FILED
05/10/23
12:47 PM
R2111014

ATTACHMENT

R.21-11-014: Clean Miles Standard Phase 1 Supplemental Proposal

CPUC CONSUMER PROTECTION AND ENFORCEMENT DIVISION

May 10, 2023

Purpose and Background

Consumer Protection and Enforcement Division (CPED) Staff have prepared a supplemental proposal (Supplemental Proposal) to the Clean Miles Standard (CMS) Phase 1 Staff Proposal issued by ruling on November 17, 2022 (Phase 1 Staff Proposal). This Supplemental Proposal provides additional recommendations not covered in the Phase 1 Staff Proposal and proposes to modify previous recommendations in light of feedback from parties.

For topics with revised recommendations, this document includes a summary of the original proposal and relevant party comments in addition to the corresponding supplemental proposals for that topic.

Annual Targets after 2030

Original Proposal and Party Comments

The Phase 1 Staff Proposal did not include recommendations for the CMS program implementation and annual greenhouse gas (GHG) and electric vehicle miles traveled (eVMT) targets after 2030.

Supplemental Proposals

CPED Staff recommends CMS Regulated Entities maintain CMS program implementation requirements to continue to meet the 2030 annual goals and targets in the years after 2030. This is supported in California Air Resources Board's (CARB's) Final Regulation Order which notes the last annual target year as "2030+" in Table 1 and Table 6.[1]

GHG Emissions Reduction Plans (GHG Plans) Submission & Data Reporting Timeline

Original Proposal and Party Comments

In the Phase 1 Staff Proposal **Section 6.1**, CPED Staff recommended that CMS Regulated Entities file their first proposed GHG Plan in 2023, within 90 days of the final Phase 1 decision.

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[1] See CARB's Final Regulation Order: https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2021/cleanmilesstandard/fro.pdf.

- The first GHG Plan should be considered a Partial GHG Plan covering only Phase 1 scoping issues.
- Within 90 days of a Commission decision on Phase 2 issues, CMS Regulated Entities shall submit a Tier 3 Advice Letter with an updated GHG Plan covering Phase 2 issues. To avoid duplicative submissions and review, should the decision on Phase 2 issues be filed between the beginning of April and end of December before a new GHG Plan is due, the CMS Regulated Entities may wait to submit a full GHG Plan as part of the regular submission cycle.

CMS Regulated Entity parties argue in their comments that 90 days is insufficient time for developing a GHG Plan, and that CMS Regulated Entities should not be required to submit a GHG Plan until after a decision on Phase 2 issues which would include enforcement issues.

Supplemental Proposals

CPED Staff recommends the following modifications to the Phase 1 Staff Proposal:

- CMS Regulated Entities must file their first proposed GHG Plan within **120 days** of the final Phase 1 decision. The first GHG Plan should be considered a Partial GHG Plan covering only Phase 1 scoping issues.
- Within 90 days of a Commission decision on Phase 2 issues, CMS Regulated Entities shall submit a Tier 3 Advice Letter with a full GHG Plan covering Phase 2 issues. **Given the CMS rulemaking timeline, the first full GHG Plan would also act as the GHG Plan anticipated to be submitted on January 1, 2026 (even if submitted prior to that date).**

CPED Staff find the Partial GHG Plan after a Phase 1 decision necessary to start the implementation of CMS and the Drivers Assistance Program, and do not recommend waiting until a Phase 2 decision to begin implementation. CPED Staff agree that additional time may be needed for the first GHG Plan and therefore recommend additional time before submission.

CPED Staff proposes that CMS Regulated Entities submit Annual Compliance Data for 2023 but given that a Phase 1 decision is likely partway through 2023, CMS Regulated Entities need only submit the data specified in the CARB's Final Regulation Order[2] Attachments 1 and 2 and an update on progress made towards the 2023 annual targets.

Incentive Establishment

Original Proposal and Party Comments

In the Phase 1 Staff Proposal **Section 5.3.1 and 5.3.3**, CPED Staff proposed three potential methods for establishing incentives for low- and moderate-income (LMI) drivers as part of the Drivers Assistance Program.

- **Zero-emission vehicle (ZEV) Incentive.** CPED Staff proposed three methods for satisfying the ZEV affordability requirement for a ZEV incentive: Match Clean Vehicle

[2] See CARB's Final Regulation Order:
https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2021/cleanmilesstandard/fro.pdf.

Rebate Program (CVRP), Assess affordability individually, or Assess affordably generally (see Section 5.3.1 of the Phase 1 Staff Proposal). The incentive could be applied for ZEV lease, rental, or purchase. The incentive implementation would be managed, tracked, and reported by the Program Administrator.

- **Charging Incentive.** CPED Staff proposed to provide LMI drivers with vehicle charging related incentives: Match CVRP, new estimate, flexible incentive (see Section 5.3.3 of the Phase 1 Staff Proposal). The incentive implementation would be managed, tracked, and reported by the Program Administrator.

Party comments support matching the CVRP programs or making CVRP the minimum. Some parties note that the affordability concept could be difficult to implement on an individual driver basis and could be challenging to assess more generally and to ensure equitable distribution. CMS Regulated Entity parties recommend the Commission use a total cost of ownership difference between gasoline vehicles and ZEVs.

Supplemental Proposals

CPED Staff proposes that the ZEV and charging incentives for LMI drivers are established through an assessment of the difference in cost between an internal combustion engine (ICE) gasoline vehicle and a ZEV after existing incentives have been applied. CPED Staff recommend that closing the gap in costs between vehicle options will support the goal of ensuring minimal negative impact on LMI drivers assuming that they are able to access other existing ZEV incentives. Given the variability in costs associated with switching to ZEVs, CPED Staff does not recommend covering the entire difference in cost for every LMI driver for every switch, rather the recommendation is to evenly apply an analytical approach that closes the gap to minimize negative impact broadly in most cases.

Based on an initial assessment that assumes LMI drivers will obtain existing available ZEV incentives, CPED Staff recommend providing the following incentive types and amounts for LMI drivers:

- **Upfront ZEV Incentive.** A **$3,000** incentive provided upfront in the form of a voucher or other documentation, like a certificate or check, to aid directly in the purchase, lease, or rental of a new or used ZEV.
- **Upfront Charging Incentive.** A **$500** incentive provided upfront in the form of either a "charging card" to be used for public EV charging, or a voucher/documentation to aid in the purchase of equipment and/or installation of at-home charging equipment.
- **Ongoing Transition Incentive.** An **$800** grant paid annually, after receiving the upfront incentive, once an LMI driver meets the set eligibility requirements for up to four years (total of $3,200) to cover the ongoing costs (charging and vehicle payments) associated with transitioning to a ZEV.

The Program Administrator will propose how to distribute these incentives in their Implementation Plan and shall work with the CMS Regulated Entities to develop the partnerships needed to implement these incentives in the manner described.

CPED Staff proposes that these incentives are **adjusted annually and no less frequently than every two years by the Program Administrator based on the analysis approach described in** Vehicle Cost Difference Analysis & Upfront ZEV Incentive and Refueling and Charging Cost Difference & Upfront Charging Incentive sections in Appendix A**.** For each adjustment, the Program Administrator will file a Tier 2 Advice Letter to propose new incentive levels for approval by CPED Staff. The Program Administrator should include the adjusted incentive levels in the annual updates to their Implementation Plan and Handbook. If the Program Administrator declines to adjust the incentive amount in a given year, they should provide their rationale (e.g., ZEV prices have remained the same year-over-year) to CPED Staff via a Tier 1 Advice Letter.

CPED Staff provides details of the assumptions and analyses conducted to establish the initial incentive proposals in Appendix A. Eligibility for the incentives is discussed in the next section Incentive Eligibility Requirements.

