California Public Utilities Commission

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R.21-11-014: Clean Miles Standard Phase 2 Staff Proposal

CONSUMER PROTECTION AND ENFORCEMENT DIVISION

July 2025

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1 Executive Summary

In response to the Amended Scoping Memo and Ruling issued on October 22, 2024, Consumer Protection and Enforcement Division (CPED) Staff submit this Proposal on Phase 2 scoping issues related to the Clean Miles Standard (CMS).

A summary of CPED's recommendations is provided below:

- **Autonomous Vehicle (AV) Passenger Carriers**
  - Continue to exempt AV Passenger Carriers from the existing CMS program requirements.
- **Transportation Charter-Party Carriers (TCPs)**
  - Continue to exempt non-TNC TCPs from the existing CMS program requirements.
- **Clean Miles Standard Citation Program**
  - Establish a citation program to enforce the CMS annual targets for GHG emissions and eVMT.
    - CMS Regulated Entities will be assessed a financial penalty based on annual mileage tiers for failure and continued failure to comply with the GHG and/or eVMT annual targets.
    - If a CMS Regulated Entity fails to meet an annual target in a given year, it must provide a narrative of its proposed corrective measures to come into compliance with the missed target and meet future years' targets.
    - If a CMS Regulated Entity continues to not comply with the missed annual targets in the subsequent year, each day shall constitute a separate and distinct violation until compliance is achieved.
  - CMS Regulated Entities' annual and quarterly data reports will be used to determine non-compliance, issuance of citations, and for confirming coming into compliance.
- **Sustainable Land-Use Objectives**
  - No additional program elements are required to meet the statutory requirement of complementing and supporting sustainable land-use objectives.
- **GHG Target Optional Credits**
  - Implement the existing optional credit requirements developed by CARB's Final Regulation Order with a focus on VMT reduction, with minor clarifications regarding private investment in public infrastructure and transit-connected trips verification.
- **Incentives for Rentals**
  - Enable eligible drivers to utilize a portion of the CMS upfront incentive to subsidize a short-term ZEV rental.
- **Multiple Incentives for Drivers**
  - Drivers should only be able to access an upfront purchase or lease incentive and associated ongoing incentives once to support their initial transition to a ZEV.

  - Drivers who currently drive a personally owned or leased ZEV on a CMS Regulated Entity's platform are not eligible for CMS upfront and ongoing incentives.
- **Clean Vehicle Requirements and Prioritization**
  - CMS Regulated Entities may implement clean vehicle requirements for vehicles used on their platforms in order to meet CMS annual targets.
  - CMS Regulated Entities may prioritize the use of ZEVs on their platforms in order to meet CMS annual targets.
  - CMS Regulated Entities must provide notice to all drivers prior to implementing clean vehicle requirements.
- **Driver Outreach and Engagement**
  - Allow drivers to opt-in to providing their contact information to the Program Administrator to support direct driver outreach and engagement with the Drivers Assistance Program and other driver-related program requirements.
- **Process for Ending CMS Program Elements**
  - Establish milestones and processes for ending certain Commission-established program elements for individual CMS Regulated Entities who meet the 2030+ CMS annual targets for two consecutive years.
  - Broader Commission-established program elements should be considered in a future phase of the current CMS proceeding or in a new proceeding to be opened once at least one active and non-exempt CMS Regulated Entity has maintained compliance with the CMS 2030+ annual targets for at least two consecutive years.
  - All program requirements enacted by Senate Bill 1014 and Public Utilities Code Section 5450 will continue until further legislative action is taken.
  - All program requirements enacted by CARB's Final Regulation Order will continue until further rulemaking action is taken by CARB.

2 Background

The California Clean Miles Standard and Incentive Program (CMS),[1] Senate Bill (SB) 1014, was enacted in 2018 and requires CARB and CPUC to jointly work to lower GHG emissions in the transportation sector from transportation network companies (TNCs) and other regulated entities.[2] The California Legislature recognizes the severity of air pollution[3] in the state and CMS is one of a suite of policies to address the increasing share of carbon emissions from the transportation sector.[4] CMS focuses on reducing the carbon emissions per passenger mile traveled (PMT) and increasing the share of vehicle miles traveled (VMT) by CMS Regulated Entities' services that are made by zero-emission vehicles (ZEVs). CARB has established a baseline for GHG emissions based on 2018 TNC data. This baseline provides a reference point to establish emission targets and to consider future compliance scenarios. CPUC has been working with CARB on policy and program design for the Clean Miles Standard since 2019.

Transportation accounts for approximately 41% of GHG emissions in California, as modeled from 2018 data by CARB. CARB reported there were 640,000 vehicles on TNCs' platforms, which accounted for 2.5% of the light-duty vehicle population in California in 2018.[5] For this fleet of vehicles, CARB estimated the fleet emitted 301 grams of carbon dioxide (g CO_2) per passenger mile traveled (PMT), 50% larger than the statewide vehicle fleet average, with the statewide light-duty fleet having 7% lower occupancy.[6] To meet the statute's targets and goals, Public Utilities (PU) Code Section 5450(c) indicates CMS Regulated Entities can reduce their GHG emissions per PMT by increasing the number of ZEVs on their platforms, increasing the

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[1] SB 1014: https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1014

[2] SB 1014, PU Code Section 5450(a)(3): "This section applies to transportation providers regulated by the commission that provide prearranged transportation services for compensation using an online-enabled application or platform to connect passengers, including autonomous vehicles, charter-party carriers, and new modes of ridesharing technology that may arise through innovation and subsequent regulation."

[3] Ibid. Section 1 - "The transportation sector accounts for almost 50 percent of the emissions of greenhouse gases in California, with light-duty vehicles making up 70 percent of the sector's emissions. Additionally, approximately 80 percent of the smog that continues to plague our state comes from the tailpipes of cars."

[4] Ibid. "California continues to have some of the most polluted air in the nation. According to the American Lung Association's 19th Annual Air Quality Report, seven of the 10 most polluted cities in the nation are in California. Air pollution creates health impacts. The American Lung Association estimated that California suffered fifteen billion dollars ($15,000,000,000) in health costs in 2015 due to air pollution, including increases in respiratory illnesses and premature deaths."

[5] See CARB's SB 1014 2018 Base-year Emissions Inventory Report: https://ww2.arb.ca.gov/sites/default/files/2019-12/SB%201014%20-%20Base%20year%20Emissions%20Inventory_December_2019.pdf

[6] Ibid.

portion of miles driven in ZEVs when compared to total miles, decreasing the GHG emissions rates of vehicles, and by increasing the average occupancy per mile driven.[7]

CARB adopted two targets for CMS Regulated Entities on May 20, 2021,[8] which become incrementally more stringent over time, requiring these entities by 2030 to have 90% of miles traveled in their passenger services to be from electric vehicles (eVMT) and 0 gCO_2/PMT, reduced from 252 gCO_2/PMT in 2023. CARB's final rulemaking and regulation order was approved by the Office of Administrative Law (OAL) on October 1, 2022.[9]

CPUC's CMS Rulemaking (R.) 21-11-014[10] opened on November 18, 2021, and a remote pre-hearing conference[11] was held on February 11, 2022. A public virtual workshop for CMS was held on March 8, 2022.[12] Staff held sessions addressing CMS funding and financing, low- and moderate-income drivers and communities, GHG Emissions Reduction Plans (GHG Plans), and regulatory frameworks. Parties submitted post-workshop comments on May 23, 2022 and replies to comments on June 13, 2022.

The Phase 1 CMS Scoping Memo and Ruling was filed on April 8, 2022. The Phase 1 Staff Proposal Ruling was filed on November 17, 2022 covering the issues listed below. CPED Staff held a public workshop on December 7, 2022 to review the Phase 1 Staff Proposal, answer questions, and received initial feedback from stakeholders ahead of party comment. By January 30, 2023, opening comments on the Phase 1 Staff Proposal Ruling were filed by Center for Sustainable Energy (CSE), Cruise LLC (Cruise), FLO Services USA Inc. (FLO), HopSkipDrive, Inc. (HopSkipDrive), Joint Parties (The BlueGreen Alliance, Rideshare Drivers United, Sierra Club, Union of Concerned Scientists, and California Environmental Voters), Lyft, Inc. (Lyft), Protect App-Based Drivers (PADS), San Francisco County Transportation Authority (SFCTA), Service Employees International Unions Local 721 and 1021 (SEIUs), Uber Technologies, Inc. (Uber), and Waymo LLC (Waymo). On February 27, 2023, reply comments were filed by CSE, Lyft, PADS, San Francisco Municipal Transportation Agency (SFMTA)/SFCTA, San Francisco Taxi Workers Alliance (SFTWA), and Uber.

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[7] PU Code Section 5450(c): https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=PUC&sectionNum=5450.

[8] CMS targets were officially adopted on May 20, 2021. https://ww2.arb.ca.gov/rulemaking/2021/cleanmilesstandard

[9] See Final Approval / OAL Action here: https://ww2.arb.ca.gov/rulemaking/2021/cleanmilesstandard

[10] CMS Order Instituting Rulemaking: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M425/K804/425804331.PDF

[11] See transcript here: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M451/K222/451222123.PDF

[12] CPUC CMS Workshop Materials: https://www.cpuc.ca.gov/regulatory-services/licensing/transportation-licensing-and-analysis-branch/clean-miles-standard

A Supplemental Phase 1 Staff Proposal prepared by CPED Staff and Ruling was filed on May 10, 2023 to provide additional and modified recommendations from the Phase 1 Staff Proposal. On June 7, 2023, opening comments on the Supplemental Phase 1 Staff Proposal Ruling were filed by CSE, Cruise, HopSkipDrive, Lyft, Joint Parties, PADS, SFMTA/SFCTA, SEIUs, Uber, and Waymo. On June 6, 2023, reply comments were filed by CSE, Lyft, and Uber.

On January 11, 2024, the Proposed Phase 1 Decision to Implement the Clean Miles Standard Program was filed by the Assigned Commissioner. On February 14, 2024, opening comments on the Proposed Phase 1 Decision were filed by CSE, Lyft, SEIUs, SFMTA/SFCTA, Uber, and Waymo. On February 22, 2024, reply comments were filed by CSE, Lyft, Joint Parties, SEIUs, and Uber. The Final CMS Phase 1 Decision (D.) 24-03-001 was voted on and approved by the Commission on March 7, 2024[13] signifying the start of CMS Phase 1 implementation on the following issues:

- CMS Regulated Entities definition
- Exemptions for Small CMS Regulated Entities, autonomous vehicle companies, charter-party carriers, and wheelchair accessible vehicle trips
- Ensuring minimal impact on low- and moderate-income (LMI) drivers
- Goals of clean mobility
- Environmental and Social Justice
- Greenhouse Gas Emissions Reduction Plans
- Data reporting
- Unanticipated barriers review
- Transportation electrification coordination
- Outreach and engagement

On March 5, 2024, the assigned ALJ issued the CMS Phase 2 Issues Ruling. On March 18, 2024, comments on the Phase 2 issues were filed by CSE, SEIUs, Uber, and Waymo. The Phase 2 Scoping Ruling was issued on March 29, 2024. An amended Phase 2 Scoping Ruling was issued on October 22, 2024. This Phase 2 Staff Proposal presents CPED Staff's proposals for CMS Phase 2 Scoped Issues.

[13] CMS Phase 1 Decision: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M527/K246/527246085.PDF.

3 Autonomous Vehicle (AV) Passenger Carriers

CPED recommends that AV passenger carriers continue to be exempt from CMS program requirements. Given their use of company provided vehicles, lack of drivers under the driverless deployment permit, and a demonstrated industry-wide commitment to ZEVs, CPED recommends maintaining the exemption from the existing CMS program requirements for AV passenger carriers.

3.1 Background

The CMS Phase 1 Decision defined CMS Regulated Entities as transportation network companies (TNCs) defined in PU Code Section 5431(a), transportation charter-party carriers (TCPs) regulated by the Commission, and autonomous vehicle (AV) passenger carriers.[14] However, the Commission exempted AV passenger carriers from all requirements of the decision and decided to consider CMS requirements for these types of entities in Phase 2 of the CMS proceeding. The Commission also exempted Small CMS Regulated Entities (including AV passenger carriers), defined as CMS Regulated Entities with less than five million miles of VMT in all periods of passenger service in a given calendar year, from the requirements of the decision.

