

Metropolitan Transportation Commission and Association of Bay Area Governments Joint MTC ABAG Legislation Committee

October 9, 2020

Agenda Item 3a

Executive Order N-79-20: Zero-Emission Vehicle Mandate

Subject: Overview of Executive Order N-79-20 requiring Zero-Emission Vehicle Mandate.

Overview: On September 23, 2020 Governor Newsom issued Executive Order N-79-20 which seeks dramatic reductions in emissions from the transportation sector by requiring the development of regulations to decarbonize the state's vehicle fleet and ending oil extraction in four years. The order follows a long tradition of California setting its own clean vehicle targets as well as fuel-efficiency standards that other states have since followed, but are currently being challenged in court by the Trump Administration.

Varying Deadlines Depending on Vehicle Type

The most significant provision in the order is a goal that 100 percent of new passenger cars and trucks sold in California be zero-emission by 2035. The order also sets goals of 100 percent zero emissions for medium and heavy-duty vehicles by 2045 and a transition to 100 percent zero-emission for off-road vehicles and equipment by 2035, "where feasible." Note that the order requires subsequent regulations to be developed by the State Air Resources Board so the ultimate timing and details of any type of binding rules related to ZEBs is unknown.

Nexus to Plan Bay Area 2050

With respect to the Bay Area's climate protection efforts, it's too early to tell how the order may affect future greenhouse gas reduction targets that the ARB assigns to metropolitan areas as part of their sustainable communities strategies pursuant to SB 375 (Steinberg, 2008). As you know, the current target set by ARB for Plan Bay Area 2050 require a 19 percent per capita reduction, a very challenging goal. By potentially accelerating the state's transition to zero-emission vehicles, the order could amplify the benefits of a Vehicle Buyback & Electric Incentive Program included in the Blueprint for Plan Bay Area 2050. On the other hand, there is a concern that stronger state ZEB regulations could lead ARB to reduce the extent to which the region can receive credit for our own ZEB incentives.

Equity Considerations Emphasized

The order highlights the importance of ensuring the accessibility of new and used zero-emission vehicle markets to all Californians, and to accelerate deployment of affordable fueling and charging options in ways that serve low-income and disadvantaged communities. In addition, the order requires the Labor and Workforce Development Agency and the Office of Planning and Research to develop and implement a "Just Transition Roadmap" consistent with a [report](#), *Putting California on the High Road: A Jobs and Climate Action Plan for 2030* prepared as a result of legislation enacted in 2017 (AB 135, E. Garcia) which offers a roadmap for how the transition to a carbon neutral economy can lead to quality job creation and career pathways for disadvantaged Californians.

Renewed Emphasis on GHG-Reducing Transportation Strategies

The order also affirms the Newsom Administration's support for accelerating investment in sustainable transportation options. Specifically, it requires the State Transportation Agency and the California Transportation Commission, in consultation with other agencies, to identify near term actions and investment strategies to "improve clean transportation, sustainable freight and transit options." The order highlights three goals:

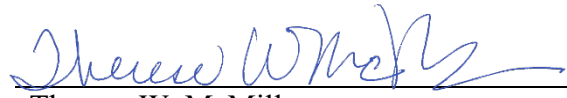
- 1) Building towards an integrated statewide rail and transit network;
- 2) Supporting bicycle, pedestrian and micro-mobility options, particularly in low-income and disadvantaged communities; and
- 3) Supporting light, medium and heavy-duty zero-emission vehicles as part of larger transportation projects.

The inclusion of goal #3 creates an argument for state funding to assist transit agencies in complying with ARB's Innovative Clean Transit regulation which requires 100 percent zero-emission buses by 2040, a significant unfunded and costly state mandate.

Next Steps

An early next step required by the order is for the Governor's Office of Business and Economic Development to develop a Zero-Emissions Vehicles Market Development Strategy by January 31, 2021 in consultation with ARB, other state and local agencies, and the private sector. Staff will monitor the development of regulations and strategies to implement the order and take advantage of opportunities to secure funding and state policy changes that will help us deliver on the GHG reduction strategies outlined in the Blueprint for Plan Bay Area 2050.