Questions

1. Is the proposed approach for establishing the incentive amounts, including assumptions used, appropriate for ensuring minimal negative impact to LMI drivers transitioning to ZEVs?
2. Is the proposed approach for establishing the incentive amounts appropriate for both ZEV purchases and leases?
3. Is it appropriate to establish the same incentive amounts for new and used ZEVs? If not, how should the incentive amount calculations differ for new and used ZEVs?

Incentive Eligibility Requirements

Original Proposal and Party Comments

In the Phase 1 Staff Proposal **Section 5.3**, CPED Staff recommended that LMI drivers be eligible for incentives provided through the Drivers Assistance Program. The Phase 1 Staff Proposal also implied that incentives would be provided up front.

In the Phase 1 Staff Proposal **Section 7.4.1**, CPED Staff recommended additional eligibility requirements for receiving incentives and note Rideshare Drivers United's proposal for the following non-income related qualifications for potentially receiving funding for a ZEV transition (modified to be more generic): 1) Prioritize drivers who spend the most time driving for the platform; and 2) Set a minimum threshold amount of time that a driver must have driven for the platform in order for the driver to be eligible to receive a subsidy.

In the interested party comments, there is consensus that clearer guidelines on driver eligibility outside of income is needed to understand if part-time drivers are eligible and to prevent free ridership or gaming of the program (i.e., new drivers joining the platforms just to receive the benefit and then leaving). CMS Regulated Entity parties suggest metrics for establishing driving requirements and recommend distribution of funds over time after meeting minimum driving requirements.

Supplemental Proposals

CPED Staff recommends additional eligibility requirements based on driving for LMI drivers to receive the proposed incentives through the Drivers Assistance Program. CPED Staff proposes both upfront and ongoing screening with eligibility requirements to be paired with the incentives as shown in Table 1.

Table 1 – Upfront and Ongoing Incentive Eligibility Requirements

<table>
<tr><th></th><th>Timeframe</th><th>Metric</th><th>Establishment</th></tr>
<tr><td>Upfront Incentive Screening for Upfront ZEV and Charging Incentive</td><td>Over the last 365 days (from time of application).</td><td rowspan="2">Minimum number of hours or days of driving (across all CMS Regulated Entities' platforms).

Hours include periods 1, 2, and 3.[3]</td><td rowspan="2">The value of the selected metric shall be proposed by CMS Regulated Entities in GHG Plan as part of regulatory fee process.</td></tr>
<tr><td>Ongoing Incentive Screening for Ongoing Transition Incentive</td><td>Once every 365 days, after the first year, as soon as driving requirements are met. LMI Drivers eligible for up to four years.</td></tr>
</table>

CPED Staff proposes one method to set a minimum driving level is to evaluate the annual hours or days driven of all drivers on the platforms over a year and select the 75th percentile of total hours or days driven. CPED Staff recommends in this example starting at the 75th percentile, as CMS Regulated Entities will need fewer drivers to transition to ZEVs in order to meet their CMS targets in the earlier years. Using a percentile approach could enable easier adjustment of the requirement in the future. CPED Staff propose applying the set percentile across platforms as many drivers utilize multiple platforms.

CPED Staff recommends the CMS Regulated Entities be required to track and provide driver eligibility data to the Program Administrator to enable aggregation of driver hours across platforms and to ensure efficient verification of driver eligibility. This will also allow the Program Administrator to notify drivers when they meet eligibility across multiple platforms. In addition to notifications from the Program Administrator, the CMS Regulated Entities should also provide notice to drivers when they meet the eligibility requirements on their platforms alone as this information can be expeditiously communicated through the CMS Regulated Entities' existing forms of direct contact with drivers.

Data provided by the CMS Regulated Entities shall enable the Program Administrator to track individual driver eligibility over multiple years, using consistent driver identification (ID), to assess

[3] From D.14-11-043, "TNC services are defined with three periods. Period 1 is: App open – waiting for a match. Period 2 is: Match accepted – but passenger not yet picked up (i.e., driver is on his/her way to pick up the passenger). Period 3 is: Passenger in the vehicle and until the passenger safely exits vehicle."

eligibility for the ongoing transition incentive, and to have data on which drivers continue to meet incentive eligibility and which do not.

CMS Regulated Entities shall also provide consistent, unique driver IDs in other required CMS data reporting.

Driver eligibility data and driver IDs will be considered confidential. This means data will not be shared publicly or across CMS Regulated Entities and will be maintained securely by the Program Administrator.

Questions

1. Which eligibility metric is most appropriate for the incentives, driving hours or days? Or should a driver become eligible if they meet either?
2. Is it appropriate to require the CMS Regulated Entities to propose the eligibility requirement? If not, who should set the requirement and how? If the proposals are different, how should the final threshold be selected?
3. Is it appropriate to set a limit on the number of times or years between when a driver may receive the upfront incentive?

Drivers Assistance Program Regulatory Fee

Original Proposal and Party Comments

In the Phase 1 Staff Proposal **Section 7.2**, CPED Staff recommended the Drivers Assistance Program be funded by levying a per-trip or per-mile regulatory fee, the amount of which would be proposed by each CMS Regulated Entity in each GHG Plan to be collected upon Commission approval of the first GHG Plans.

Party comments express concern over application of the fee to small CMS Regulated Entities and autonomous vehicle (AV) services. Parties also recommend establishing a set flat fee and express concern over the fee leading to more expensive trips for riders.

Supplemental Proposals

CPED Staff proposes the following for the regulatory fee to support the Drivers Assistance Program.

Per-trip Regulatory Fee. CPED Staff proposes CMS Regulated Entities fund the Drivers Assistance Program through a per-trip regulatory fee because:

- Tracking the fee accrual by trip will be simpler than a per mile method as mileage accounting has presented challenges in other programs (e.g., with CARB's paint stick approach to VMT accounting) with past analysis.[4]
- Understanding the impacts of the added cost to riders will also be easier on a per trip basis.

[4] See CARB's Staff Report: Initial Statement of Reasons, Base Year Inventory Report: https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2021/cleanmilesstandard/isor.pdf.

- A per-trip fee approach is similar to how the Access for All program fee is applied.[5]

Regulatory Fee Components. The regulatory fee should cover all Drivers Assistance Program costs (Total Program Budget) including incentives, driver participation compensation, contracting agent budget, program evaluation and financial audit, and Program Administrator's administrative costs.

Regulatory Fee Selection. Since it is likely that not all CMS Regulated Entities will propose the same regulatory fee, due to varying operational differences (i.e., providing a different number of trips and having a different number of drivers to transition), CPED Staff recommend the Commission calculate a single, consistent per-trip fee that would be conveyed to customers by all CMS Regulated Entities. CMS Regulated Entities would provide assumptions and estimates to inform calculation of the fee during the GHG Plan Advice Letter process. A single fee across all CMS Regulated Entities is recommended as CMS is a statewide program. Additionally, managing the collection and tracking of multiple regulatory fees would be administratively burdensome.

- CMS Regulated Entities will provide the following estimates <u>for each year</u> from the GHG Plan submission year to 2030:
    a. Number of drivers
    b. Number of Trips
    c. Estimated percentage of drivers transitioning to ZEV (a proportion of "a")
    d. Estimated percentage of drivers transitioning to ZEV who will access upfront incentives (a proportion of "a")
    e. Estimated percentage of drivers transitioning who will access ongoing incentives (a proportion of "d")
- CPED Staff will use the estimates provided by the CMS Regulated Entities along with Commission established program costs (incentive, administrative costs, etc.) to calculate the incentive costs, the Program Administrator's budget (based on administrative and incentive costs), and the Total Program Budget. The regulatory fee will be the Total Program Budget divided by the total estimated number of trips provided by the CMS Regulated Entities.