In Decisions 18-05-043 and 20-11-046, the Commission authorized drivered and driverless pilot and deployment programs for AV passenger carriers.[15] Under this authority, AV passenger carriers cannot charge fares under the pilot programs. AV passenger carriers can charge fares under the deployment program only. PU Code Section 5450[16] specifies that CMS applies to prearranged transportation services for compensation using an online-enabled application or platform, therefore, the potential application of CMS would apply to deployment programs.

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[14] Clean Miles Standard Phase 1 Decision 24-03-001: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M527/K246/527246085.PDF

[15] AV Program Decision 18-05-043: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M215/K279/215279920.PDF. AV Program Decision 20-11-046: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M352/K185/352185092.PDF.

[16] PU Code Section 5450: https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=PUC&sectionNum=5450.

Vehicle Code Section 38750(i) requires by January 1, 2030 that any autonomous vehicle operating under a deployment permit of model year 2031 or later to be a zero-emission vehicle.[17] This requirement aligns with the CMS Annual Targets of zero grams of CO_2/PMT and 90% eVMT by 2030 and beyond and signals a priority for ZEVs in AV deployment, including passenger carrier services.

3.2 AV Passenger Carriers' ZEVs and VMT

Currently, five companies hold drivered and/or driverless pilot permits (Aurora Operations Inc., AutoX Technologies, Inc., Waymo, WeRide Corp., and Zoox, Inc.) and one holds drivered and driverless deployment permits (Waymo) from the CPUC.[18]

CPED reviewed AV passenger carrier-submitted deployment data. Waymo, the only carrier operating under a deployment permit, traveled 18 million miles in driverless deployment for calendar year 2024. Using AV quarterly data reporting, CPED confirmed that all Waymo's deployment miles were completed in ZEVs. Although Waymo has exceeded the Small CMS Regulated Entity annual VMT exemption of five million miles, their deployment operations were all conducted in ZEVs, which would have them easily meeting the CMS Annual Targets for 2024.

CPED anticipates that AV passenger carriers who receive deployment permits from CPUC will primarily operate ZEVs given the Vehicle Code requirements[19]. Additionally, the AV passenger service operations model has features that support broad adoption of ZEVs, including where the company owns or leases the vehicles, vehicles drive a larger number of miles, and the company can also manage vehicle charging within their own charging depot system.

3.3 Applicable CMS Requirements

AV passenger carriers typically operate company-owned or leased vehicles with employee or third-party contracted drivers. Even if they were operating under the deployment permit with non-ZEVs, the drivers for the AV passenger carriers would not need to access the CMS Drivers Assistance Program nor CMS Incentives that are intended to help TNC drivers transition their personal vehicles to ZEVs. Therefore, the

[17] Vehicle Code Section 38750: https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=VEH&sectionNum=38750

[18] CPUC Autonomous Vehicle Program Permits Issued: https://www.cpuc.ca.gov/regulatory-services/licensing/transportation-licensing-and-analysis-branch/autonomous-vehicle-programs/autonomous-vehicle-program-permits-issued

[19] Vehicle Code Section 38750(i): https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=VEH&sectionNum=38750

CMS Regulatory Fee, which funds the Drivers Assistance Program, is not applicable to AV passenger carriers.

Other CMS program requirements, like the GHG Plans, which document a CMS Regulated Entities' proposed actions to meet the annual targets, are also not applicable to AV passenger carriers' services where rides are already being provided in ZEVs. The Commission's Environmental and Social Justice (ESJ) Action Plan includes two action items specific to CMS implementation[20]; however, both of these items are related to the GHG Plans and thus not applicable to AV passenger carriers.

CMS program requirements to track progress on program goals around access to clean mobility and ESJ would be applicable to AV passenger carriers. However, existing AV quarterly data collection provides sufficient data for CPED Staff to track progress without requiring additional reporting from the AV passenger carriers.

3.4 Recommendations

AV passenger carriers are CMS Regulated Entities, but given their use of company provided vehicles, lack of drivers in driverless configurations, and a demonstrated industrywide commitment to ZEVs, CPED Staff recommends maintaining the exemption from the existing CMS program requirements for AV passenger carriers.

CPED recommends that AV passenger carriers are not required to:

- Submit the Small CMS Regulated Entity annual exemption advice letter
- Collect the per trip CMS Regulatory Fee
- Submit GHG Plans
- Submit CMS quarterly and annual data

CPED will utilize the existing AV quarterly data to track progress on annual VMT, use of ZEVs, and CMS clean mobility and ESJ goals.

[20] Item 2.5.5: Improving Access to Electric Vehicle Charging for ESJ Communities and Item 3.1.2: Implementation of Clean Mile Standard and Impact on Drivers from ESJ Communities.

CPUC Environmental & Social Justice Action Plan: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf

4 Transportation Charter-Party Carriers

CPED recommends that non-TNC TCPs continue to be exempt from CMS program requirements. CARB's CMS regulations exclude them from requirements, including the annual targets, which the Commission should uphold unless additional regulations are put into place specific to non-TNC TCPs.

4.1 Background

The CMS Phase 1 Decision defined CMS Regulated Entities as TNCs defined in PU Code Section 5431(a), TCPs regulated by the Commission, and AV passenger carriers.[21] However, the Commission exempted TCPs that are not TNCs from all requirements of the decision and decided to consider CMS requirements for these types of entities in Phase 2 of the CMS proceeding. The Commission also exempted Small CMS Regulated Entities (including TCPs), defined as CMS Regulated Entities with less than five million miles of VMT in all periods of passenger service in a given calendar year, from the requirements of the decision.

CARB's CMS Final Regulation Order includes the CPUC definition for charter-party carriers that references PU Code Section 5360. In its Initial Statement of Reasons, CARB justifies including the PU Code definition to distinguish between TNCs and TCPs and to clarify that the proposed regulation applies to TNCs and not TCPs (who do not have TNC permits).[22]

4.2 TCP Characteristics and Services

TCPs are passenger carriers that perform charter service, round trip sightseeing, or passenger transportation under Commission authority. TCP service types are much broader than TNCs and AV passenger carriers.[23] They include operations like sightseeing buses, limo services, chauffeur services, and many other models. TCPs use commercial (i.e., not personally owned) vehicles to provide their services, and can only use autonomous vehicles when specifically and additionally authorized to do so as an AV passenger carrier. For this section of the staff proposal, the TCPs referred to do not include the TNCs or AV passenger carriers, which were discussed in the Phase 1 Decision and other sections of this proposal.

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[21] Clean Miles Standard Phase 1 Decision 24-03-001: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M527/K246/527246085.PDF

[22] From CARB's Initial Statement of Reasons on Section 2490(b)(3): "This subsection is needed in order to distinguish charter-party carriers from TNCs. Per SB 1014, the proposed regulation is not applicable to charter-party carriers that operate only with transportation charter party carrier (TCP) permits, and without TNC permits."

[23] Transportation Charter Party Carriers: https://www.cpuc.ca.gov/tcpinfo/

CPUC maintains a Transportation Carrier Portal (TCPortal)[24] for tracking and managing carrier licensing, including TCPs. Using data from the TCPortal as of March 11, 2025, CPED Staff analysis identified 7,530 TCPs with 7,441 of these carriers (99%) having at least one vehicle registered. TCPs have small fleets compared to TNCs, with 99.7% of TCPs having 100 or fewer registered vehicles, and 96% of TCPs having 10 or fewer registered vehicles. Waymo has the largest fleet at 1200 vehicles (for AV passenger services). The second largest fleet is WEDRIVEU, which has 554 registered vehicles of which 538 are designated as a "bus."[25]

There are also many small TCPs who provide vehicles and drivers for TCP services like UberBlack. In this case, the smaller TCPs are considered sub-carriers to Uber, which is acting in its capacity as a TCP prime carrier. Overall, the variety of service types, vehicle types, fleet sizes, and the number of TCPs create a heterogeneous set of companies, services, and operations.

4.3 Applicable CMS Requirements

CARB's Final Regulation Order established the CMS Annual Targets, optional credits, exemptions for companies with less than five million miles, required data reporting, and other CMS program elements. The CARB regulation clearly distinguishes between TNCs and non-TNC permitted TCPs, with non-TNC TCPs excluded as subject to the regulation.[26]

Although non-TNC TCPs are considered CMS Regulated Entities per the CPUC CMS Phase 1 Decision, the requirements of the CARB regulation, including adoption of the annual targets, are not applicable to these carriers. This would also extend to TCPs functioning as subcarriers as they are not licensed as TNCs.

4.4 Recommendations

CPED recommends the Commission continue to exempt non-TNC TCPs from CMS requirements, which is supported through CARB's Final Regulation Order. The CARB Final Regulation Order used TNC Annual Report data to set the annual targets and other program elements and explicitly excluded non-TNC TCPs. As evidenced in the TCPortal, non-TNC TCPs provide a variety of services with very different fleets (in size, vehicle type, and ownership, among others) than TNCs.

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[24] Transportation Carrier Portal: https://tcportal.cpuc.ca.gov/TCP/s/

[25] As defined per Vehicle Code Section 233 and required in General Order 175-E. https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M322/K150/322150628.pdf

[26] CARB Final Regulation Order: https://ww2.arb.ca.gov/rulemaking/2021/cleanmilesstandard.

CPED recommends the Commission exempt TCP services, including UberBlack and their TCP subcarriers, from CMS requirements. Should the Commission choose to expand applicability to these services, additional data collection and analysis would be required to establish appropriate annual targets in coordination with CARB.

5 Clean Miles Standard Citation Program and Compliance Monitoring

CPED recommends that the Commission establish a citation program to enforce the CMS annual targets for GHG emissions and eVMT.

5.1 CMS Citation Program Background

The Commission has established various citation programs by delegating to Commission staff the authority to issue citations.[27] Some examples of these citation programs are the Passenger Stage Corporation and Transportation Charter Party Carrier Citation Program, Resource Adequacy Citation Program, Renewables Portfolio Standard (RPS) Citation Program, Railroad Transit Citation Program, and Gas Citation Program.[28]

For the annual CMS targets established by CARB, CPED recommends that the Commission require CMS Regulated Entities to meet the annual GHG target and eVMT target. Subsequently, CPED recommends that the Commission delegate to CPED the authority to issue citations through a citation program to enforce compliance with these requirements.

The citation program should set financial penalties that deter noncompliance and hold CMS Regulated Entities accountable. The program should also provide clear consequences for non-compliance and allow CPED to take prompt enforcement actions. A citation program will encourage compliance with the annual targets, reduce pollution, support California's climate goals, minimize enforcement costs, and streamline enforcement process.

5.1.1 Annual CMS Targets

CARB's CMS Final Regulation Order (CARB Final Regulation Order) adopted two target types with separate annual goals from 2023 through 2030+.[29] The first target is a GHG target measured in gCO_2/PMT. The second target is for percentage of all VMT that is eVMT. CARB regulations established equations provided to CMS Regulated Entities to calculate these metrics, included below.

27 PU Code Section 7.

28 CPUC Enforcement and Citations: https://www.cpuc.ca.gov/regulatory-services/enforcement-and-citations.

29 CARB Final Regulation Order: https://ww2.arb.ca.gov/rulemaking/2021/cleanmilesstandard.

Table 1: CMS Annual Targets

Calendar Year	GHG Target (grams CO_2/PMT)
2023	252
2024	237
2025	207
2026	161
2027	110
2028	69
2029	30
2030+	0

Calendar Year	eVMT
2023	2%
2024	4%
2025	13%
2026	30%
2027	50%
2028	65%
2029	80%
2030+	90%

Figure 1. GHG Target Equation[30]

$$\frac{gCO_2}{PMT} = \frac{\Sigma(VMT_{P1,P2,P3} \times CO_2 factor)trip}{\Sigma(VMT_{P3} \times occupancy)trip}$$

Figure 2. eVMT Target Equation[31]

$$\%eVMT = \frac{\Sigma VMT_{BEV\pm FC\ EV}}{\Sigma VMT_{All\ vehicles}} \times 100\%$$

[30] CARB Final Regulation Order defines the equation components as follows:

- $VMT_{P1,\ P2,\ P3}$ equals VMT in miles (sum of Periods 1, 2 and 3) of trips for all vehicles (sum of Periods 1, 2, and 3) by BEVs and FCEVs.
- VMT_{P3} equals VMT in miles for the Period 3 portion of a trip.
- CO_2 factor equals the CO_2 emission factor in grams CO_2 per mile as provided in Table 2 and Table 3 of CARB Final Regulation Order.
- Occupancy equals the compliance occupancy value in the unit of passengers determined by Table 4 of CARB Final Regulation Order.

