhouse gas reduction goals. We are prepared to assist CARB throughout the early action measure's regulatory process and are willing to offer our expertise on these and other solutions to global warming. As always, we look forward to working with you and your staff.

Sincerely,

Karen Douglas
Environmental Defense

cc:

Hon. Linda Adams
Hon. Steve Poizner
Catherine Witherspoon
Dan Skopec
Anne Baker
Eileen Tutt
Brian Prusnek
Chuck Shulock

We support ARB adoption of the Governor's goal of a 10 percent reduction in the carbon content of all passenger vehicle fuels by 2020. We also urge the state to explore standards for other transportation fuels, such as heavy-duty diesel.

The low carbon fuel standard requires that the mix of fuel sold in California by each fuel provider meets a declining standard in global warming pollution per unit of fuel energy sold. The standard will foster demand for cleaner fuels and complement vehicle standards by making sure the fuel industry does its part to reduce global warming pollution. A low carbon fuel standard will also create an incentive for investment in multiple fuels that can achieve the standard. The standards should be for the full lifecycle of the fuels, incorporating upstream (raw materials extraction), midstream (refinery), and downstream (finished fuel) emissions. Low carbon fuel standards must include adequate protections for air and environmental quality, and protect against toxic hot spots. Implementation should be done in a way that minimizes the potential for loss of ecosystems/biodiversity, and unsustainable demand for water. Addressing the critical climate challenge can and should be done in ways that don't compromise human and ecological health.

Transportation Pricing Policies

We request that the Climate Action Team, in coordination with State's Insurance Commissioner and the Department of Insurance, encourage individual insurance companies to offer Pay-as-you-Drive (PAYD) Insurance as an option for consumers; and also strongly encourage that the Climate Action Team coordinate with state and local government agencies to identify opportunities for congestion pricing strategies that promote air pollution reductions, improved public transit, enhanced mobility and advance other social goals such as equity, affordability, and safety. Low cost and no cost strategies such as PAYD insurance and Congestion Pricing have been shown to reduce global warming pollution, traffic congestion, vehicle miles traveled and improve economic efficiency.

PAYD insurance is an innovative concept that rewards car owners for driving less: the less you drive, the less you are charged, giving drivers greater control over their premiums. According to studies by the CEC and ARB, Pay-as-you-Drive (PAYD) Auto Insurance can reduce greenhouse emissions by approx. 4 MMT CO₂ by 2010 and 4.6 MMT CO₂ by 2020.¹

Congestion pricing is a simple idea: vary the price of tolls to make driving more expensive at crowded times and cheaper off-peak. Smart use of tolls can also help finance a broad range of transportation choices, from new buses to subways and roads. A first step would be to identify locations in the state where pricing incentives could be introduced into the transportation sector as early models of success, to give communities and cities funding to experiment with these ideas and to incorporate them into future transportation infrastructure projects, including those to be funded with the recently-adopted transportation bonds.

¹ Based on estimated gasoline consumption reduction figures from "Appendix C: Petroleum Reduction Options (Task 3)", published by CEC and ARB in August 2003, P600-03-005A3

Over a year ago, London adopted one of the world's most comprehensive congestion pricing systems. As a result, congestion and traffic volumes have gone down by 30 percent and 15 percent, respectively, and bus use has increased 38 percent. London's strategy is estimated to be responsible for a 12 percent reduction in emissions of NO_x and soot from road traffic. Pricing and high performance corridor projects have also been implemented successfully in places like San Diego, and the federal government is encouraging their development through programs like the Value Pricing Program and the new Urban Partnership Agreements.

Hydrofluorocarbon Reduction

We support ARB adoption of the five measures to reduce HFC emissions listed in the Climate Action Team report (banning the sale of HFCs in small cans; requiring use of low global-warming-potential (GWP) refrigerants in new vehicular systems; adopting specifications for commercial refrigeration; requiring refrigerant leak tightness on mobile air conditioners and some types of commercial refrigerators and air conditioners; and enforcing the EPA-required HFC recovery during service and repair). Two additional components, however, are necessary to ensure success with this strategy: creating a cradle-to-grave lifecycle tracking system; and funding demonstration projects for low-GWP HFC replacements. An effective HFC reduction program in Australia serves as model for California and we strongly encourage ARB to make a similar program an early action measure.

Fuel-Efficient Tires

We request that the California Energy Commission's Replacement Tire Efficiency Program be added to list of early actions in order to ensure the program meets future targets. According to studies by the California Energy Commission and the National Academies of Science, improving passenger vehicle replacement tire efficiency saves consumers fuel and reduces global warming pollution. California's landmark tire efficiency law established by AB 844 (Nation, 2003) requires the CEC to establish a tire efficiency rating system by July 2006 and implement minimum tire efficiency standards by July 2008. Despite failing to meet the initial legislative deadline, it is essential that the CEC fully implement this program.

Promote Medium-Duty Hybrid Technology

CARB should take advantage of emerging hybrid-electric technology for medium duty delivery trucks by providing incentives or guidelines that encourage the use and development of medium-duty vehicles that meet greenhouse gas performance criteria.

Hybrid trucks are already in revenue service in Fed-X fleets and operating successfully. FedEx now has almost 100 hybrids on the road in revenue service with 75 new trucks up and running this fall. The first 18 trucks, which have been on the road for close to three years, have been performing as well or better than FedEx's standard trucks with more than a 97% "up time."

Independent testing confirmed the following environmental benefits from FedEx's hybrid-electric medium-duty diesel truck (developed with Environmental Defense) compared to their standard baseline truck: 33% reduction in greenhouse gases, 90% reduction in particulate matter and 75% reduction in nitrogen dioxide compared to standard medium duty trucks.