CMS Regulated Entities may propose changes to their inputs and assumptions through the advice letter process for GHG Plan deviations described in Section 8.5 of the Phase 1 Staff Proposal. Any subsequent changes to the regulatory fee would apply to all CMS Regulated Entities.

CPED Staff provide an illustration of the process for fee estimation and the assumptions the CMS Regulated Entities will provide in the Drivers Assistance Program Regulatory Fee Estimation section in Appendix A; note that CPED Staff are not proposing a fee amount at this time.

[5] Access for All Decision on Track 1 Issues, D.19-06-033: https://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&DocID=309524812.

Drivers Assistance Program Funding

Original Proposal and Party Comments

In the Phase 1 Staff Proposal **Section 7.2.2**, CPED Staff recommended the Drivers Assistance Program administrative costs should have the following budgets:

- Contracting agent's costs are not to exceed $100,000 per year.
- Program Administrator's fees are not to exceed $8 million per year.
- Programmatic Evaluation Contractor costs are not to exceed $500,000 per evaluation ($1 million for two).
- Financial Auditor costs are not to exceed $500,000 per audit ($1 million for two).
- Program administrative costs should be shared among the CMS Regulated Entities.

CPED Staff recommended the CMS Regulated Entities should account for starting the Drivers Assistance Program funding in the early years, 2023 and 2024, ahead of the launch with the aim to collectively contribute at least $11 million per year to cover Program Administrator costs ($8 million/year), contracting agent costs ($100,000/year), Evaluation Contractor and Financial Auditor ($1 million/year), and early incentives ($1.9 million/year).

When the Program Administrator submits invoices to the contracting agent, the Program Administrator should specify the amount to be paid by each CMS Regulated Entity from the collected funds. The Program Administrator can split administrative costs among the CMS Regulated Entities, but CMS incentives should be attributed to the CMS Regulated Entity as accurately as possible. Left over Program Administrator budget cannot be rolled over from one year to the next.

Parties express concern in their comments over the seemingly high administrative costs in comparison to the incentives provided for drivers and note that Drivers Assistance Program funding and budget should be prioritized for drivers.

Supplemental Proposals

CPED Staff proposes the following related to the Program Administrator's budget, Drivers Assistance Program Total Program Funds, and funding implementation timing.

Program Administrator's Budget. CPED Staff proposes to cap the Program Administrator's administrative costs budget at 8% of the Total Program Budget each year with a minimum of $2 million per year and a maximum of $7 million per year.

CPED Staff explored other options like a flat annual budget and a percentage-based budget, but both options could lead to more extreme cases of over- or underfunding the Program Administrator. Refer to Table A4 in Appendix A to see a comparison of the options.

The Program Administrator will need a minimum budget to stand up the program in the early years. As noted by parties, depending on the level of funding proposed for incentives, the Program Administrator's budget could be larger than the incentives for LMI drivers with the minimum $2 million per year budget.

As described in the Phase 1 Staff Proposal, because the Program Administrator must submit invoices before they are paid, the proposed minimum $2 million per year may not be fully spent every year.

Drivers Assistance Program Total Program Funds and Allocation. CPED Staff proposes the Drivers Assistance Program Total Program Funds includes incentives, driver participation compensation, contracting agent budget, program evaluation and financial audit, and Program Administrator's administrative costs. Each item in the Total Program Budget will be incorporated into the regulatory fee by CPED Staff during the GHG Plan Advice Letter process. The proposed Total Program Budget items are listed in Table 2.

Table 2 – Total Program Budget Items

	Budget	Flat/Variable
Incentives	Based on Commission determined method for incentive estimation (and updated by Program Administrator) and CMS Regulated Entities' proposals. See Incentive Establishment.	Variable per year
Program Administrator	8% with $2 million/year min $7 million/year max	Flat per year Or Variable per year
Contracting Agent	$100,000	Flat per year
Driver Compensation	$6,500	Flat per year
Program Evaluation	$1,000,000	Total ($500,000 per eval)
Financial Audit	$1,000,000	Total ($500,000 per audit)

Drivers Assistance Program Funding Collection. CPED Staff proposes CMS Regulated Entities initially pay in advance portions of the Total Program Funds to ensure that funding is available to start up and maintain the program as the regulatory fee is accrued. CPED Staff recommend the following:

- **Minimum Upfront Funding.** CMS Regulated Entities will pay up front a minimum portion of the Total Program Funds established by the Commission for the fund period (typically the two years between GHG Plan submissions) after GHG Plans are approved – through the regulatory fee selection processes during the Tier 3 Advice Letter process. This should include funding for at least 12% of the initial incentive funding to ensure there are funds available for LMI drivers. For example, if the CMS Regulated Entities estimate that 100 LMI drivers will access the Drivers Assistance Program incentives in the two-year period, $3,500 per incentive is $350,000; and 12% is $43,750. CMS Regulated Entities can propose to adjust this percentage through GHG Plan submissions as the estimated incentive funding increases.

- **Tracking of Fee Accrual.** CMS Regulated Entities' regulatory fee accrual will be tracked over time as initially proposed. Since the CMS Regulated Entities will have already paid a sum at the start of the program, they will be credited for what they have already paid as the fee accrues and will only pay through accrual the difference in funds. The accrual process will be tracked by the Contracting Agent.
- **No Tracking of Attribution.** To simplify the Total Program Funding and fee accrual process, CPED Staff recommends the Program Administrator not be required to track the spending of funds by individual CMS Regulated Entities. It would be too onerous to attribute each incentive payment to specific CMS Regulated Entities based on how many hours a specific driver spends on each platform. All funds contributed to the Total Program Budget are not designated to a CMS Regulated Entity, but they will be dedicated to a budget item (e.g., incentives, administration costs, etc.)
- **Rolling Over Funds.** Unspent Total Program Budget funds will carry over to future years. CMS Regulated Entities will propose how the unspent funds are incorporated into their budgets and CPED Staff would account for this to adjust the regulatory fee in the next GHG Plan submission. See GHG Plan Requirements.

Questions

1. Should the Commission set a minimum budget for the Program Administrator to ensure they can meet the requirements of the role? Is the proposed minimum budget sufficient? How should the Commission estimate the minimum annual budget for the Program Administrator?

Clean Vehicle Requirements and Prioritization

Original Proposal and Party Comments

In the Phase 1 Staff Proposal **Section 5.2 and 5.3.2** described CPED Staff recommendations for minimizing algorithmic de-prioritization or deactivation of LMI drivers and include the following proposals.

- LMI drivers would receive a 120-day notice from CMS Regulated Entities before they are deactivated or have their rides de-prioritized for not driving a ZEV. The notice would encourage drivers to sign-up for the Drivers Assistance Program, and while participating in the Drivers Assistance Program, the notice period would be paused.
- CMS Regulated Entities would propose an annual cap on the percentage of LMI drivers who can be deactivated or de-prioritized each year.

Non-CMS Regulated Entity parties in their comments are overall not supportive of any deactivations and de-prioritizations. CMS Regulated Entity parties also expressed concern over the recommendations that require them to identify LMI drivers (they say they cannot do this) and to enact a cap on deactivations and de-prioritizations. One CMS Regulated Entity also notes that deactivations should not apply to drivers but to vehicles.

Supplemental Proposals

CPED Staff acknowledge that the deactivation and de-prioritization recommendations in the Phase 1 Staff Proposal lacked clarity. CPED Staff did not intend to encourage CMS Regulated Entities to deactivate drivers or create new barriers for drivers that have not yet transitioned to ZEVs.