Attachment: **Attachment A:** Executive Order N-79-20


Therese W. McMillan

EXECUTIVE ORDER N-79-20

WHEREAS the climate change crisis is happening now, impacting California in unprecedented ways, and affecting the health and safety of too many Californians; and

WHEREAS we must accelerate our actions to mitigate and adapt to climate change, and more quickly move toward our low-carbon, sustainable and resilient future; and

WHEREAS the COVID-19 pandemic has disrupted the entire transportation sector, bringing a sharp decline in demand for fuels and adversely impacting public transportation; and

WHEREAS as our economy recovers, we must accelerate the transition to a carbon neutral future that supports the retention and creation of high-road, high-quality jobs; and

WHEREAS California's long-term economic resilience requires bold action to eliminate emissions from transportation, which is the largest source of emissions in the State; and

WHEREAS the State must prioritize clean transportation solutions that are accessible to all Californians, particularly those who are low-income or experience a disproportionate share of pollution; and

WHEREAS zero emissions technologies, especially trucks and equipment, reduce both greenhouse gas emissions and toxic air pollutants that disproportionately burden our disadvantaged communities of color; and

WHEREAS California is a world leader in manufacturing and deploying zero-emission vehicles and chargers and fueling stations for cars, trucks, buses and freight-related equipment; and

WHEREAS passenger rail, transit, bicycle and pedestrian infrastructure, and micro-mobility options are critical components to the State achieving carbon neutrality and connecting communities, requiring coordination of investments and work with all levels of governments including rail and transit agencies to support these mobility options; and

WHEREAS California's policies have contributed to an on-going reduction in in-state oil extraction, which has declined by over 60 percent since 1985, but demand for oil has not correspondingly declined over the same period of time; and

WHEREAS California is already working to decarbonize the transportation fuel sector through the Low Carbon Fuel Standard, which recognizes the full life cycle of carbon in transportation emissions including transport into the State; and

WHEREAS clean renewable fuels play a role as California transitions to a decarbonized transportation sector; and

WHEREAS to protect the health and safety of our communities and workers the State must focus on the impacts of oil extraction as it transitions away from fossil fuel, by working to end the issuance of new hydraulic fracturing permits by 2024; and

WHEREAS a sustainable and inclusive economic future for California will require retaining and creating high-road, high-quality jobs through sustained engagement with communities, workers and industries in changing and growing industries.

NOW THEREFORE, I, GAVIN NEWSOM, Governor of the State of California by virtue of the power and authority vested in me by the Constitution and the statutes of the State of California, do hereby issue the following Order to pursue actions necessary to combat the climate crisis.

IT IS HEREBY ORDERED THAT:

1. It shall be a goal of the State that 100 percent of in-state sales of new passenger cars and trucks will be zero-emission by 2035. It shall be a further goal of the State that 100 percent of medium- and heavy-duty vehicles in the State be zero-emission by 2045 for all operations where feasible and by 2035 for drayage trucks. It shall be further a goal of the State to transition to 100 percent zero-emission off-road vehicles and equipment by 2035 where feasible.
2. The State Air Resources Board, to the extent consistent with State and federal law, shall develop and propose:
 - a) Passenger vehicle and truck regulations requiring increasing volumes of new zero-emission vehicles sold in the State towards the target of 100 percent of in-state sales by 2035.
 - b) Medium- and heavy-duty vehicle regulations requiring increasing volumes of new zero-emission trucks and buses sold and operated in the State towards the target of 100 percent of the fleet transitioning to zero-emission vehicles by 2045 everywhere feasible and for all drayage trucks to be zero-emission by 2035.
 - c) Strategies, in coordination with other State agencies, U.S. Environmental Protection Agency and local air districts, to achieve 100 percent zero-emission from off-road vehicles and equipment operations in the State by 2035.

In implementing this Paragraph, the State Air Resources Board shall act consistently with technological feasibility and cost-effectiveness.