[31] CARB Final Regulation Order defines the equation components as follows:

- $VMT_{BEV+FCEV}$ equals VMT by TNC battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs) for Period 3.
- $VMT_{All\ vehicles}$ equals VMT by all TNC vehicles for Period 3.
- The numerator and the denominator, respectively, shall be summed over all TNC vehicle trips in which Period 3 miles begin within the relevant calendar year.

5.1.2 Other Citation Programs

CPED reviewed other Commission[32] and relevant non-Commission citation programs[33] to inform the structure of a penalty. The Commission's RPS Citation Program for Load Serving Entities (LSEs) includes a $50 per missed Renewable Energy Credit (REC) penalty and prescribes penalties for late filing of compliance reports.[34] The Commission's Resource Adequacy Citation Program also includes penalties for failure to file required submissions and failure to meet the Resource Adequacy requirements, per incident and per day.[35]

The New York City Taxi and Limousine Commission (NYC TLC) has a Green Rides Initiative that requires High-Volume For-Hire (HVFH) Services, which are TNC services, to dispatch a minimum required percentage of trips to zero-emissions vehicles or accessible vehicles with increasing annual percentages over time.[36] The NYC TLC established a fine for HVFH Services of $50 for each 1,000 trips below the required percentage. In addition to the fine, the entities who do not meet the annual requirement must submit a corrective action plan. If an entity does not comply with its corrective action plan, then the entity will be fined $500 and suspended for up to 30 days. CPED referenced these programs to inform development of the CMS Citation Program.

5.1.3 Commission Penalty Authority

PU Code Sections 5378(a), 5378(a)(2), and 5378(b) authorize the Commission to levy a penalty up to $7,500 for violation of any order, decision, rule, regulation, direction, demand, or requirement established by the Commission pursuant to Chapter 8 of the PU Code - the chapter that governs charter-party carriers of

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[32] CPUC Enforcement and Citations: https://www.cpuc.ca.gov/regulatory-services/enforcement-and-citations.

[33] New York City's Taxi and Limousine Commission's Green Rides Initiative: https://www.nyc.gov/assets/tlc/downloads/pdf/green_rides_initiative_10_30_23.pdf.

[34] RPS Citation Program Resolutions: https://docs.cpuc.ca.gov/PublishedDocs/PUBLISHED/FINAL_RESOLUTION/109286.htm. https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M154/K308/154308588.PDF.

RPS Penalties: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M143/K520/143520009.PDF.

[35] Resource Adequacy Citation Program Resolutions: https://docs.cpuc.ca.gov/PUBLISHED/FINAL_RESOLUTION/93662.htm#P25_448.

https://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_RESOLUTION/60520.PDF.

[36] NYC TLC's Green Rides Initiative: https://www.nyc.gov/assets/tlc/downloads/pdf/green_rides_initiative_10_30_23.pdf.

passengers.[37] Concurrently, PU Code Section 5415 allows for a penalty to be assessed per day for a continuing violation.[38] CPED recommends that the Commission reference these authorities to assess penalties for CMS Regulated Entities' compliance violations of the annual GHG and/or eVMT targets.

To date, there are three CMS Regulated Entities required to comply with CMS requirements: HopSkipDrive, Uber, and Lyft. Uber and Lyft possess a large majority of TNC market share. To ensure effective deterrence for these larger companies, CPED recommends a tiered approach in structuring penalties, utilizing the maximum penalty amount of $7,500 prescribed in PU Code Section 5378(b) for failure and continued failure to comply with the annual GHG and/or eVMT targets.

Based on PU Code Sections 5378(a), 5378(a)(2), 5378(b), and 5415, CPED proposes the following citation program.

5.2 Citation Program Recommendations

5.2.1 Violation and Penalty

CPED recommends the following penalties based on the mileage tier of the CMS Regulated Entity for failure and continued failure to comply with the GHG and/or eVMT annual targets. Each annual target penalty will be assessed separately, and each compliance year is considered separate and distinct.

The Penalty by Mileage Tier framework proposed introduces a straightforward and tiered penalty structure based on annual VMT. Penalties are determined by a CMS Regulated Entity's total VMT in all periods of passenger service (Period 1, 2, and 3) in a given calendar year.

[37] PU Code Section 5378(a): The commission may cancel, revoke, or suspend any operating permit or certificate issued pursuant to this chapter upon any of the following grounds: (1) The violation of any of the provisions of this chapter, or of any operating permit or certificate issued thereunder. (2) The violation of any order, decision, rule, regulation, direction, demand, or requirement established by the commission pursuant to this chapter.

PU Code Section 5378(b): The commission may levy a civil penalty of up to seven thousand five hundred dollars ($7,500) upon the holder of an operating permit or certificate issued pursuant to this chapter, for any of the grounds specified in subdivision (a), as an alternative to canceling, revoking, or suspending the permit or certificate. The commission may also levy interest upon the civil penalty, which shall be calculated as of the date on which the civil penalty is unpaid and delinquent. The commission shall deposit at least monthly all civil penalties and interest collected pursuant to this section into the General Fund.

[38] PU Code Section 5415: Every violation of the provisions of this chapter or of any order, decision, decree, rule, direction, demand, or requirement of the commission by any corporation or person is a separate and distinct offense, and in case of a continuing violation each day's continuance thereof is a separate and distinct offense.

Table 2: Tiered Penalties for Failure to Meet Annual CMS Targets

Violation	**Penalty Amount**	**Daily Penalty Amount**
Failure to meet the annual GHG target – Annual VMT of 5,000,000 to 250,000,000 miles (GHG Tier A)	$2,500	$2,500 per day until the annual GHG target is met
Failure to meet the annual GHG target – Annual VMT of 250,000,001 to 500,000,000 miles (GHG Tier B)	$5,000	$5,000 per day until the annual GHG target is met
Failure to meet the annual GHG target – Annual VMT of > 500,000,000 miles (GHG Tier C)	$7,500	$7,500 per day until the annual GHG target is met
Failure to meet the annual eVMT target – Annual VMT of 5,000,000 to 250,000,000 miles (eVMT Tier A)	$2,500	$2,500 per day until the annual eVMT target is met
Failure to meet the annual eVMT target – Annual VMT of 250,000,001 to 500,000,000 miles (eVMT Tier B)	$5,000	$5,000 per day until the annual eVMT target is met
Failure to meet the annual eVMT target - Annual VMT of > 500,000,000 miles (eVMT Tier C)	$7,500	$7,500 per day until the annual eVMT target is met

5.2.2 Annual CMS Target Violation Assessment

To determine if CMS Regulated Entities are in violation of meeting CARB's annual GHG and/or eVMT targets, CPED will use required CMS data reporting to measure compliance using the methods and equations CARB adopted in its regulation. CMS Regulated Entities are required under the CMS Phase 1 Decision to submit CMS annual data reports within 30 days of the end of each calendar year (i.e., by January

30).[39] The CMS annual data reports include references to the CMS Regulated Entities' TNC Annual Reports that contain necessary trip and vehicle data for CPED to verify compliance with the annual targets. In addition, the CMS Phase 1 Decision requires CMS Regulated Entities to submit CMS quarterly data reports within 30 days after the end of each calendar quarter (by April 30, July 30, and October 30) to assess CMS Regulated Entities' progress toward meeting the annual targets.[40] Therefore, CPED recommends staff assess CMS Regulated Entities' compliance with the annual GHG and eVMT targets after CMS Regulated Entities submit CMS and TNC annual data and CMS quarterly data reports.

CMS Regulated Entities will submit GHG Plans every two years detailing proposed actions for meeting the annual targets. If a CMS Regulated Entity fails to comply with one or both annual targets, the CMS Regulated Entity may need to adjust its actions to come into compliance and ensure that it meets future years' annual targets. Therefore, when the CMS Regulated Entity fails to meet an annual target, CPED recommends that the CMS Regulated Entity, as part of its annual and quarterly reporting, details in narrative form its proposed corrective measures to come into compliance with the missed target(s) and meet future years' targets. This submission should demonstrate the CMS Regulated Entity's proactive approach to remedy the noncompliance.

CPED recommends that the CMS citation program include the following elements for annual target violation assessment:

- If a CMS Regulated Entity fails to show that it has met the GHG and/or eVMT targets established by CARB for the compliance year (January 1 – December 31) as reported through its CMS annual data report, then the CMS Regulated Entity is in violation of the Commission's requirement to meet the annual targets.
- If a CMS Regulated Entity does not meet the annual GHG and/or eVMT targets for the compliance year, then it must provide a narrative explanation with its CMS annual data report that details the measures it plans to implement to come into compliance and to ensure compliance with future annual targets.
- If a CMS Regulated Entity continues to not comply with the missed GHG and/or eVMT targets on and after January 1 of the subsequent compliance year, per PU Code Section 5415, each day thereafter shall constitute a separate and distinct violation until compliance is achieved. Each compliance year is considered separate and distinct.

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[39] D.24-03-011: Section 8.1 Data Collection, and Conclusion of Law No. 33.

[40] Id.

- If a CMS Regulated Entity continues to not comply with the GHG and/or eVMT targets of the previous compliance year, with each CMS quarterly data report[41] in the subsequent compliance year, it must submit an explanation in narrative form detailing the measures it intends to implement to come into compliance and ensure compliance with future annual targets.
- When a CMS Regulated Entity continues noncompliance, to assess and verify violations, the CMS Regulated Entity should include in its CMS quarterly data reports all relevant CMS data that will allow staff to use CARB's GHG and eVMT target equations to calculate and measure compliance, including: from the CMS annual report, 'Compliance Summary'[42] and 'Qualifying Trips Key',[43] required quarterly data reports, and from the TNC Annual Report, 'Requests Accepted'[44] for that quarter.

5.2.3 Process to Meet Compliance Requirements

When a CMS Regulated Entity fails to meet an annual target for a compliance year, each day in the new compliance year constitutes a violation until the Entity establishes that it has met the missed target. To establish compliance with a missed annual target, CPED recommends that CMS Regulated Entities use the data from the missed target compliance year and data from the new compliance year to calculate and measure compliance using CARB's equation, until the CMS Regulated Entity demonstrates compliance. This measuring approach is intended to serve as a robust deterrent for CMS Regulated Entities to avoid violations from the outset.

Below is a visual example of a CMS Regulated Entity achieving compliance for the 2025 compliance period in 2026 and the associated penalty amount incurred.

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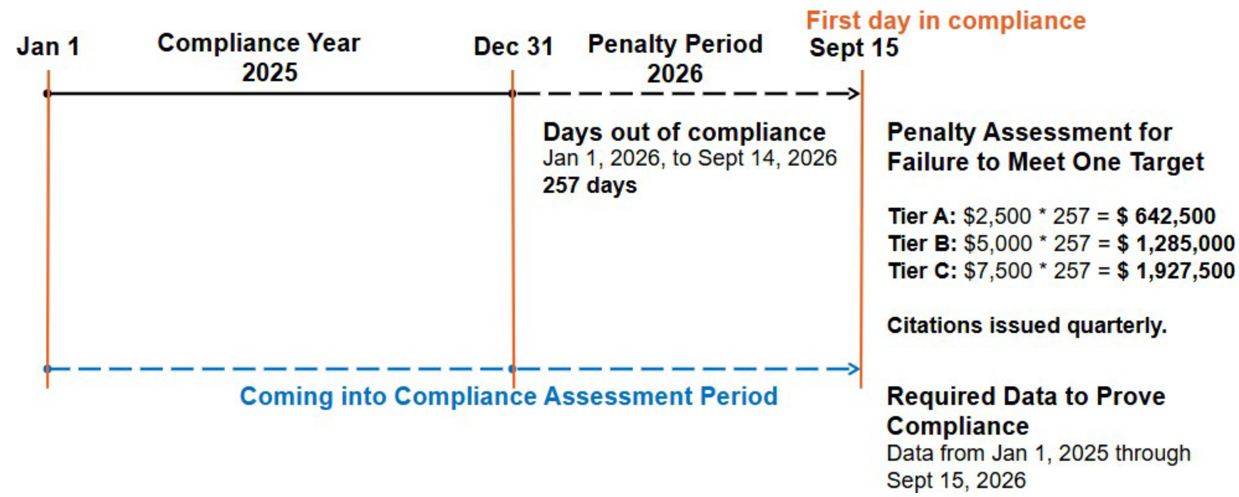
[41] D.24-03-001: Section 8.1 Data Collection, Conclusions of Law, No. 33, and Attachment F.