- **Low- and Moderate-Income Driver Consideration.** Given that CMS Regulated Entities do not know which drivers are LMI, all drivers should be provided the same marketing, outreach, and education efforts and be informed of the additional financial support available to LMI drivers.
- **Clean Vehicle Requirements.** Replace the concept of driver deactivations with "clean vehicle requirements."
    - CMS Regulated Entities already impose vehicle requirements[6] that include attributes like vehicle age.
    - CMS Regulated Entities may reference CARB's CMS Final Regulation Order[7] Table 2 and Table 3 for the carbon dioxide (CO_2) annual emissions targets as justification for the vehicle requirement. CMS vehicle requirements may therefore refer to model year and vehicle categories.
- **Prioritization.** Replace the concept of de-prioritization of drivers with prioritization for ZEVs.
- **Marketing, Education, and Outreach.** CMS Regulated Entities will include in their GHG Plans their marketing, education, outreach proposals to inform drivers of CMS and the benefits of transitioning to a ZEV. Actions should begin at the start of implementation of CMS and be ongoing throughout as new drivers join the platform (i.e., new drivers to the platforms should receive information on CMS and how it could impact them). The priority should be to transition drivers to ZEVs.
- **GHG Plan Approval.** Before CMS Regulated Entities can implement clean vehicle requirements or ZEV ride prioritization, CMS Regulated Entities must include their specific proposals within a GHG Plan for the communication and implementation of these requirements to the Commission for approval.
    - The submission will include references to CARB's Final Regulation Order to justify the proposed clean vehicle requirements and the timing of their implementation.
    - The submission will include the efforts being made to transition drivers to ZEVs and inform drivers how they can access the Drivers Assistance Program.
    - The submission will include specific examples for how the clean vehicle requirements or ZEV prioritization will be implemented, when it will be implemented, and what the messaging to drivers will be.

[6] Vehicle requirements for Uber: https://help.uber.com/driving-and-delivering/article/vehicle-requirements?nodeId=55a15a41-a438-44ed-bdd5-f04b245dd23b. Vehicle requirements for Lyft: https://help.lyft.com/hc/en-us/all/articles/115013077448-Vehicle-requirements.

[7] See CARB's Final Regulation Order: https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2021/cleanmilesstandard/fro.pdf.

Annual Driver Survey

Original Proposal and Party Comments

In the Phase 1 Staff Proposal **Section 5.4**, CPED Staff proposed an Annual Driver Survey to better understand driver impacts. The Annual Driver Survey may be conducted by CPED Staff, with the aid of the Driver Working Group and CMS Regulated Entities to disseminate. This effort should supplement, not replace, any other ongoing studies on drivers like CARB's funded driver study underway with the University of California, Davis.

Parties are supportive of an Annual Driver Survey in their comments and suggest the survey should be statistically significant, deployed in a way that does not cause driver survey fatigue, and be conducted by an experienced third-party.

Supplemental Proposals

CPED Staff propose the following additional considerations for the Annual Driver Survey.

- **Third-Party Survey.** The Program Administrator will conduct the survey or release a Request for Proposal (RFP) for a third-party survey provider, to be approved by the Commission, to hire a research team to conduct the Annual Driver Survey. The survey should be conducted in the manner described in the Phase 1 Staff Proposal Section 5.4 to be statistically significant and representative of the driver population.
    - CPED Staff will oversee the implementation of the Annual Driver Survey with Program Administrator and/or the third-party and with the assistance of CMS Regulated Entities to provide data on drivers (to ensure representativeness) and with the dissemination of the survey.
- **Annual Driver Survey Costs.** Costs will be covered by the Drivers Assistance Program as part of the Program Administrator's budget.

Questions

- Given that the proposed Annual Driver Survey is likely to be more time intensive, since the proposal now specifically requires statistically significant results and is representative of the driver population, should it be conducted bi-annually instead and be incorporated into the Unanticipated Barriers Review?
- Is it appropriate for the Commission to assign the Annual Driver Survey to the Program Administrator?

GHG Plan Requirements

Original Proposal and Party Comments

In the Phase 1 Staff Proposal **Section 8.2,** CPED Staff provided recommendations for the GHG Plan elements including a Narrative Plan and Supplemental Calculations.

Supplemental Proposals

CPED Staff proposes the following additions and/or modifications to the GHG Plan required elements.

- **Marketing, Education, and Outreach (MEO).** The Action Plan (part of the Narrative Plan) must include a section on the CMS Regulated Entities' planned marketing, education, and outreach. The plan will include details on the timing of the approaches' special considerations for LMI drivers, and an ongoing strategy to inform new drivers of CMS and the requirements as they join. CPED Staff recommend Regulated Entities plan to commence MEO efforts as soon as implementation begins.
- **Clean Vehicle Requirements and ZEV Prioritization.** As described with more detail in the Clean Vehicle Requirements and Prioritization section of the Supplemental Proposal, if CMS Regulated Entities plan to incorporate clean vehicle requirements or ZEV prioritization, they must provide their proposed approach in the GHG Plan's Action Plan.
- **Fee and Total Program Budget.** CMS Regulated Entities shall include in the GHG Plan's Action Plan on the Drivers Assistance Program a section with the required estimates to inform the regulatory fee as described in the Incentive Establishment section. The description in the Narrative Plan should be accompanied by Supplemental Calculations that provide all assumptions and calculations used to make the estimates. The Narrative Plan shall also include the CMS Regulated Entities' proposal for how the regulatory fee will be communicated to both drivers and riders including the methods for communication (i.e., email, in app, website) and the language that will be used to describe the fee and its purpose.
- **Charging-Related Proposals.** CMS Regulated Entities shall include in their GHG Plan's Action Plan details of any proposed charging-related initiatives (e.g., partnerships with charging providers). Proposals should also connect to the CPUC Environmental and Social Justice (ESJ) Action Plan, as described in the Phase 1 Staff Proposal Section 8.2.1 and Section 14 and describe how their proposals may increase access to charging in LMI communities.
- **Incentive Eligibility Tracking and Notification.** As described in the Incentive Eligibility Requirements section of the Supplemental Proposal, CMS Regulated Entities will support the Program Administrator to track and confirm driver eligibility for the Drivers Assistance Program incentives based on individual driving time. The CMS Regulated Entities will propose in the GHG Plan's Action Plan section on the Drivers Assistance Program how they will efficiently support the Program Administrator to verify eligibility and how they will provide notice to drivers when eligibility is met through their platform.
- **Total Program Budget Review.** CMS Regulated Entities with support from the contracting agent will propose, in their GHG Plan's Narrative Plan, how to use the remaining Total Program Budget funds from previous years. Should funds be unspent in previous years, CMS Regulated Entities may propose how those funds can be used in future years to potentially reduce the regulatory fee, to be considered in the setting of the next regulatory fee by the Commission.

Role of the Implementation Working Group

Original Proposal and Party Comments

In the Phase 1 Staff Proposal **Section 11.2,** CPED Staff proposed establishing a CPED Staff-led Implementation Working Group that would provide a forum for coordination on issues such as barriers to vehicle adoption, goals of clean mobility, ZEV infrastructure, and Environmental and Social Justice (ESJ).

Members could include representatives from the following organization types: CMS Regulated Entities, drivers, non-governmental organizations/community-based organizations including transportation equity organizations, EV charging companies, vehicle manufacturers, other government entities, and researchers.

- The Implementation Working Group should be established within six months of the first decision on Phase I issues.
- The Implementation Working Group should meet no less than every six months, plus ad hoc meetings to provide specific feedback on CMS Program implementation issues.
- CPED Staff would incorporate feedback and findings from the Implementation Working Group into the Annual Low- and Moderate-Income Driver Impact Report and the Unanticipated Barriers and Progress Report, as applicable.

Parties are supportive in their comments of the Implementation Working Group and propose additional roles for the group including a suggestion to prepare an Equitable Transition Plan and to cover topics related to transitioning drivers to ZEVs.

Supplemental Proposal

CPED Staff recommends the Implementation Working Group function be expanded to support additional review of the Drivers Assistance Program.