3. The Governor's Office of Business and Economic Development, in consultation with the State Air Resources Board, Energy Commission, Public Utilities Commission, State Transportation Agency, the

Department of Finance and other State agencies, local agencies and the private sector, shall develop a Zero-Emissions Vehicle Market Development Strategy by January 31, 2021, and update every three years thereafter, that:

- a) Ensures coordinated and expeditious implementation of the system of policies, programs and regulations necessary to achieve the goals and orders established by this Order.
 - b) Outlines State agencies' actions to support new and used zero-emission vehicle markets for broad accessibility for all Californians.
4. The State Air Resources Board, the Energy Commission, Public Utilities Commission and other relevant State agencies, shall use existing authorities to accelerate deployment of affordable fueling and charging options for zero-emission vehicles, in ways that serve all communities and in particular low-income and disadvantaged communities, consistent with State and federal law.
5. The Energy Commission, in consultation with the State Air Resources Board and the Public Utilities Commission, shall update the biennial statewide assessment of zero-emission vehicle infrastructure required by Assembly Bill 2127 (Chapter 365, Statutes of 2018) to support the levels of electric vehicle adoption required by this Order.
6. The State Transportation Agency, the Department of Transportation and the California Transportation Commission, in consultation with the Department of Finance and other State agencies, shall by July 15, 2021 identify near term actions, and investment strategies, to improve clean transportation, sustainable freight and transit options, while continuing a "fix-it-first" approach to our transportation system, including where feasible:
 - a) Building towards an integrated, statewide rail and transit network, consistent with the California State Rail Plan, to provide seamless, affordable multimodal travel options for all.
 - b) Supporting bicycle, pedestrian, and micro-mobility options, particularly in low-income and disadvantaged communities in the State, by incorporating safe and accessible infrastructure into projects where appropriate.
 - c) Supporting light, medium, and heavy duty zero-emission vehicles and infrastructure as part of larger transportation projects, where appropriate.
7. The Labor and Workforce Development Agency and the Office of Planning and Research, in consultation with the Department of Finance and other State agencies, shall develop by July 15, 2021 and expeditiously implement a Just Transition Roadmap, consistent with the recommendations in the "Putting California on the High Road: A Jobs and Climate Action Plan for 2030" report pursuant to Assembly Bill 398 (Chapter 135, Statutes of 2017).

8. To support the transition away from fossil fuels consistent with the goals established in this Order and California's goal to achieve carbon neutrality by no later than 2045, the California Environmental Protection Agency and the California Natural Resources Agency, in consultation with other State, local and federal agencies, shall expedite regulatory processes to repurpose and transition upstream and downstream oil production facilities, while supporting community participation, labor standards, and protection of public health, safety and the environment. The agencies shall report on progress and provide an action plan, including necessary changes in regulations, laws or resources, by July 15, 2021.
9. The State Air Resources Board, in consultation with other State agencies, shall develop and propose strategies to continue the State's current efforts to reduce the carbon intensity of fuels beyond 2030 with consideration of the full life cycle of carbon.
10. The California Environmental Protection Agency and the California Natural Resources Agency, in consultation with the Office of Planning and Research, the Department of Finance, the Governor's Office of Business and Economic Development and other local and federal agencies, shall develop strategies, recommendations and actions by July 15, 2021 to manage and expedite the responsible closure and remediation of former oil extraction sites as the State transitions to a carbon-neutral economy.
11. The Department of Conservation's Geologic Energy Management Division and other relevant State agencies shall strictly enforce bonding requirements and other regulations to ensure oil extraction operators are responsible for the proper closure and remediation of their sites.
12. The Department of Conservation's Geologic Energy Management Division shall:
 - a) Propose a significantly strengthened, stringent, science-based health and safety draft rule that protects communities and workers from the impacts of oil extraction activities by December 31, 2020.
 - b) Post on its website for public review and consultation a draft rule at least 60 days before submitting to the Office of Administrative Law.

IT IS FURTHER ORDERED that as soon as hereafter possible, the Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 23rd day of September 2020.

GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State