[42] CMS Quarterly and Annual Report requirements: https://www.cpuc.ca.gov/regulatory-services/licensing/transportation-licensing-and-analysis-branch/clean-miles-standard/cms-data-reporting.

[43] Id.

[44] TNC Annual Report requirements: https://www.cpuc.ca.gov/regulatory-services/licensing/transportation-licensing-and-analysis-branch/transportation-network-companies/required-reports-for-transportation-network-companies.

Figure 3. Visual example of a CMS Regulated Entity achieving compliance for the 2025 compliance period in 2026.



To establish and confirm coming into compliance, CPED recommends that a CMS Regulated Entity submit all data that corroborates its compliance with the missed GHG and/or eVMT targets and indicate with the data submission the exact date the CMS Regulated Entity came into compliance. A CMS Regulated Entity shall ensure CPED has the following data reports for the period over which the Entity measured its coming into compliance.

- From the CMS Annual Compliance Data Reports: 'Compliance Summary' and 'Qualifying Trips Key'.[45]
- From the TNC Annual Reports: 'Requests Accepted'.[46]
- CPED may update the data reporting requirements if they find that additional data is necessary to measure compliance.
- CPED will provide updated data dictionaries and templates for the compliance data submittals if required.

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[45] CMS Quarterly and Annual Report requirements: https://www.cpuc.ca.gov/regulatory-services/licensing/transportation-licensing-and-analysis-branch/clean-miles-standard/cms-data-reporting

[46] TNC Annual Report requirements: https://www.cpuc.ca.gov/regulatory-services/licensing/transportation-licensing-and-analysis-branch/transportation-network-companies/required-reports-for-transportation-network-companies.

5.2.4 Issuance of Citation

CPED recommends issuing citations for failure and continuous failure to meet the annual GHG and/or eVMT targets after CMS Regulated Entities submit to the Commission their quarterly data reports. CMS Regulated Entities submit quarterly data reports within 30 days after the end of each calendar quarter.[47] CPED will review submitted CMS Regulated Entities' annual and quarterly data reports to verify noncompliance, after which, CPED will issue citations quarterly.

To issue citations, CMS Regulated Entities' CMS data is required to verify and determine compliance with the annual GHG and/or eVMT targets. Aligning the timeline of when to issue citations with the already established data reporting timeline in the CMS Phase 1 Decision will streamline the citation process, minimize additional CMS Regulated Entities data reporting requirements, and improve CPED's efficiency.

When a CMS Regulated Entity establishes compliance with the annual GHG and/or eVMT targets, CPED recommends that staff stop assessing daily penalties and issue a citation covering the outstanding days of noncompliance. CPED recommends the Commission consider the last date of noncompliance to be the day before the CMS Regulated Entity established compliance with the GHG and/or eVMT targets.

If a CMS Regulated Entity fails to pay a citation on the due date, interest will be assessed on the penalty amount as of the date the penalty is delinquent per PU Code Section 5378(b). The penalties and interest collected shall be deposited into the General Fund.[48]

5.3 Compliance and Enforcement Approach to Other CMS Program Requirements

CPED recommends that staff monitor CMS Regulated Entities' compliance with the PU Code Section 5450(d)(1) requirement to minimize negative impact on LMI drivers through CMS Regulated Entities' annual and quarterly data reports that include TNC Annual Reports,[49] Program Administrator quarterly reports,[50] Annual LMI Driver Impact Reports,[51] Biennial Unanticipated Barriers and Progress Reports,[52]

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[47] D.24-03-011: Section 8.1 Data Collection, and Conclusion of Law No. 33.

[48] PU Code Section 5378(b).

[49] Decision (D.) 24-03-001: Section 8.1 Data Collection, Conclusion of Law No. 33, and Attachment F.

[50] Id.

[51] D.24-03-001, Section 9.

[52] Id.

programmatic evaluations, and financial audits. If CPED determines that enforcement actions are required, CPED will decide on the course of action for any enforcement based on the facts of the situation and following the guidance provided in the Commission's Enforcement Policy.[53]

For other CMS program requirements, such as data reporting and meeting clean mobility goals, CPED Staff recommends programmatic tracking and reviewing of required elements while utilizing the compliance and enforcement options available in the Commission's Enforcement Policy.[54]

5.4 Demonstration of CMS Citation Program

This section provides an example compliance violation to demonstrate how the proposed CMS Citation Program would be applied.

Scenario:

- **Compliance Year**: January 1 to December 31, 2025
- **Annual Report**: Submitted January 30, 2026
- **Violation**: CMS Regulated Entity did not meet the 2025 GHG target.
- **CMS Regulated Entity 2025 Total VMT**: 600 million miles
- **Penalty by Mileage Tier**: GHG Tier C
- **Quarterly Reports**: Submitted April 30, 2026 and July 30, 2026

[53] CPUC Enforcement and Citations: https://www.cpuc.ca.gov/regulatory-services/enforcement-and-citations.

[54] Id.

Figure 4. CMS Citation Process

- A CMS Regulated Entity submits its annual report and provides its plan to achieve compliance.
- CPED Staff verifies the Entity did not meet the 2025 GHG target.
- The Entity submits its first quarterly report that includes the required compliance data reports and outlines plan to achieve compliance.
- CPED Staff verifies the Entity continues to not meet the 2025 GHG target.
- The Entity continually did not meet the 2025 GHG target from January 1, 2026 to March 31, 2026 (90 days).
- CPED Staff applies GHG Tier C penalty assessment and issues a citation: $7,500 per day x 90 days = $675,000
- The Entity submits its second quarterly report that includes the required compliance data reports and outlines its plan to achieve compliance, if required.
- CPED Staff verifies the Entity achieved compliance on May 28, 2026.
- The Entity continuously did not meet the 2025 GHG target from April 1, 2026 to May 27, 2026 (57 days).
- CPED Staff applies GHG Tier C penalty assessment and issues a citation: $7,500 per day X 57 days = $427,500.

6 Sustainable Land-Use Objectives

CPED recommends the Commission fulfill its statutory requirement to complement and support sustainable land-use objectives by implementing the CMS annual targets and by providing optional credits that are in line with CARB's approach to reducing vehicle miles traveled.

6.1 Background

SB 1014 and PU Code Section 5450 require the Commission to "ensure that the program complements and supports the sustainable land-use objectives contained in Section 65080 of the Government Code." Section 65080, from SB 375,[55] of the Government Code requires metropolitan planning organizations (MPOs) to prepare sustainable communities strategies to meet CARB's established GHG emission reduction targets for light-duty passenger vehicles. A later Senate Bill, SB 150,[56] required reporting to the California Legislature on SB 375 implementation starting in 2018 and every four years after.

The 2022 Progress Report, pursuant to SB 150, found that zero-emission vehicles are not enough to meet state climate goals and that a reduction in VMT is also needed to enable sufficient GHG emissions reductions.[57]

6.2 Applicable CARB CMS Regulations

In line with SB 375, which requires CARB to set GHG emissions reduction targets for light-duty passenger vehicles for the sustainable communities strategies, CARB adopted annual targets for CMS Regulated Entities to reduce GHG emissions from their light-duty passenger services.[58] Although the SB 375 strategies are created at the MPO level, state-level CMS-related GHG reductions in light-duty passenger services are complementary to the broader SB 375 goals.

Additionally, CARB created optional credits for CMS Regulated Entities to use towards meeting the annual GHG Target. The optional credits included in CARB's Final Regulation Order for CMS target VMT

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[55] Senate Bill 375 Transportation planning: travel demand models: sustainable communities strategy: environmental review: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=200720080SB375

[56] Senate Bill 150 Regional Transportation plans: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB150

[57] 2022 Progress Report per SB 150: https://ww2.arb.ca.gov/resources/documents/tracking-progress

[58] CARB CMS Final Regulation Order: https://ww2.arb.ca.gov/rulemaking/2021/cleanmilesstandard

reduction activities that CMS Regulated Entities can support.[59] There is an optional credit for CMS Regulated Entity trips that connect to transit and for CMS Regulated Entity investment in bike or pedestrian infrastructure. The optional credit requirements and implementation are discussed further in the Optional Credits section of this proposal.

6.3 Recommendations

CPED finds that no additional program elements are required to meet the statutory requirement of complementing and supporting sustainable land-use objectives beyond the GHG reduction targets and existing optional credits, and recommends that no additional program elements be added to further address this statutory requirement. The CMS Program itself is complementary and supportive of sustainable-land use objectives since the primary goal of the program is to reduce GHG emissions from CMS Regulated Entities' services, which are completed in light-duty passenger vehicles in line with the requirements of SB 375. Additionally, CARB created optional credits for CMS Regulated Entities to use towards meeting the annual GHG target, which promote VMT reduction activities, directly in line with recommendations from the 2022 Sustainable Communities Progress Report. Therefore, in implementing CMS targets, the CPUC already meets the statutory requirement.

[59] CARB Initial Statement of Reasons (see page 58 for optional credits rationale on VMT reduction): https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2021/cleanmilesstandard/isor.pdf

7 GHG Target Optional Credits

CPED recommends the Commission implement the CARB-developed optional credits and not adopt additional optional credits at this time. CPED recommends the Commission make minor clarifications to the existing optional credit requirements and that no additional requirements be added to access the credits.

7.1 Applicable CARB CMS Regulations

CARB established CMS regulations in a Final Regulation Order that included provisions for two optional credits.[60] The optional credits can be used to help CMS Regulated Entities to meet the GHG annual target only, not the eVMT target. The optional credits may become especially important in the later years of implementing the program as the GHG targets approach zero emissions and while the eVMT target hits a maximum of 90% in 2030. By 2030, CMS Regulated Entities must either get to 100% eVMT to meet the GHG target or have other ways to bridge the gap.[61]

The two optional credits, discussed below, focus on VMT reduction activities as part of a larger GHG reduction goal and are in line with the statutory requirement to complement and support sustainable land-use objectives.[62] The Sustainable Land-Use section of this Phase 2 Staff Proposal describes how CMS complements and supports these objectives.

Section 2490.2 and 2490.3 of CARB's Final Regulation Order includes the description, submittal requirements, and credit calculations for the two optional credits. The first optional credit is for investment in bikeway and infrastructure projects. The credit is calculated based on the dollar amount invested and can be applied to meeting the GHG target in the year it becomes operational and over the life of the project. To be eligible for the credit, projects must be identified in a public entity's eligible plan.[63] To receive the credit,

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[60] CARB Final Regulation Order: https://ww2.arb.ca.gov/rulemaking/2021/cleanmilesstandard

[61] CARB presentation at CMS workshop on March 8, 2024: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/consumer-protection-and-enforcement-division/documents/tlab/clean-miles-standard/cms-workshop-presentations.pdf

[62] CARB Initial Statement of Reasons (see page 58 for optional credits rationale on VMT reduction): https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2021/cleanmilesstandard/isor.pdf

[63] CARB Final Regulation Order Section 2490.2(d)(3): "Projects are identified in General Plans under Government Code section 65301, Bicycle Transportation Plans under California Streets and Highways Code section 891.2, or Regional Transportation Plans adopted in 2016 or later under Government Code section 65080."

the CMS Regulated Entity must submit a signed letter from the CEQA lead agency for the project as well as the additionally listed project information.[64]

The second optional credit is for mass transit connected trips. CMS Regulated Entities may receive credit toward their GHG target by demonstrating a payment-verified mass transit connected trip to a CMS Regulated Trip (first/last mile connected trip to transit). The verified payment may be through the CMS Regulated Entity's app or through another verified method (i.e., rider photo confirmation of payment and trip connection). For each transit connected trip, the credit is based on the Period 3 miles[65] of the CMS Regulated Entity portion of the trip. Submission requirements for the optional credit are included in Section 2490.3(b)(8) of CARB's Final Regulation Order.

Finally, Section 2490.2(f) of CARB's Final Regulation Order states that CPUC may develop additional optional credit programs.

7.2 Conversations with Stakeholders

CPED met with stakeholders throughout 2024 to gather information, questions, and concerns around implementation of the two optional credits. CPED met with two local transportation agencies, two regional transportation agencies, a state transportation agency, and four CMS Regulated Entities.