- **Review of Drivers Assistance Program.** Further define the role of the Implementation Working Group to also include providing feedback to CPED Staff on the Program Administrator and Drivers Assistance Program's Implementation Plan and Handbook on an ad hoc basis to be determined by CPED Staff. This proposal does not give oversight of the Drivers Assistance Program to the Implementation Working Group, as that is still the function of the Commission, nor is the Program Administrator required to respond directly to feedback provided by the Implementation Working Group. CPED Staff will facilitate the meetings (i.e., select the topics or documents to be discussed and lead the discussion) through which input can be provided directly to CPED Staff.
- **Meeting Frequency.** CPED Staff proposes quarterly meetings (virtually) when there are active agenda items to review with required meetings twice per year.
- **Membership.** CPED Staff proposes additional membership requirements at the discretion of CPED Staff to fill open positions as best they can to meet the following makeup (expected 14, max 16):
  - Representatives from each CMS Regulated Entity.
  - Each driver group may have representation, max of 3.
  - Up to 2 individual drivers. Different drivers from the Driver Working Group.
  - Up to 3 community-based organizations including transportation equity groups.
  - Up to 2 representatives from EV charging companies and/or vehicle manufacturers.
  - Up to 2 researchers.

- Government entities and program administration staff to observe at the discretion of CPED Staff. Excluded from the total count.
- Individual drivers may receive compensation through the Program Administrator for time spent participating in the Implementation Working Group, like the Driver Working Group.

Questions

1. Should the Implementation Working Group provide input on the selection of the Program Administrator? Why or why not?

Clean Mobility

Original Proposal and Party Comments

In the Phase 1 Staff Proposal **Section 10**, CPED Staff recommended the following for supporting the goals of clean mobility:

- CPED Staff proposed to advance the CMS goals of supporting clean mobility for LMI individuals by 1) providing LMI individuals' (i.e., drivers) access to ZEVs through ZEV incentive programs, and 2) providing to LMI communities access to rides in ZEVs from the CMS Regulated Entities.
- CPED Staff proposed to define LMI individuals the same as low- and moderate-income drivers.
- CPED Staff proposed to define LMI communities as follows:
  - Low-income communities are census tracts with median household incomes at or below 80% of the statewide median income as defined by California Department of Housing and Community Development's State Income Limits adopted pursuant to Section 50093, as described in Health and Safety Code Section 39713 and AB 1550.
  - Moderate-income communities are census tracts with median household incomes between 80% and 120% as defined by California Department of Housing and Community Development's State Income Limits adopted pursuant to Section 50093, as described in Health and Safety Code Section 39713 and AB 1550 for low-income but applied to the moderate-income definition.

Parties indicate in their comments that the definition of an LMI individual as an LMI driver is counter to the statute which provides a broader definition that LMI individuals are riders.

Supplemental Proposal

Measuring individual impacts for access to rides in ZEVs is not feasible as the program will not have access to riders' income information. CPED Staff propose progress made towards supporting the goals of clean mobility be measured at the LMI community level by analyzing the trip location data for indications of whether LMI communities are receiving equitable access to rides in ZEVs. The definition for LMI communities shall remain the same.

Appendix A: Analysis Details

Vehicle Cost Difference Analysis & Upfront ZEV Incentive

CPED Staff conducted an analysis of the vehicle cost differences between an Internal Combustion Engine (ICE) (i.e., gasoline) vehicle ("Gas ICE") and a ZEV, in this case a battery electric vehicle (BEV). CPED Staff made assumptions for the vehicles including the costs of the vehicle, financing, taxes, and annual insurance and maintenance. The assumptions and analysis details are included in Table A1.

The analysis was separated into upfront (Year 1) and ongoing annual (Years 2-5) costs through the average vehicle loan length of five years. The following elements were included for the upfront and ongoing costs: Upfront Costs include down payment, taxes, one year of vehicle payments, annual insurance, and annual maintenance; Ongoing Costs include annual vehicle payments, annual insurance, and annual maintenance.

Table A1 – Vehicle Cost Difference Assumptions

	Gas ICE	BEV	Sources & Assumptions
Vehicle Make/Model	Toyota Prius	Various	ICE, TNC Annual Report: Toyota Prius is the most common vehicle. BEV, CARB Vehicle Database: All BEVs that have an MSRPs <= $40k and > 200 miles. Includes the Chevrolet Bolt EV and EUV, Fisker Ocean Crossover, Hyundai Kona, Nissan Leaf, and Volkswagen ID.4. The analysis also includes the Tesla Model 3 which is already one of the top EVs on the CMS Regulated Entities' platforms.
Manufacturer's Suggested Retail Price (MSRP)	$27,450	$34,303	ICE: 2023 Toyota Prius from Kelley Bluebook. BEV: Average of ZEVs in analysis.
Used Vehicle Price	$17,883	$31,187	ICE: Average of 2010-22 Toyota Prius used vehicle estimates from Kelley Bluebook. BEV: Average of 2017-2022 Used Chevrolet Bolt EV and Tesla Model 3 prices from Kelley Bluebook.
Down payment	10%		U.S Department of Energy Alternative Fuels Center Vehicle Calculator Assumptions
Annual Interest Rate	6%		U.S Department of Energy Alternative Fuels Center Vehicle Calculator Assumptions
Loan Period	60 months		U.S Department of Energy Alternative Fuels Center Vehicle Calculator Assumptions
Sales Tax	9%		California sales tax + additional for local taxes
Annual Insurance	~$1,000	~$1,000	Estimated following Argonne National Laboratory Comprehensive Total Cost of Ownership
Annual Maintenance	$2,000	$1,000	Estimated following Argonne National Laboratory Comprehensive Total Cost of Ownership

CPED Staff compared the upfront and ongoing annual costs between a new and used BEV and a used ICE vehicle, which CPED Staff assumed was the lowest cost and best option financially for LMI drivers. The results of the difference in costs are included in Table A2.

Within the costs difference analysis, CPED Staff also accounted for the other existing incentives that LMI drivers should have access to like the Federal tax credit, California Clean Vehicle Rebate Project (CVRP), CARB Financing Assistance program, and electric utility used EV Rebate Program. The existing incentives considered are as follows, are assumed to be the maximum amounts for LMI drivers, and can be applied to new or used electric vehicle purchases or leases:

- **Federal Tax Credit.** $7,500 for new, $4,000 for used battery electric vehicle (BEV).
- **CARB's California Clean Vehicle Rebate Project.** $7,500 for new BEV.
- **CARB's Financing Assistance.** $7,500 for new or used BEV (location and income requirements). Available upfront.
- **Electric Utility Used EV Rebate Program.** $4,000 for used BEV (might not be available across the whole state).

The maximum incentives that an LMI driver would access for a new BEV were assumed to be $15,000 (access at least two of the existing incentives) and for a used BEV $8,000 (access at least two of the existing incentives). The existing incentives are assumed not to be available at the time of purchase,[8] except for qualifying individuals for the Financing Assistance, as they are either rebates that require a separate application or they are captured through tax filings (i.e., tax credit). Existing incentives are applied to the cost difference analysis in a way that reduces the monthly payments by reducing the total vehicle cost.

CPED Staff did not include CARB's Clean Cars for All program with existing incentives as vehicles scrapped in this program must be model year 2005 or older, which is beyond the allowable vehicle age on the CMS Regulated Entities' platforms. Some drivers may have other vehicles they could scrap outside of the vehicle that they drive on the platforms; in which case they could receive the additional $9,500 upfront voucher.

Table A2 – Vehicle Cost Difference Results for Used Gas ICE

	New BEV, Used Gas ICE (Diff)	Used BEV, Used Gas ICE (Diff)
Year 1, Upfront		
No Incentives	$5,700	$4,400
Existing Incentive, Max	$2,200	$2,600
Years 2-5, Ongoing Annual		
No Incentives	$2,600	$1,900
Existing Incentive, Max	~$0 (gap closed)	~$0 (gap closed)

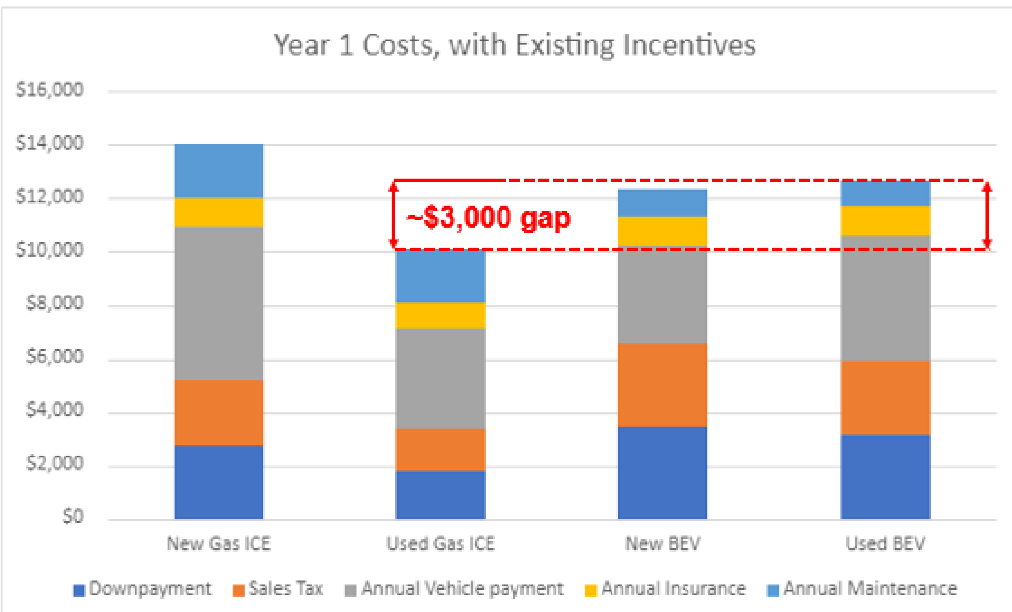
Note: positive value indicates the BEV costs are larger than the ICE vehicle.

[8] More incentives may be available at the point of sale in the future, including by 2024 for the federal tax credit through the Inflation Reduction Act. Future iterations of the incentive analysis could account for more incentives being available upfront. See EV Federal Tax Credit Frequently Asked Questions: https://home.treasury.gov/system/files/136/EV-Tax-Credit-FAQs.pdf

Table A2 shows the largest cost differences between a new or used BEV and a used ICE, smaller cost differences were estimated when comparing new or used BEVs to a new ICE vehicle. The results indicate that access to existing incentives can help to close the difference in costs, especially for the ongoing annual costs for which the gap in costs could be fully closed should maximum incentive be accessed by LMI drivers. Even with the maximum existing incentives, there is an upfront cost gap.

CPED Staff propose to close the gap in vehicle costs with both an upfront and ongoing incentive for LMI drivers who meet all eligibility requirements. The upfront ZEV incentive is proposed to be **$3,000** and in the analysis is assumed to help cover costs from a down payment and taxes. This amount is proposed by CPED Staff as it closes the gap fully when assuming use of existing incentives and still helps to close the gap even with slightly more expensive BEVs. Figure A1 shows the total upfront costs (Year 1) for each vehicle type with the ~$3,000 gap in costs shown on the figure. The ongoing incentive is discussed here in the Ongoing Transition Incentive section.

Figure A1 – Upfront Costs with Proposed Upfront Vehicle Incentive



Refueling and Charging Cost Difference & Upfront Charging Incentive

Another component of costs for LMI drivers who transition to ZEVs are the cost of charging and the opportunity cost of charging (i.e., lost driving time while seeking out and a charger and while plugged in). CPED Staff estimated the difference in cost on an annual basis for a driver with the assumptions listed below in Table A3 for a gasoline ICE vehicle compared to a BEV.

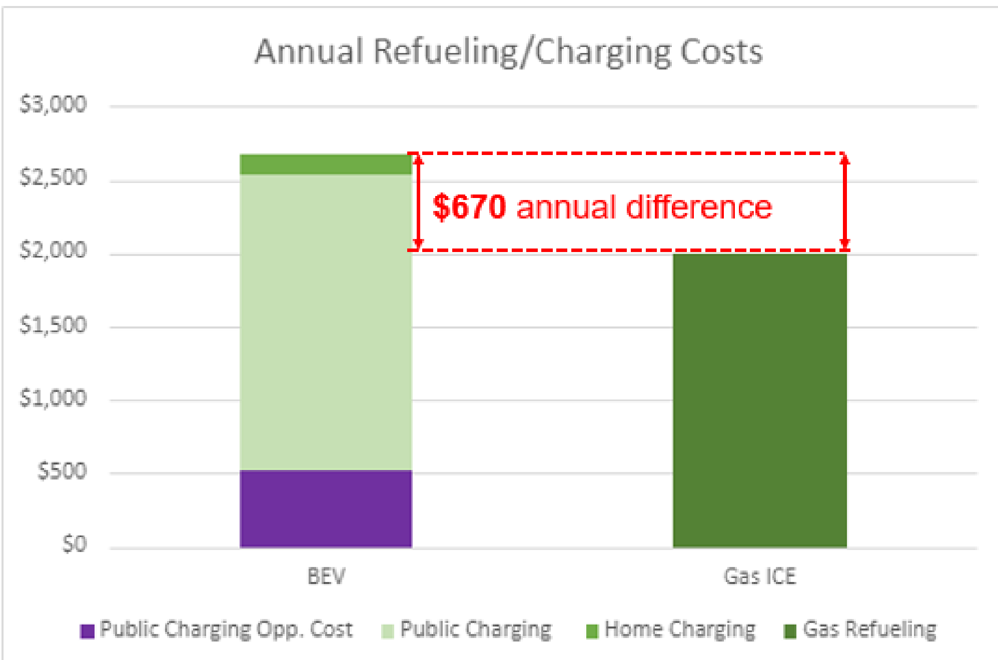
Table A3 – Refueling and Charging Cost Difference Assumptions

	Gas ICE	BEV	Sources & Assumptions
Annual VMT	20,000		TNC Annual Data for top 25% of drivers.
Fuel Consumption	50 miles per gallon	3.57 miles per kilowatt-hour (kWh)	ICE: Toyota Prius assuming used the vehicle maintains the same mpg when used/over time. BEV: www.fueleconomy.com for 2023 Chevrolet Bolt.
Fuel Cost	$5.00/gallon	Public: $0.40/kWh Home: $0.23/kWh	ICE: From CARB's Charging Incentive Amount analysis, updated for April 2023, from Appendix C: Updated Long-Term Plan for Light-Duty Electric Vehicle (EV) Market, Light-Duty Vehicle Purchase Incentives, Clean Mobility Investments, and Outreach BEV: From CARB's Charging Incentive Amount analysis, for Public DCFC, from Appendix C: Updated Long-Term Plan for Light-Duty Electric Vehicle (EV) Market, Light-Duty Vehicle Purchase Incentives, Clean Mobility Investments, and Outreach & U.S. DOE Alternative Fuels Data Center Vehicle Costs Calculator
Time spent refueling	10 mins	Estimated + 15 mins	10 mins for gasoline refueling 15 mins for looking for charging (this will likely shrink over time) This time does not account for drivers using charging to serve as their regular break time.
Share of Public/Home Charging	-	Public: 90% Home: 10%	LMI drivers are primarily using public charging and mostly DCFC. RMI EV Charging for All report https://rmi.org/insight/ev-charging-for-all/
Public Charge Power	-	150 kW	Electric Vehicle Charging Speeds | US Department of Transportation
Battery Size	-	60 kWh	Assume charged to 80% Electric Vehicle Charging Speeds | US Department of Transportation
Opportunity cost of charging time	-	$15.50/hour	2023 California minimum wage

			Used to account for time spent looking for a charger and spent charging (less time assumed for typical gasoline refueling).