Stakeholders expressed a range of enthusiasm and concern regarding the optional credits. Implementing agencies were interested in additional avenues of funding for bike and sidewalk infrastructure projects, but many expressed concerns over the potential equitable and logistical challenges in project implementation. Concern was also expressed around the efficiency of the bike and sidewalk optional credits, specifically whether the investment required would provide enough credits to incentivize CMS Regulated Entities to make these investments. Stakeholders suggested various approaches to mitigate these concerns, such as creating a mechanism (e.g., creating a fund managed and distributed by a designated state entity) to collect and distribute the funds to local agencies in a way that ensures the investment goes towards quality projects throughout the state. Another option that doesn't involve the state collecting and distributing funds could include setting more structure at the state level around how regional or local entities should treat the investment funds. One agency asked about investment going through public-private partnerships like

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[64] See CARB Final Regulation Order Section 2490.3(b)(7).

[65] CARB Final Regulation Order Section 2490.1(b)(1): "'Period 3' are those miles traveled by a TNC vehicle when the passenger, or passengers, are in the TNC vehicle and en route to their destination until the passenger exits the vehicle. This definition is meant to be consistent with the CPUC Commission Decision 14-11-043 that established Periods 1, 2, and 3."

Business Improvement Districts (like San Francisco's Community Benefit Districts)[66] to support local projects, instead of going directly through the implementing government agency.

For the mass transit connected trips, stakeholders expressed concerns over the viability of this optional credit given the lack of transit connected payment options with the CMS Regulated Entities' apps. Moreso, one of the CMS Regulated Entities' business models does not include transit-oriented trips. One stakeholder noted that at the time of CARB's rulemaking, there was significant interest in moving towards Mobility-as-a-Service (MaaS) for combining trip booking and payment across municipal and private platforms.[67] Other stakeholders expressed concern over public agencies' responsibility for tracking and confirming transit connected trips when agencies are facing financial and staffing challenges. CMS Regulated Entity stakeholders suggested the Commission consider other methods for verifying transit connected trips, such as using location data instead of payment verification; this raises privacy concerns, however.

CPED considered the information gathered through these conversations with stakeholders to inform recommendations on optional credits. CPED also reviewed comments received from parties on the optional credits through the CMS proceeding as discussed in the next section.

7.3 Potential for Additional Optional Credits

CARB's Final Regulation Order enables CPUC to create additional optional credits. CPED considered various alternative optional credits based on suggestions from stakeholders and our research.

7.3.1 Shared Micromobility Trips

CPED considered creating a new optional credit for shared micromobility (i.e., shared bikes or electric scooters) trips booked and paid through a CMS Regulatory Entities' app. This credit was considered during CARB's rulemaking but was not selected.[68] CMS Regulated Entities like Uber and Lyft currently offer shared micromobility trips that can be booked through their apps in select cities in California. Bay Wheels bike share is a subsidiary of Lyft in the Bay Area and Uber enables booking Lime shared bikes and scooters

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[66] San Francisco's Community Benefit Districts: https://www.sf.gov/information/community-benefit-districts

[67] For example, Shared-Use Mobility Center brief on, "Towards the Promise of Mobility as a Service (MaaS) in the U.S. from July 2020. https://learn.sharedusemobilitycenter.org/wp-content/uploads/Towards-the-Promise-of-MaaS-in-the-US-July-2020-Shared-Use-Mobility-Center.pdf. Southern California Council of Governments Feasibility White Paper on, "Mobility as a Service" from July 2022. https://scag.ca.gov/sites/main/files/file-attachments/maas-feasibility-white-paper-0722.pdf?1670518891.

[68] CARB CMS Workshop Slides from July 17, 2020 (see slides 26): https://ww2.arb.ca.gov/sites/default/files/2020-07/CMS%20Workshop%20Slides_Final_ac.pdf

in some of their California markets.[69] The shared micromobility devices are not necessarily owned by the CMS Regulated Entities, but the companies have a partnership or other business relationship with the providers.

Providing shared micromobility trips does align with the VMT reduction approach CARB initiated through their rulemaking for the optional credits. Additionally, studies have found promising results with shared micromobility's potential to reduce vehicle VMT, albeit with partial replacement of other modes like walking and transit as well.[70,71,72] CPED recommends that any additional optional credits continue to support CARB's original VMT reduction approach.

Should CPUC create a new optional credit for shared micromobility, the credit should mirror the existing approach from CARB for the transit connected trips and as described in the CARB CMS workshop and used for the transit connected trips, using trip distance in miles, number of trips, and an emissions factor in grams per mile avoided from the shared micromobility trip.[73] For consistency, CPED recommends using the same factor as for transit connected trips, which is 242 grams per mile, the California fleet-wide average fuel economy for light-duty vehicles in the CMS 2018 base year.[74]

Shared micromobility trips may have shorter distances than transit connected trips due to their potential substitution for walking trips,[75] which should be considered when deciding whether to adopt an additional optional credit. Additionally, the impact of the operational emissions from shared micromobility services (i.e., fleet rebalancing, recharging, and maintenance trips conducted in light-duty vehicles) may not be captured in this simplified approach to applying the optional credit.

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[69] Bay Wheels: https://help.baywheels.com/hc/en-us. Uber and Lime partnership: https://help.uber.com/riders/article/ubers-lime-scooter-partnership?nodeId=80c4aa93-02b6-4a56-af22-d20ff487b8ac.

[70] University of California, Davis Institute of Transportation Studies. (2022). Micromobility Trip Characteristics, Transit Connections, and COVID-19 Effects. https://www.ucits.org/research-project/2021-32/.

[71] Fukushige, T., Fitch, D.T., and Handy, S. (2023). Estimating Vehicle-miles traveled reduced from Dock-less E-bike-share: Evidence from Sacramento, California. Transportation Research Part D: Transport and Environment. Volume 117. https://www.sciencedirect.com/science/article/abs/pii/S1361920923000688?via%3Dihub.

[72] Barnes, F. (2019). A Scoot, Skip, and a JUMP Away: Learning from Shared Micromobility Systems in San Francisco. UCLA Institute of Transportation Studies. https://escholarship.org/uc/item/0515r58q.

[73] CARB CMS Workshop Slides from July 17, 2020: https://ww2.arb.ca.gov/sites/default/files/2020-07/CMS%20Workshop%20Slides_Final_ac.pdf.

[74] See CARB Final Regulation Order Section 2490.2(e).

[75] University of California, Davis Institute of Transportation Studies. (2022). Micromobility Trip Characteristics, Transit Connections, and COVID-19 Effects. https://www.ucits.org/research-project/2021-32/.

7.3.2 Charging Infrastructure

In conversations with CMS Regulated Entities, one common suggestion included additional optional credits for investment in charging infrastructure. Although providing credits for charging infrastructure investment has a direct connection to the CMS program implementation as it can improve drivers' access to charging at home or while driving for the CMS Regulated Entity, charging infrastructure for vehicles does not align with the VMT reduction approach CARB adopted for the optional credits, which CPED recommends the Commission maintain as its sole focus given the direct connection between VMT and GHG emissions.

7.3.3 Other Proposed Ideas

In previous comments to the Commission, Waymo and Cruise proposed additional optional credits for the Commission to consider.

- **Waymo suggested:** leveraging Low Carbon Fuel Standard (LCFS) credits as optional credits for CMS.[76]
- **Cruise suggested:** creating a CMS credit trading program like LCFS, incentivizing fully renewable electricity for ridesharing, and including "enabled eVMT investments" for optional credit generation.[77]

CPED recommends the Commission not consider LCFS credits or an LCFS-like credit trading program for CMS. Similar to the charging infrastructure investment suggestion, there is no VMT reduction component inherent in the LCFS credits or LCFS-like credit options. Additionally, a credit trading program is a large undertaking, which might not be warranted given the small number of CMS Regulated Entities. CPED also notes that these specific comments were provided by AV companies, who would be exempt from CMS program requirements including the use of optional credits.

7.4 Recommendations

CPED recommends the Commission 1) implement the CARB-developed optional credits and 2) decline to adopt additional optional credits at this time. CPED recommends the Commission consider making the minor clarifications below to the existing optional credit requirements and that access to credits not be

[76] Waymo Post-Workshop Comments filed on May 23, 2022: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M482/K019/482019933.PDF.

[77] Cruise Post-Workshop Comments filed on May 23, 2022: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M479/K337/479337407.PDF.

conditional upon achieving the GHG / eVMT target thresholds or the findings of the unanticipated barriers review.

7.4.1 Existing Optional Credits

CPED recommends the Commission implement the CARB-developed optional credits for bike and pedestrian infrastructure investment and transit connected trips. These optional credits support sustainable land-use objectives to reduce VMT and are one method to enable CMS Regulated Entities to bridge the gap between the eVMT and GHG targets. Because they are methods for bridging the gap between the targets, CPED does not recommend that implementation and use of the optional credits be dependent on the target threshold nor the unanticipated barriers review.

7.4.2 Clarifications to Existing Optional Credits

CPED recommends the Commission consider minor clarifications to the CARB-developed optional credits to ensure implementation readiness. These suggestions are limited to items that clarify the requirements. CPED does not recommend the Commission create more structure or processes around implementing the optional credits as some stakeholders suggest. The CPUC should be careful not to impose more requirements that may burden public agencies. Rather, the CMS Regulated Entities should bear the burden of implementing the mechanisms to use the optional credits, which could include building partnerships and relationships with public agencies.

CPED recommends the following clarifications to the existing optional credits.

- **Private investment in public infrastructure.** CMS Regulated Entities could provide their bike and/or sidewalk infrastructure investments through a private entity so long as the private entity is overseen by a public agency for the infrastructure investment, the project supported meets the existing required qualifications, and the required documentation is submitted (including a letter from the CEQA lead agency). This could include investments through public-private partnerships like Business Improvement Districts.

- **Transit-connected trips verification.** CMS Regulated Entities may provide other methods of trip and payment confirmation outside of a trip booked through their app, but per CARB's regulations the method must prove that the transit trip was connected to the CMS Regulated Entity trip and that payment was made. CPED Staff does not recommend allowing for location-only based confirmation of connected trips (i.e., including all CMS Regulated Entities' trips that start/end within a certain distance of transit station or stop) as it is not aligned with CARB's payment and trip verification requirements and proximity of trip ends/starts alone is insufficient to prove the intermodal trip link (especially in urban environments).

7.4.3 Submission of Optional Credits Verification

CPED recommends that CMS Regulated Entities assert their use of optional credits and provide the required verification information when submitting the CMS Annual Data Reports per the CMS Phase 1 Decision. If a CMS Regulated Entity chooses to utilize optional credits, they should notify the Commission's staff via filing a Tier 1 advice letter within 30 days of submitting the Annual Data Report. The sum of the optional credits to be used should be included in both the advice letter and the data reporting following CPED's up-to-date data dictionary. The additional material to support use of the credits and enable CPED to verify applicability of the credits should be provided as supplemental material to the CMS Annual Data Reports and should include all optional credits-related material detailed in Section 2490.2 and 2490.3 of CARB's Final Regulation Order.[78] If necessary, CPED will produce additional data dictionaries or templates to provide more detailed instructions on these requirements.

7.4.4 New Optional Credits in the Future

CPED recommends the Commission leave open the ability to adjust optional credits in the future, including additional clarifications to the existing optional credits and the ability to create new optional credits should they be necessary. The Commission could consider these updates should issues in implementation arise or if there are program changes or market changes that necessitate additional consideration.

7.5 Optional Credits Questions for Party Comment

1. Is the proposal to allow private entities to accept the bike or pedestrian investment from CMS Regulated Entities expansive enough to capture alternate avenues for investment while still requiring oversight from a public entity? Are there potential challenges with this approach that the Commission should consider?

2. Is the requirement for the type of plan projects are identified within comprehensive enough to cover the types of plans public agencies are using for bike and pedestrian infrastructure planning? Should the Commission expand the allowable plans to ensure eligible projects are captured? CARB Final Regulation Order Section 2490.2(d)(3) says, "Projects are identified in General Plans under Government Code section 65301, Bicycle Transportation Plans under California Streets and Highways Code section 891.2, or Regional Transportation Plans adopted in 2016 or later under Government Code section 65080."

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[78] CARB Final Regulation Order: https://ww2.arb.ca.gov/rulemaking/2021/cleanmilesstandard

8 Incentives for Rentals

CPED recommends against creating an additional CMS incentive for drivers to apply towards the rental of a ZEV. CPED instead recommends allowing eligible drivers to use a portion of their CMS upfront incentive to subsidize a short-term ZEV rental.

8.1 Phase 1 Decision and Existing CMS Incentives

The CMS Phase 1 Decision established CMS Incentives to support the purchase or lease of a ZEV. These incentives will be offered through the Drivers Assistance Program managed by the Program Administrator. Drivers will be eligible if they are low- and moderate-income and meet the minimum driving thresholds set by the Commission. These incentives will be available upfront and ongoing (for four years) at the levels set by the Program Administrator as described in the CMS Phase 1 Decision.