Using these assumptions, the difference in annual cost for charging a BEV compared to refueling a gasoline ICE vehicle is estimated to be **$670 as shown in** Figure A2 (i.e., the BEV is more expensive, due primarily to the extra expense of public fast charging and the opportunity cost of charging). The difference in costs can vary depending on the assumptions and is assumed to improve over time as charging stations are easier to find and the cost of charging decreases, whether through less expensive DCFC or because drivers gain access to at-home charging. The difference in price between gasoline and electricity also drives the differential, with higher gasoline prices resulting in relatively more-affordable EV charging.

Figure A2 – Annual Difference in Refueling and Charging Costs



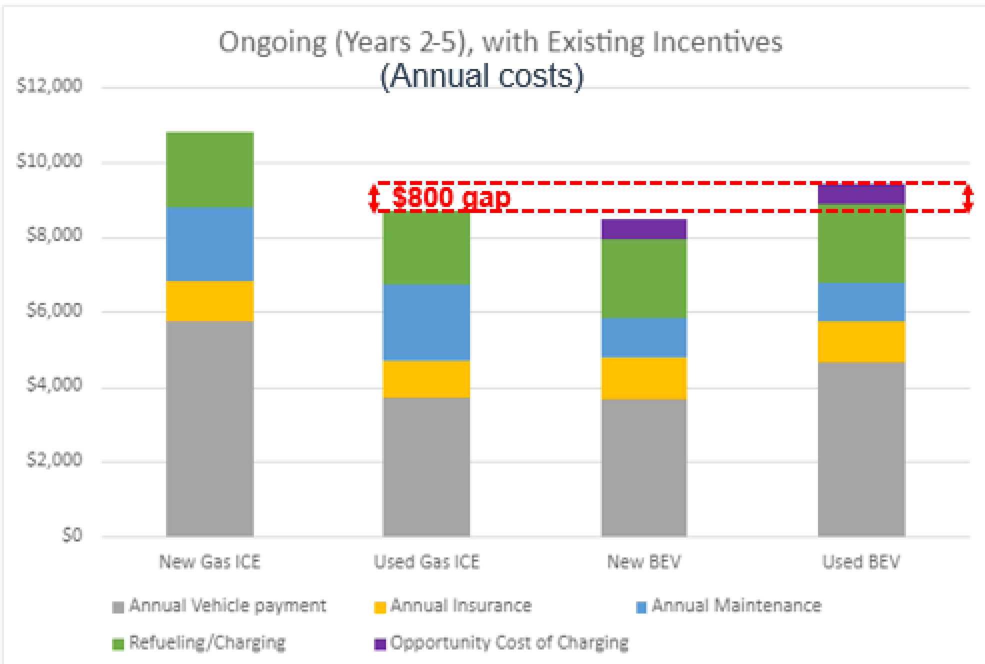
LMI drivers will also have access to some charging and charging equipment-related financial support. The Clean Vehicle Rebate Project will offer a $2,000 charging card for LMI individuals who receive the ZEV rebate, which would be available after the purchase or lease of a new ZEV.

To close the gap in charging and related costs once a LMI driver has a ZEV, CPED Staff propose a **$500 Upfront ZEV Charging Incentive** for eligible drivers. The incentive is set at $500 to cover ~75% of the difference in annual costs ($670), assuming a LMI driver will receive the existing charging card incentive later in that first year. The $500 could come in the form of a charging card or as a voucher or other form of documentation, like a certificate or check, to support the driver in installing at-home charging.

Ongoing Transition Incentive

CPED Staff propose an ongoing transition incentive of **$800 per year** to close the gap in ongoing costs to account for ongoing refueling and charging cost differences discussed above ($670 annually) and to offset ongoing vehicle cost differences ($130 annually). This is demonstrated in Figure A3. The CPED Staff recommend the ongoing transition incentive be paid as a grant through the Drivers Assistance Program to LMI drivers who meet eligibility requirements described in the Incentive Eligibility Requirements section.

Figure A3 - Ongoing Costs with Proposed Ongoing Incentive



Drivers Assistance Program Budget

CPED Staff reviewed various options for establishing the total budget for the Drivers Assistance Program and for setting a budget for the Program Administrator. The Drivers Assistance Program differs from other CPUC and CARB incentive programs[9] as the total program budget will be variable and dependent both on the regulatory fee and the number of trips provided by each CMS Regulatory Entity. This difference impacts how the Program Administrator's budget can be established.

[9] CARB's CVRP for example, a multi-fiscal year total budget set ahead of time for rebates and rebate processing (i.e., the role of the Program Administrator), and establishes a max of 7% of the total budget to be used for rebate processing. https://ww2.arb.ca.gov/sites/default/files/2020-05/fy1617_cvrp_solicitation.pdf.

Table A4 – Program Administrator Budget Options

	Pros	Cons	Requirements
Option #1 Flat Annual Budget	- Program Administrator will know their budget every year	-Risk of under or over budgeting for the Program Administrator and using funds inefficiently	-Determine the appropriate budget for the Program Administrator before the program begins For reference: -CPUC programs vary from $2 million to $16 million per year.[10]
Option #2 Percentage-based Budget (of Total Program Budget)	-Program Administrator's budget will scale with the program (up or down) and could be tied directly to the CMS Regulated Entities' trips so that each pays proportionally.	-Program Administrator could have some years where they are underfunded because the total program budget is too small, and it impacts their ability to do the work. -Other years the budget may be very large and an inefficient use of the funds.	-Determine an appropriate percentage to apply to the total program budget. For reference: -CVRP is up to 7%[11] -CPUC programs are usually 8% to 10%
Option #3 Percentage-based Budget (of Total Program Budget) with an Annual Minimum and Maximum	-Allows some scaling of the program and ties to proportional payment from each CMS Regulated Entity and provides some assurance to the Program Administrator on their budget ahead of time.	-Potentially complicated process for reconciling the budget. -Program Administrators budget could change year to year.	-Determine the appropriate percentage and minimum and maximum for the program.

[10] CPUC program examples with ~per year budgets include Solar on Multifamily Affordable Housing ($10 million), Building Initiative for Low-Emissions Development ($2 million), Technology and Equipment for Clean Heating ($3 million), and the Transportation Electrification Policy and Investment ($16 million).

[11] CARB Clean Vehicle Rebate Project Grant Solicitation: https://ww2.arb.ca.gov/sites/default/files/2020-05/fy1617_cvrp_solicitation.pdf.

Drivers Assistance Program Regulatory Fee Estimation

CPED Staff provide Table A5 below showing an illustrative example of how the regulatory fee will be established through the GHG Plan advice letter process. The table includes the following assumptions:

1. CMS Regulated Entities provided estimates/assumptions (grey cells)
    a. Number of drivers
    b. Number of Trips
    c. Estimated percentage of drivers transitioning to ZEV (a proportion of "1a") in a given year to meet CARB target.
    d. Estimated percentage of drivers transitioning to ZEV who will access upfront incentives (a proportion of "1a")
    e. Estimated percentage of drivers transitioning and receive the upfront incentives who will access ongoing incentives (a proportion of "1d")
2. Commission determined assumptions (yellow cells)
    a. Upfront incentive: Commission decision will provide the Program Administrator with the method for calculating the incentive to be updated annually. The illustrative example assumes incentive will decrease over time.
    b. Ongoing incentive: Commission decision will provide the Program Administrator with the method for calculating the incentive to be updated annually. The illustrative example assumes incentive will decrease over time.
    c. Program Evaluation and Audit costs: assume $500,000 each with two evaluations and two audits with the cost paid for in the first three years.
    d. Contracting agent annual costs
    e. Driver compensation for participation in Driver Working Group and Implementation Working Group.
    f. Program Administrator's budget. Assume a percentage here.
3. Subtotal estimates
    a. Administrative evaluation, audit, contracting agent, and driver compensation costs are summed from the values set by Commission decision.
    b. Upfront incentive is calculated using the assumptions on drivers and driver transitions provided by the CMS Regulated Entities and the incentive amounts.
    c. Ongoing incentive is calculated using the assumptions on drivers and driver transitions provided by the CMS Regulated Entities and the incentive amount.
    d. Program Administrator's budget is calculated to be 8% of the Total Program Budget (administrative costs and total incentives).
4. Total estimates
    a. Administrative Total is evaluation, audit, contracting agent, and driver compensation costs (subtotal a)
    b. Program Administrator Total is 8% of the Total Program Budget, with a minimum of $2 million and a maximum of $7 million (subtotal d with minimum and maximum checks).

   c. Incentive Totals are upfront and ongoing incentives summed (subtotal b + subtotal c).
5. Estimated Per-Trip Fee
   a. Total Program Budget divided by the Total Number of Trips.

In the illustrative example table, CPED Staff construct the driver transition assumptions to match CARB's estimation for transitioning vehicles so that in 2027, 21% of vehicles would need to transition and in 2030, 46% of vehicles would need to transition in order for CMS Regulated Entities to meet the targets.[12]

[12] See CMS Workshop Slides from March 8, 2023, slide 16. https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/consumer-protection-and-enforcement-division/documents/tlab/clean-miles-standard/cms-workshop-presentations.pdf

Table A5 – Illustrative Regulatory Fee Estimate

(grey)	Assumption provided by CMS Regulated Entities in GHG Plans
(yellow)	Commission determined assumptions
(blue)	Assumption provided by CMS Regulated Entities in GHG Plans. Shown in spreadsheet as a dropdown.
21%	Red, bold percentages are CARB's estimates for the vehicle transitions required to meet eVMT annual target.
$3,500	Commission determined method for estimation and updated by Program Administrator.

Regulatory Fee Estimate
All CMS Regulated Entities

ASSUMPTIONS	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Number of Drivers[1]	400,000	392,000	372,400	346,332	315,162	283,646	249,608
Number of Trips[2]	420,000,000	420,000,000	420,000,000	420,000,000	420,000,000	420,000,000	420,000,000
Target % of Drivers/Vehicles Transitioning[3]	2%	5%	7%	9%	10%	12%	14%
Number of Drivers Transitioning	8,000	19,600	26,068	31,170	31,516	34,038	34,945
Running % of Transitioned Drivers[4]	2%	7%	13%	**21%**	29%	38%	**46%**
Target % of Transitioning Drivers to Access Incentive[5]	1.5%	4%	5%	7%	8%	9%	11%
Number of Drivers Receiving Upfront Incentive	6,000	14,700	19,551	23,377	23,637	25,528	26,209
Running % of Transitioned Drivers with Incentive	2%	5%	10%	16%	22%	28%	35%
% of Transitioned Drivers w/ Ongoing Incentive[6]	-	50%	50%	50%	50%	50%	50%

Upfront CMS Incentive[7]	$3,500	$3,500	$2,500	$2,500	$2,000	$2,000	$1,500
Ongoing CMS Incentive[8]	$800	$800	$600	$600	$400	$400	$200
Total Evaluation and Audit Costs[9]	$666,667	$666,667	$666,667	$0	$0	$0	$0
Contracting Agent Annual Costs[10]	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000
Driver Compensation for activities[11]	$6,500	$6,500	$6,500	$6,500	$6,500	$6,500	$6,500
Program Admin Budget %[12]	8%	8%	8%	8%	8%	8%	8%

SUBTOTALS	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Admin Evaluation & Audits Costs[13]	$666,667	$666,667	$666,667	$0	$0	$0	$0
Admin Contracting Agent & Driver Comp	$106,500	$106,500	$106,500	$106,500	$106,500	$106,500	$106,500
Upfront Incentive Cost[14]	$21,000,000	$51,450,000	$48,877,500	$58,443,525	$47,274,318	$51,056,263	$39,313,323
Ongoing Incentive Cost[15]	0	$2,400,000	$8,280,000	$14,145,300	$21,158,523	$23,485,955	$20,311,581
Program Admin. Budget Estimate[16]	$1,741,853	$4,369,853	$4,634,453	$5,815,626	$5,483,147	$5,971,897	$4,778,512

TOTALS	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Administrative Total (no Program Admin)	$773,167	$773,167	$773,167	$106,500	$106,500	$106,500	$106,500
Program Administrator Total[17]	$2,000,000	$4,369,853	$4,634,453	$5,815,626	$5,483,147	$5,971,897	$4,778,512
Incentive Totals	$21,000,000	$53,850,000	$57,157,500	$72,588,825	$68,432,841	$74,542,218	$59,624,904
TOTAL PROGRAM BUDGET	$23,773,167	$58,993,020	$62,565,120	$78,510,951	$74,022,488	$80,620,616	$64,509,916

ESTIMATED PER-TRIP FEE	**$0.06**	**$0.14**	**$0.15**	**$0.19**	**$0.18**	**$0.19**	**$0.15**

NOTES (for Table A5)

1. Total number of drivers on the platform (who have not received the incentive already).
2. Total number of trips estimated for the year.
3. Percentage of the transitioning drivers/vehicles estimated annually to contribute to meeting annual targets.
4. Running (cumulative) estimated percentage of transitioned drivers. Included here to show the estimated fee when meeting CARB's estimated vehicle percentages for some target years (shown in red).
   See CARB's percentages for transitioned vehicles in CMS Workshop Slides from March 8, 2023, slide 16.
   https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/consumer-protection-and-enforcement-division/documents/tlab/clean-miles-standard/cms-workshop-presentations.pdf
5. Percentage of drivers transitioning who will meet eligibility requirements and access upfront CMS incentives, assumed to be 75% of "Target % of Drivers/Vehicles Transitioning" here.
   In spreadsheet version, choose percentage from dropdown in cell I13.
6. Percentage of drivers who meet ongoing eligibility requirements and follow-through to receive the ongoing grant incentive over the subsequent four years. Applied to "Ongoing Incentive Cost", Row 29.
7. Commission determined method for estimation and updated by Program Administrator.
8. Commission determined method for estimation and updated by Program Administrator.
9. Commission determined assumption. Assumes two audits and two evaluations are paid for over the first three years.
10. Commission determined assumption.
11. Compensation for drivers' participation in Driver Working Group and Implementation Working Group. Commission determined assumption.
12. Percentage used to set the Program Administrator's budget based on the total estimated incentives and evaluation and audit costs. Commission determined assumption.
13. Assumed to be funded in the first three years.
14. Upfront incentive cost is based on the number of drivers estimated using the "Target % of Transitioning Drivers to Access Incentive" for that year.
15. After year 1, apply the percentage listed under "% of Transitioned Drivers w/ Ongoing Incentive" to the previous 4 years' upfront CMS incentive recipients to estimate the total ongoing incentive amount.
    For example, in year 2, assume 50% ("% of Transitioned Drivers w/ Ongoing Incentive") of the 6,000 drivers who received the upfront incentive in year 1 (1.5% of the 400,000 drivers) will meet the required eligibility and receive the ongoing incentive, which is 3,000 drivers at $800 per driver. In Year 5, apply the 50% to each of the four previous years to calculate the ongoing incentive amount.
16. Calculated based on the percentage of the incentive and evaluation and audit costs. Proposed minimum and maximum amounts set in the TOTALS section.
17. Assumes minimum budget of $2 M and maximum budget of $7 M. Bounds on the budget will be Commission determined.

(END OF ATTACHMENT)