In the Phase 1 Staff Proposal and Supplemental Proposal, CPED recommended that the upfront incentive apply to ZEV rentals as well as ZEV purchases and leases. However, the Phase 1 recommendation did not consider how those funds could be applied to a rental, nor did it create an incentive for rentals. In the Phase 1 Staff Proposal comments, the Joint Parties[79] supported providing a separate incentive for rentals in addition to the incentive for purchase and lease.[80] In the Supplemental Phase 1 Staff Proposal comments, CSE suggested the CPUC generally consider creating an incentive for rentals, as ZEV rentals can enable drivers to test a ZEV prior to purchase or lease. CSE noted that CARB provided incentives for ZEV rentals through their Clean Vehicle Rebate Project (CVRP) Fleet Program.[81] Lyft commented that incentives should not be made available for drivers who lease or rent ZEVs as they are short-term solutions and rentals typically have mileage limitations.[82]

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[79] The Joint Parties include The BlueGreen Alliance, Rideshare Drivers United, Sierra Club, Union of Concerned Scientists, and California Environmental Voters.

[80] Opening Comments on the Phase 1 Staff Proposal from the Joint Parties filed on January 30, 2023: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M501/K883/501883088.PDF

[81] Opening Comments on the Supplemental Phase 1 Staff Proposal from Center for Sustainable Energy filed on June 7, 2023: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M510/K861/510861430.PDF

[82] Opening Comments on the Supplemental Phase 1 Staff Proposal from Lyft filed in June 7, 2023: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M510/K856/510856582.PDF

8.2 CMS Regulated Entity Rental Programs

CMS Regulated Entities, specifically Uber and Lyft, maintain their own rental program partnerships available to drivers. These programs are offered for both gasoline-powered vehicles and ZEVs.

According to Uber's website,[83] drivers may choose from weekly, daily, and hourly rental options. Drivers may choose to include insurance with their rental. The Uber website also highlights the potential benefits of renting a ZEV given the relatively cheaper cost of charging. Uber provides a $210 bonus for completing 200 eligible rides every 30 days (replacing their $1 per ZEV trip incentive). Uber's Vehicle Marketplace accessed by CPED Staff shows rental vehicles are available through car rental companies like Hertz and Avis as well as carsharing companies like Zipcar, Kinto, Sally, and Autzu. Rates for the rental vehicles vary by vehicle type, company, and location.[84] Uber stated in its Interim GHG Plan that it anticipates its EV rental partnerships to have a meaningful impact on drivers' transition to EVs, citing the opportunity it provides for drivers to test out a ZEV before making a purchase or lease decision.[85]

Lyft maintains their Express Drive Program that offers rental vehicles to Lyft drivers.[86] Lyft partners with Hertz and Flexdrive to offer gasoline powered vehicles and ZEVs. The rentals are offered for a minimum of seven days with no maximum. Rentals are priced at a weekly rate and prices vary by vehicle type and location of rental. Lyft offers discounted rates for ZEVs with a minimum number of rides provided per week, listed as 50-90 rides per week on the Express Drive website.[87] Lyft reported in its Interim GHG Plan that in 2023, 42% of its annual eVMT was through miles driven in rental partners' ZEVs.[88]

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[83] Uber website on their Vehicle Marketplace: https://www.uber.com/us/en/drive/vehicle-solutions/

[84] Uber Vehicle Marketplace accessed on January 16, 2025 in San Francisco, California.

[85] Uber Interim GHG Plan submitted via a Tier 3 Advice Letter on July 5, 2024: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/consumer-protection-and-enforcement-division/documents/tlab/clean-miles-standard/uber-al27_interim-ghg-plan.zip

[86] Lyft website on Express Drive Program: https://www.lyft.com/expressdrive

[87] Lyft website accessed on January 16, 2025 in San Francisco, California. https://www.lyft.com/expressdrive

[88] Lyft Interim GHG Plan submitted via Tier 3 Advice Letter on July 3, 2024: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/consumer-protection-and-enforcement-division/documents/tlab/clean-miles-standard/lyft-al22_interim-ghg-plan.zip

8.3 Benefits and Costs of Renting

Research indicates that high-mileage TNC drivers stand to benefit financially from transitioning to a ZEV.[89] A journal article from researchers at UC Berkeley finds that high-mileage TNC drivers who drive over a long-term period benefit from purchasing a ZEV, while renting a ZEV can financially benefit drivers who drive often but over a shorter period.[90] However, renting is not advantageous for part-time drivers or high-mileage drivers, due to the cost of a rental, cost of charging, and mileage restrictions.[91] However, as CSE noted in their comments, renting a ZEV could be a way for drivers to test a ZEV before committing to a more costly purchase or lease of a ZEV.

Renting a vehicle reduces the take-home income of the driver without the benefit of potential re-sale of a purchased vehicle. The rental costs could also change over time depending on CMS Regulated Entities' partnerships or the availability of vehicles, creating a less predictable situation for drivers.

The paper from researchers at UC Berkeley recommends that to overcome the increased cost for rentals, incentives could make the rental decision more attractive for drivers and not just those who drive frequently but over shorter periods.[92] This is supported by a paper from UC Davis researchers from 2020, which recommended subsidies for ZEV rental programs as a pricing strategy to make ZEVs more affordable for drivers, especially for those who cannot afford to purchase an EV.[93] Both papers also noted the importance of purchase incentives for ZEVs, which are already a part of the CMS Drivers Assistance Program.

8.3.1 Massachusetts EV Rental Rebate for Drivers

The Massachusetts Clean Energy Center (MassCEC) recently launched an EV rebate program for Uber and Lyft drivers called Ride Clean Mass.[94] The rebate is offered for purchase of a new or used EV or for renting an EV. The rental rebate is up to $100 per week for up to four weeks to cover the cost of renting an EV.

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[89] RMI. "Ride-Hailing Drivers Are Ideal Candidates for Electric Vehicles." 2018. https://rmi.org/ride-hailing-drivers-ideal-candidates-electric-vehicles/

[90] Ju, M., Martin, E., and Shaheen, S. "Transitioning Ridehailing Fleets to Zero Emission: Economic Insight for Electric Vehicle Acquisition." 2025. https://www.mdpi.com/2032-6653/16/3/149

[91] Id.

[92] Id.

[93] UC Davis Policy Paper, "Policy Pathways to TNC Electrification in California." 2020. https://escholarship.org/uc/item/9zx112v2

[94] Ride Clean Mass program: https://www.ridecleanmass.org/funding/#rideshare-funding

Drivers must drive a minimum of 400 rides or 1,800 miles in the most recent quarter and in three of four of the last four quarters to be eligible to receive the rebate. The program implementation is still early and CPED Staff are following the program's successes and lessons learned as it progresses.

8.4 Analysis of Additional Program Costs

The existing CMS upfront and ongoing incentives are some of the most generous financial subsidies for ZEVs in the nation. These incentives are focused on supporting drivers with a longer-term opportunity to benefit from driving a ZEV and to implement longer-term GHG emission reduction benefits. Offering an upfront and ongoing incentive will be paid for through a per trip fee applied to every CMS Regulated Entity trip. In reviewing the potential Total Program Budget for the Drivers Assistance Program, through which the CMS incentives will be distributed, the incentive costs represent a majority of the budget.

An additional incentive for rentals would increase the Total Program Budget and CMS Regulatory Fee. The extent of the increase depends on the incentive amount and frequency of the incentive. For example, if the Commission were to offer the same rental incentive as Ride Clean Mass (up to $100 per week for up to four weeks) and 5% of drivers accessed the incentive, the total cost would be $7 million – this increases to $70 million if 50% of drivers access the incentive. The costs would be spread out across the trips provided and would not occur all at once, but over one year the additional per trip cost could be $0.02 per trip (for a benefit to 5% of drivers) and $0.22 per trip (for a benefit to 50% of drivers).

The number of drivers who would be eligible for a rental incentive and who would choose to use it is uncertain, but Uber and Lyft both maintain rental programs which appear to be popular amongst drivers and are currently helping them to meet CMS annual targets. Lyft indicated that ZEV rentals made up 42% of its eVMT in 2023.

Even with the additional program costs, CPED Staff acknowledges the benefits of rental programs for drivers to test a ZEV or for some drivers who cannot afford to or choose not to purchase or lease their own ZEV (if they drive enough to make rentals financially feasible). Uber and Lyft both have rental partnerships for drivers to access ZEVs and will continue to maintain these partnerships per their Interim GHG Plans.

8.5 Recommendations

CPED recommends the Commission enable eligible drivers to utilize a portion of the CMS upfront incentive to subsidize a ZEV rental in lieu of creating a new incentive for ZEV rentals.

Uber and Lyft, the two largest CMS Regulated Entities, maintain their own rental partnership programs and indicate that they will continue them as one of many strategies to meet their annual targets. Drivers benefit from a reduced cost for a ZEV rental, but the CMS program has long-term goals to reduce GHG emissions from CMS Regulated Entities' services, and ZEV rentals do not offer a long-term solution to drivers. The CMS Phase 1 Decision includes requirements for a generous incentive for lease or purchase of a ZEV.

CPED Staff recommends these CMS incentives both offered upfront and ongoing be the focus of the Drivers Assistance Program to start and to not increase the costs of the program and CMS Regulatory Fee with an additional rental incentive. However, enabling eligible drivers to utilize a portion of the CMS upfront incentive to subsidize ZEV rental cars could give drivers another option should they choose to test out a ZEV without increasing the CMS Regulatory Fee.

CPED recommends the CMS ZEV rental incentive include the following elements.

- The ZEV rental incentive will be part of the Drivers Assistance Program implemented by the Program Administrator.
- Drivers will only be eligible to access the ZEV rental incentive once; once the rental period ends, a driver may not seek an incentive for a subsequent rental.
- The Program Administrator should account for this new incentive element in their implementation of the Drivers Assistance Program, including in all required submissions to the Commission.
- Drivers must meet the LMI driver and minimum driving threshold eligibility requirements to access the ZEV rental incentive. Since the ZEV rental incentive can only be used over consecutive weeks, the eligibility review is only required once.
- The incentive fund amounts used to subsidize a rental could be established using one of the following approaches:
    - <u>Match Massachusetts Program.</u> Match the Ride Clean Mass program at up to $100 per week for up to four weeks. Drivers would not be required to use the full amount of $400. There would be a minimum of a two-week rental, so a minimum of $200 total.
    - <u>Set a Percentage Based on Purchase/Lease Incentive.</u> Set to up to 5% of the new and used ZEV purchase or lease amount that can go towards a ZEV rental. The total would be split across up to four weeks. For example, for a new ZEV purchase or lease incentive of $10,400, the maximum is $520 or $130 per week for four weeks. Drivers would not be required to use the full amount. There would be a minimum of a two-week rental.
    - <u>Set a Percentage Based on Rental Costs.</u> Set the ZEV rental incentive amount based on the average weekly rental cost through CMS Regulated Entities' rental partnerships. For example, for weekly average rental costs of $250, the ZEV rental incentive could be set at up to fifty percent of the costs, or $125. The amount could also have a maximum based on the percentage of the purchase/lease incentive (the option above). This approach is more complicated as it requires comprehensive cost information from the CMS Regulated Entities, which is likely to vary over location and time.
- The funds used for rentals would be subtracted from the total upfront incentive available to that driver if they were to choose to purchase or lease a ZEV and seek the CMS Upfront Incentive.

- There would be no time restriction on when drivers would then need to use the upfront incentive after using a portion for a ZEV rental, but to simplify the implementation of the rental incentive, the rental funds cannot be split over time.
- The Program Administrator may propose changes to the ZEV rental incentive allowable amount per week in their Implementation Plan as they update the purchase and lease incentives. The allowable changes will depend on the approach for setting the ZEV rental incentive amount.

8.6 ZEV Rental Incentive Questions for Party Comment

1. Which approach should the Commission take to set the amount of ZEV rental incentive available to eligible drivers?
2. Are there characteristics of a successful transition from ZEV rental to ZEV purchase or lease that the Commission should consider in implementing the ZEV rental incentive? For example, an ideal rental period or number of miles driven in a ZEV that leads to longer term transition to a ZEV.
3. As CMS Regulated Entities may benefit financially from their partnerships with rental companies, what considerations should the Commission take to ensure that rental incentive money benefits drivers and does not flow directly to subsidize CMS Regulated Entity profits potentially gained from the rental partnerships?
4. How does the proposed ZEV rental incentive align with the Phase 1 Decision's Environmental and Social Justice goals?

9 Multiple Incentives for Drivers

CPED recommends that drivers should only be able to access an upfront purchase or lease incentive and associated ongoing incentives once to support their initial transition to a ZEV. Drivers who currently drive a purchased or leased ZEV on a CMS Regulated Entity platform are not eligible for the CMS Incentives.

9.1 Previous Staff Proposals and Phase 1 Decision

In the Supplemental Phase 1 Staff Proposal, CPED asked parties, "Is it appropriate to set a limit on the number of times or years between when a driver may receive the upfront incentive?" CSE commented that limiting the number of times that a driver can obtain an incentive is appropriate, which is consistent with the CARB CVRP.[95] Lyft, Uber, and PADS also agreed that limiting the number of incentives is appropriate.[96,97,98]

The CMS Phase 1 Decision established CMS Incentives for purchase or lease. The CMS Incentives for purchase or lease will be offered through the Drivers Assistance Program managed by the Program Administrator. Drivers will be eligible if they are low- and moderate-income and meet the minimum driving thresholds set by the Commission. The CMS incentives for purchase and lease will be available upfront and ongoing (for four years) at the levels set by the Program Administrator as described in the CMS Phase 1 Decision. The CMS Phase 1 Decision did not set requirements for providing multiple incentives for drivers beyond the initial upfront and four years of ongoing incentives.

9.2 Multiple Incentive Recommendations

CPED recommends providing drivers one-time access to the upfront incentive and associated ongoing incentives for multiple vehicle leases or purchases. This is consistent with other ZEV subsidies, like CVRP and the Federal Tax Credit, which restrict incentives to one usage. Although a high-mileage driver will put

[95] Opening Comments on the Supplemental Phase 1 Staff Proposal from Center for Sustainable Energy filed on June 7, 2023: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M510/K861/510861430.PDF

[96] Opening Comments on the Supplemental Phase 1 Staff Proposal from Lyft filed in June 7, 2023: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M510/K856/510856582.PDF.

[97] Opening Comments on the Supplemental Phase 1 Staff Proposal from Uber filed in June 7, 2023: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M510/K856/510856579.PDF.

[98] Opening Comments on the Supplemental Phase 1 Staff Proposal from Protect App-Based Drivers and Services filed in June 7, 2023: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M510/K783/510783164.PDF.

more miles on their vehicle than the average driver, supporting subsequent vehicle purchases or leases would go above and beyond a standard ZEV incentive program and is unnecessary to achieve the goals of the Drivers Assistance Program.

Further, the intent of the Drivers Assistance Program and CMS incentives is to support drivers in their *initial* transition from a gasoline-powered vehicle to a ZEV. Therefore, CPED recommends that a driver who currently drives a personally owned or leased ZEV on a CMS Regulated Entities' platform is not eligible for the CMS upfront and ongoing incentives.

10 Clean Vehicle Requirements and Prioritization

CPED recommends the Commission not limit CMS Regulated Entities' ability to instate vehicle requirements or prioritize trips provided in ZEVs that enable the companies to meet CMS Annual Targets.

10.1 Phase 1 Staff Proposal, Supplemental Proposal, and Party Comments

In the CMS Phase 1 Staff Proposal, CPED recommended two approaches to minimize de-prioritization (matching rides to ZEVs over non-ZEVs) and deactivation of LMI drivers who have not transitioned to ZEVs, including a 120-day notice for LMI drivers and a cap on the percentage of LMI drivers who can be deactivated or de-prioritized each year.[99]

As noted in the Supplemental Phase 1 Staff Proposal, Non-CMS Regulated Entity parties' comments were overall unsupportive of deactivations and de-prioritizations discussed in the original staff proposal. CMS Regulated Entity parties also expressed concern over the recommendation that required them to identify LMI drivers, stating that they lack information on household wages. CMS Regulated Entities also opposed enacting a cap on deactivations and de-prioritizations. One CMS Regulated Entity also noted that deactivations should not apply to drivers but to vehicles.

The Supplemental Phase 1 Staff Proposal modified the original CPED Staff Proposal to:

- Allow CMS Regulated Entities to propose certain clean vehicle requirements and prioritize use of ZEVs on their platforms;
- Require CMS Regulated Entities to notify all drivers of any such requirements;
- Require the approval of the Commission for these requirements through GHG Plan submissions.

[99] CMS Phase 1 Decision included:

- 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 Entities commented that these modifications did not provide sufficient protections for LMI drivers.[100] CMS Regulated Entities were generally supportive of the modifications. The Phase 1 Decision agreed that the issue requires additional consideration in Phase 2 of the proceeding.

10.2 Discussion

Balancing the statutory CMS requirement to both reduce GHG emissions and to ensure minimal negative impact on LMI drivers creates a challenge for program implementation. To reduce GHG emissions from these services, a rapidly scaling transition to ZEVs is necessary for CMS Regulated Entities to meet the CARB-adopted annual targets. The means of ensuring minimal negative impact on LMI drivers is not as straightforward, as this responsibility is not defined in statute or CARB's regulations. The CMS Phase 1 Decision took the approach to ensure minimal negative financial impacts to LMI drivers by establishing a Drivers Assistance Program and CMS incentives for LMI drivers transitioning to a ZEV. CPUC staff will also monitor impacts to LMI drivers through a staff prepared annual report and feedback from the Drivers Working Group.

Generally, the Commission does not direct the CMS Regulated Entities' business operations; rather, the Commission sets rules and regulations that CMS Regulated Entities follow to ensure safety, accessibility, and sustainability objectives. In addition, CMS Regulated Entity drivers are classified as independent contractors and are under no obligation to drive on CMS Regulated Entities' platforms.

To meet the increasingly stringent CMS annual targets, CMS Regulated Entities will need to adjust their operations, which could include new vehicle requirements that dictate the type of vehicles allowed to be driven on the platforms. This is an approach the companies already take when limiting the age of an allowable vehicle on their platforms. The companies must make efforts to communicate clean vehicle requirements to drivers and to help them to access resources to transition to ZEVs. Should CMS Regulated Entities impose new vehicle requirements, they should provide sufficient notice to all drivers and resources (like the Drivers Assistance Program) for transitioning to a ZEV. CPED Staff will include monitoring of the clean vehicle requirements in the Annual LMI Driver Impact Report.

[100] Opening Comments on the Supplemental Phase 1 Staff Proposal from Joint Parties, PADS, SEIU Local 721 and 1021, and SFCTA/SFMTA filed on June 7, 2023.

10.3 Recommendations

CPED clarifies its recommendations from the Supplemental Phase 1 Staff Proposal and recommends a streamlined process for notification of vehicle requirements. CPED Staff recommends against putting restrictions on CMS Regulated Entities from prioritizing ZEV rides on their platforms.

- **Clean Vehicle Requirements.** CMS Regulated Entities may implement clean vehicle requirements for vehicles used on their platforms in order to meet CMS annual targets.
  - CMS Regulated Entities already impose vehicle requirements that include attributes like vehicle age.
  - CMS Regulated Entities' clean vehicle requirements should reference CARB's CMS Final Regulation Order Table 2 and Table 3 for the CO_2 annual emissions targets as justification for the vehicle requirement. CMS vehicle requirements may therefore refer to model year and vehicle categories that are being limited.
- **ZEV Prioritization.** CMS Regulated Entities may prioritize use of ZEVs on their platforms in order to meet CMS annual targets. ZEV prioritization could come from a request from riders who prefer a ride in a less carbon intensive vehicle or could be a result of CMS Regulated Entities' preference for providing rides in ZEVs to make progress towards the annual targets.
- **Communication of Clean Vehicle Requirements.** CMS Regulated Entities must provide notice to all drivers prior to implementing clean vehicle requirements.
  - <u>Notice to Drivers:</u>
    - CMS Regulated Entities should provide at least **six months' notice** to all drivers prior to implementing a new clean vehicle requirement. Notices should be repeated at least monthly after the first notice.
    - The notice should be shared with drivers through every means possible including the app, email, and phone messaging.
    - Drivers should receive a specific message if their vehicle will no longer be allowed on the platform.
    - Drivers should receive information on the resources available within the notice, including the Drivers Assistance Program, to transition to an allowable vehicle.

10.4 Clean Vehicle Requirements Questions for Party Comment

1. Is the Drivers Assistance Program sufficient to ensure minimal impact on LMI drivers should CMS Regulated Entities create clean vehicle requirements? If not, what modifications to the proposed approach to clean vehicle requirements would further minimize impact on LMI drivers?

11 Driver Outreach and Engagement

CPED recommends the Commission allow drivers to opt-in to providing their contact information to the Program Administrator to support direct driver outreach and engagement with the Drivers Assistance Program and other driver-related program requirements.

11.1 Driver Outreach Background

During the Phase 1 rulemaking process, drivers and driver representatives expressed concern over the potential for CMS Regulated Entities to provide fair and adequate support to drivers who will be transitioning to ZEVs.[101] In response to these concerns and to address the program requirement to ensure minimal negative impact on low- and moderate-income drivers, the Commission established the Drivers Assistance Program in the CMS Phase 1 Decision. The Drivers Assistance Program will be managed by a third-party Program Administrator overseen by CPUC staff. The CMS Phase 1 Decision also acknowledges the challenge with outreach to drivers, a population that is constantly changing and difficult to reach, and the need for targeted outreach to drivers, particularly those who do not speak English as their first language.[102] Given these challenges, the CMS Phase 1 Decision requires robust marketing, education, and outreach plans to be submitted to the Commission by each CMS Regulated Entity and the Program Administrator, a dedicated Drivers Working Group managed by Commission staff, and an Annual Driver Survey.

Even with these requirements in place, CPED acknowledges that there will still be challenges with reaching drivers through outreach, especially for the Commission and Program Administrator, given that we do not have the contact information of drivers. The entities with the most direct contact with drivers are the CMS Regulated Entities. Given the concern some drivers and driver representatives have expressed with CMS Regulated Entities' involvement in various elements of the CMS program, having another entity with a method for direct contact with drivers could benefit the drivers and help CMS to succeed.

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[101] CMS Post Workshop Report filed on April 21, 2022: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M469/K615/469615220.PDF. CMS Phase 1 Staff Proposal: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M498/K678/498678391.PDF.

[102] CMS Phase 1 Decision: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M527/K246/527246085.PDF.

11.2 Collecting and Protecting Driver Contact Information

The CPUC does not currently collect or possess contact information for drivers. However, drivers who utilize the Drivers Assistance Program services, especially the incentive program, will be sharing personal information with the Program Administrator. The Program Administrator is required to collect, manage, and protect drivers' information collected through the Drivers Assistance Program. The information collected may only be used for the purposes of the program, like verifying incentive eligibility, disbursing the incentive funds, and the annual driver survey. The option to provide driver contact information will be implemented once the Program Administrator begins their outreach and marketing efforts, which for drivers could be prior to accessing the Drivers Assistance Program and would be for the expressed purpose of contacting drivers around the Drivers Assistance Program and other CMS driver-related program requirements to reach a broader set of drivers. The collected information would be managed and protected in the same way as the information provided when drivers access the Drivers Assistance Program and CMS incentives.

CPED recommends that the Program Administrator be the primary entity to hold the drivers' contact information as they will be doing much of the outreach on the program and will have the safeguards in place to keep the information secure. Should the Commission need to contact drivers, they may request the Program Administrator to send out the information.

Although the Commission will not be the primary entity to collect, store, and manage the data collected, as the entity with oversight of the Program Administrator, the Commission may need to take over the storage and management of the database should the Program Administrator contract not be renewed or should the Drivers Assistance Program end. If the data collected is necessary for the purposes of the ongoing Drivers Assistance Program and CMS implementation, CPED has appropriate secure storage tools to protect personal information on drivers. The data may be securely disposed of once in accordance with the Commission's records retention policies.

11.2.1 Process for offering opt-in communication

CPED recommends the Program Administrator initially work with the CMS Regulated Entities, Commission staff, drivers and driver representatives, and community-based organizations to send out messaging to drivers on providing their information to the Program Administrator as the Drivers Assistance Program is established. The messaging should:

- Describe the Drivers Assistance Program and who the Program Administrator is.
- Describe the benefits to drivers of providing their contact information.
- Describe that their contact information will be securely stored and how it will be used and not used.

- Describe that it is optional both to provide their contact information and what information they provide.
- Describe ways for drivers to request removal of their contact information from the database.
- Be simple to sign up for on a mobile device, tablet, or computer.
- Be available in the most common languages spoken by drivers across platforms.

The contact information would be the minimum needed to conduct outreach, would be optional, and could include:

- Full name, email address, contact phone number (with an option for contact through text or call), and home address.

Drivers could choose what information they would like to share based on how they prefer to be contacted. Drivers could also choose the entity they want to share their information with, beyond the Program Administrator and CPUC.

The Program Administrator should make a good faith effort to provide this option to drivers throughout the program regardless of how many drivers opt in, providing this option with all marketing, education, and outreach efforts for the Drivers Assistance Program. The Commission and CMS Regulated Entities should also do the same.

12 Process for Ending CMS Program Elements

CPED recommends that the Commission establish milestones and processes for ending certain Commission established elements of the CMS Program for individual CMS Regulated Entities who meet the final CMS 2030+ annual targets for two consecutive years. Potential individually required elements to be ended include participation in certain components of the Drivers Assistance Program, such as the collection of the CMS Regulatory Fee.

CPED notes that broader Commission established program elements like the Drivers Assistance Program as a whole, Working Groups, Annual LMI Driver Impact Report, Biennial Unanticipated Barriers and Progress Report, and submission requirements for Small CMS Regulated Entities annual exemptions may require future Commission action and/or action by external legislative and regulatory entities to end. Given that these program elements have not begun implementation at this time, CPED recommends that these should be considered in a future phase of the current CMS proceeding or in a new proceeding to be opened once at least one active and non-exempt CMS Regulated Entity has maintained compliance with the CMS 2030+ annual targets for at least two consecutive years.

All program requirements enacted by SB 1014 and PU Code Section 5450 will continue until further legislative action is taken.

All program requirements enacted by CARB's Final Regulation Order will continue until further rulemaking action is taken by CARB.

12.1 Background

12.1.1 Statutory Requirements

SB 1014 added Section 5450 to the Public Utilities Code to establish the Clean Miles Standard program and statutory requirements for transportation network companies to submit a greenhouse gas emissions reduction plan, including proposals on how to meet the targets and goals, submitted every two years.

SB 1014 and PU Code Section 5450 also established the requirement to review available data and provide an Unanticipated Barriers Report describing any barriers to expanding the usage of ZEVs by TNCs, no less often than every two years.

12.1.2 CARB Final Regulation Order Requirements

CARB's Final Regulation Order[103] for the Clean Miles Standard adopted the annual targets for CMS Regulated Entities out to 2030 and beyond. Additionally, any TNC exceeding 5 million VMT in a single year of operation is required to submit Annual Compliance Reports summarizing the annual GHG emissions and percent of electric vehicle miles traveled (eVMT) for the preceding year. Small CMS Regulated Entities who do not exceed 5 million VMT in a given year are exempt from the Annual Compliance Report requirement for that year.

Each TNC is also required to comply with all annual data submittal requirements established in the Final Regulation Order and to provide CARB with any information submitted to CPUC under this order.

12.1.3 Program Requirements

In the CPUC's Phase 1 Decision, to support drivers' transitions to ZEVs and mitigate negative impacts on LMI drivers, the Commission established a Drivers Assistance Program to be administered by a third-party Program Administrator and funded through the CMS Regulatory Fee.

In addition, the Phase 1 Decision adopted processes for CPED staff to 1) prepare an Annual LMI Driver Impact Report, assessing negative impacts and barriers to LMI drivers' ZEV transition; 2) prepare a Biennial Unanticipated Barriers and Progress Report, reviewing unanticipated barriers to expanding ZEV usage by TNCs and tracking progress towards other CMS program goals such as ESJ and Clean Mobility; and 3) form a Drivers Working Group and an Implementation Working Group to inform staff implementation of CMS. To comply with CARB-established regulations and statutory requirements, CMS Regulated Entities are also required to submit 1) GHG Plans; 2) quarterly and annual data; and 3) Small CMS Regulated Entity annual exemptions.

Phase 2 of the CPUC rulemaking proceeding will include requirements for enforcement of the annual targets and optional credits for meeting the GHG annual target, for which the CPED Staff recommendations are included herein.

[103] CARB Final Regulation Order: https://ww2.arb.ca.gov/rulemaking/2021/cleanmilesstandard.

12.2 Recommendations

CPED proposes a two-tiered approach for phasing individual CMS Regulated Entities out of certain Commission established program requirements and for concluding the CMS program as a whole. The chart below describes which individual requirements will no longer apply once CPUC verifies that a CMS Regulated Entity has maintained compliance with the 2030+ annual targets for at least two years. For example, if an entity submitted a GHG Plan in 2030 and demonstrated compliance with the annual targets through 2030 and 2031, they would not be required to collect the CMS Regulatory Fee nor submit a GHG Plan starting in 2032.

For concluding broader Commission established program requirements, CPED recommends CPUC begin determination of how to conclude the program requirements, through a proceeding or other Commission action, after at least one CMS Regulated Entity meets the 2030+ annual targets for two consecutive years. This will occur after many years of CMS implementation and will provide CPUC time to establish the details of program conclusion for Commission established elements in advance of all CMS Regulated Entities meeting the annual targets.

The closing out of overall program requirements established by the Legislature or through CARB regulations will be determined by the appropriate legislative/regulatory entity who initially established the requirements.

Table 3: CMS Program Elements with Individual and Program Level Recommendations

CMS Program Element	Oversight	Description	Recommendation for Individual CMS Regulated Entities[104]	Recommendation for Overall Program
Drivers Assistance Program (DAP)	Establishing Authority/ Implementation: CPUC	-Managed by third-party Program Administrator. -Provide support to all drivers transitioning to ZEV. -Provide CMS incentive to eligible LMI drivers[105]. -Update Implementation Plan and Handbook annually.	Participation in DAP ends after CMS Regulated Entity meets 2030+ annual targets for two consecutive years.	CPUC will begin determination of the details for concluding overall program requirements, through a proceeding or other Commission action, after at least one CMS Regulated Entity meets the 2030+ annual targets for two consecutive years.
CMS Regulatory Fee	Establishing Authority/ Implementation: CPUC	-CMS Regulated Entities collect per trip fee to be deposited in the CMS Regulatory Fee Account quarterly. -The CMS Regulatory Fee funds the Drivers Assistance Program. -Contracting Agent reports on account activity quarterly. -Fee amount reassessed biannually.	Collection ends after CMS Regulated Entity meets 2030+ annual targets for two consecutive years.	CPUC will begin determination of the details for concluding overall program requirements, through a proceeding or other Commission action, after at least one CMS Regulated Entity meets the 2030+ annual targets for two consecutive years.

[104] Subject to verification by CPUC.

[105] If the Drivers Assistance Program and associated actions by the CMS Regulated Entities are successful in supporting drivers in transitioning to ZEVs, and upfront and ongoing ZEV costs approach parity with ICE vehicle costs, it is reasonable to assume that there may be a point when a sufficient number of drivers have transitioned to ZEVs and/or will no longer need institutional support to do so. The CMS Incentives may be smaller in amount or no longer needed.

CMS Program Element	Oversight	Description	Recommendation for Individual CMS Regulated Entities	Recommendation for Overall Program
GHG Plan	Establishing Authority: Legislative	GHG Plans required to be submitted every two years by CMS Regulated Entities.	GHG Plan submission will continue until action is taken by the legislature.	All program elements enacted by SB 1014 and PU Code Section 5450 will continue until action is taken by the legislature.
	Implementation: CPUC	CPUC Phase 1 Decision provided requirements for GHG Plan content, submission, and review process.	GHG Plan requirements remain the same until/unless CPUC takes action to update requirements. CMS Regulated Entities who have met and continue to meet the 2030+ Annual targets may reflect their achievement in their submitted GHG Plans.	CPUC will begin determination of the details for updating the requirements, through a proceeding or other Commission action, after at least one CMS Regulated Entity meets the 2030+ annual targets for two consecutive years.
Data Reporting	Establishing Authority: CARB	Annual data reporting as outlined in CARB regulations.	Annual data reporting will continue until action is taken by the appropriate regulatory entity.	All program elements enacted by CARB's Final Regulation Order will continue until further rulemaking action is taken by CARB.
	Implementation: CPUC	-Quarterly reporting per CPUC provided data dictionaries. -Annual reporting per CPUC provided data dictionaries. -Data reporting required from CMS Regulated Entities, Program Administrator, and Contracting Agent.	Quarterly data submission ends after CMS Regulated Entity meets 2030+ annual targets for two consecutive years.	CPUC will begin determination of the details for concluding overall program requirements for quarterly reporting and CPUC annual reporting, through a proceeding or other Commission action, after at least one CMS Regulated Entity meets the 2030+ annual targets for two consecutive years.

CMS Program Element	Oversight	Description	Recommendation for Individual CMS Regulated Entities	Recommendation for Overall Program
CPED Annual and Biennial Reports	Establishing Authority: Legislative/CARB	Unanticipated barriers review is required in statute.	N/A	All program elements enacted by PU Code Section 5450 or CARB's Final Regulation Order will continue until action is taken by the appropriate legislative or regulatory entity, like the biennial unanticipated barriers review.
	Implementation: CPUC	-Annual LMI Driver Impact Report conducted annually. -Biennial Unanticipated Barriers and Progress Report conducted every two years (and combined with driver impact report). -Reports prepared by staff as described in CPUC Phase 1 Decision.	N/A	CPUC will begin determination of the details for concluding the staff prepared reports, through a proceeding or other Commission action, after at least one CMS Regulated Entity meets the 2030+ annual targets for two consecutive years.
Working Groups	Establishing Authority/ Implementation: CPUC	-Drivers Working Group and Implementation Working Group established in CPUC Phase 1 Decision. -Details TBD by staff.	N/A	CPUC will begin determination of the details for ending the working groups, through a proceeding or other Commission action, after at least one CMS Regulated Entity meets the 2030+ annual targets for two consecutive years.

CMS Program Element	Oversight	Description	Recommendation for Individual CMS Regulated Entities	Recommendation for Overall Program
Small CMS Regulated Entities	Establishing Authority: CARB	CARB established exemption for small TNCs based on annual VMT.	Requirements apply to Small CMS Regulated Entities who become non-exempt prior to 2030.	All program elements enacted by CARB's Final Regulation Order will continue until action is taken by the appropriate regulatory entity.
	Implementation: CPUC	CPUC Phase 1 Decision established annual submission requirements to confirm exemption status.	Requirements apply to Small CMS Regulated Entities who become non-exempt.	CPUC to consider updates to small CMS Regulated Entity exemption requirements along with other concluding program elements, through a proceeding or other Commission action, after at least one CMS Regulated Entity meets the 2030+ annual targets for two consecutive years.
Enforcement of Annual Targets	Establishing Authority: CARB	Annual GHG and eVMT targets adopted in the CARB Final Regulation Order out to year 2030+.	Annual target requirements will continue until action is taken by the appropriate regulatory entity.	All program elements enacted by CARB's Final Regulation Order will continue until action is taken by the appropriate regulatory entity.
	Implementation: CPUC	Phase 2 Staff Proposal includes proposed citation program for meeting annual targets. Requirements are not final until there is a Phase 2 Decision.	Enforcement of the annual targets will continue until action is taken by the appropriate regulatory entity.	Enforcement of the annual targets will continue until action is taken by the appropriate regulatory entity.

CMS Program Element	Oversight	Description	Recommendation for Individual CMS Regulated Entities	Recommendation for Overall Program
Optional Credits	Establishing Authority: CARB	Optional credits for helping CMS Regulated Entities to meet GHG annual targets included in CARB Final Regulation Order out to year 2030+.	Optional Credits requirements will continue until action is taken by the appropriate regulatory entity.	All program elements enacted by CARB's Final Regulation Order will continue until action is taken by the appropriate regulatory entity.
	Implementation: CPUC	Phase 2 Staff Proposal includes proposals for optional credits. Requirements are not final until there is a Phase 2 Decision.	Optional Credits requirements will continue until action is taken by the appropriate regulatory entity.	Optional Credits requirements will continue until action is taken by the appropriate regulatory entity.

13 Conclusion

CPED looks forward to furthering discussion on the issues raised with the Phase 2 Scoping Memo. Parties may file opening comments on any portion of the Staff Proposal. The Commission especially encourages responses to the questions embedded in Sections 7 (GHG Target Optional Credits), 8 (Incentives for Rentals), and 10 (Clean Vehicle Requirements and Prioritization).