COM/CHG/asf **PROPOSED DECISION** **Agenda ID #24394 (Rev. 1)**
Quasi-Legislative
9/3/2026 Item #6

Decision **PROPOSED DECISION OF COMMISSIONER HARADA (Mailed 7/22/2026)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Implement Senate Bill 1014-the California Clean Miles Standard Program.	Rulemaking 21-11-014

DECISION ON PHASE 2 ISSUES FOR THE CLEAN MILES STANDARD PROGRAM

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DECISION ON PHASE 2 ISSUES FOR THE CLEAN MILES STANDARD PROGRAM

Summary

This decision addresses issues in the second phase of the Clean Miles Standard Program. Of note, this decision clarifies exemptions for Autonomous Vehicle Passenger Carriers, codifies additional incentives for low- and moderate-income drivers on Clean Miles Standard Regulated Entities platforms, and outlines a process for ending the Clean Miles Standard Program after the targets have been met. The instant decision declines to adopt a citation program for enforcement of the Clean Miles Standard annual targets at this time.

This proceeding is closed.

1. Background

On September 13, 2018, Governor Gavin Newsom signed Senate Bill (SB) 1014 (Skinner), Stats. 2018, ch. 369 to enact the California Clean Miles Standard and Incentive Program (Clean Miles Standard or CMS). SB 1014 added Section 5450 to the Public Utilities (Pub. Util.) Code to require the California Air Resources Board (CARB) to adopt, and the California Public Utilities Commission (Commission) to implement, annual targets to reduce greenhouse gas (GHG) emissions by transportation network companies (TNCs).

CARB established the annual targets for the Clean Miles Standard (CMS Annual Targets) in accordance with Section 5450 of the Pub. Util. Code through a rulemaking process that included six public workshops, public written comments, and in-person comments.[1] The rulemaking commenced in February 2019 and concluded when the Office of Administrative Law approved CARB's CMS Final

[1] D.24-03-001 at 8.

Regulation Order (CARB CMS) Order and filed it with the Secretary of State on August 19, 2022. The effective date for the CARB CMS Order was October 1, 2022.[2]

In the CARB CMS Order, CARB adopted two sets of targets for calendar year 2023 and beyond that together comprise the CMS Annual Targets: a GHG reduction target (GHG Target) and an electric vehicle miles traveled target (eVMT Target). The CARB CMS Order defined eVMT as electric vehicle miles traveled by a battery electric vehicle or a hydrogen fuel cell electric vehicle (hereafter referred to as ZEVs).[3] CARB's CMS Order adopted the annual targets for CMS Regulated Entities out to 2030 and beyond. Any TNC exceeding five 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 for the preceding year. The CARB CMS Order exempted Small CMS Regulated Entities who do not exceed 5 million VMT in a given year from the Annual Compliance Report requirement for that year.[4] The CARB CMS Order also requires each TNC to submit annual data to both the Commission and CARB.[5]

On November 18, 2021, the Commission issued an Order Instituting Rulemaking (OIR) to open the instant proceeding to implement the CMS. The OIR noted that the purpose of this proceeding is to implement CARB's adopted CMS targets and goals, ensure minimal negative impact on low income and moderate income (LMI) drivers, support the goals of clean mobility for LMI individuals, and ensure that CMS complements and supports sustainable land use objectives.

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

[3] D.24-03-001 at 9, Table 1: CMS Annual Targets.

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

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

1.1. Phase 1 Decision

On March 14, 2024, the Commission issued Decision (D.) 24-03-001, the decision implementing the first phase of the CMS Program (Phase 1 Decision or D.24-03-001). Decision 24-03-001 established the initial rules and regulations for entities subject to the CMS Program, including transportation network companies (TNCs), charter-party carriers (TCPs), and autonomous vehicle (AV) passenger companies.

D.24-03-001 directs CMS Regulated Entities to biennially file Advice Letters to propose greenhouse gas emissions reduction plans (GHG Plans) to meet CMS Program goals, including the annual targets established by the California Air Resources Board (CARB) to increase vehicle miles traveled by zero-emissions vehicles (ZEVs) to 90 percent and eliminate greenhouse gas emissions by 2030. The Phase 1 Decision further requires CMS Regulated Entities to file full GHG Plans with 90 days of the effective date of the Phase 2 Decision.

Among other things, the 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 (DAP) managed by a Program Administrator (PA). Drivers will be eligible if they are low- or 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 PA as described in the Phase 1 Decision.[6]

[6] After one-year of CMS Program implementation, it was clear to Commission staff that modifications to the program were necessary to ensure the CMS Program operates efficiently. On May 28, 2025, the assigned Administrative Law Judge (ALJ) issued a ruling inviting comment on four proposed modifications to D.24-03-001. Lyft, Inc. (Lyft) and Uber Technologies, Inc. (Uber) were the only parties to file comments. A decision addressing modifications to the CMS Program, Phase 1, was adopted on February 5, 2026.

1.2. Entities Subject to CMS Regulations – Phase 1

Section 5450(a)(3) of the Pub. Util. Code states, "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."

The Commission regulates passenger carriers pursuant to Article XII of the California Constitution and the Passenger Charter-party Carriers' Act.[7] In 2013, the Commission adopted D.13-09-045, which established TNCs as a new subtype of TCP utilizing drivers' personal vehicles for trips prearranged via online-enabled application or platform. Decision 13-09-045 defines a TNC as an organization whether a corporation, partnership, sole proprietor, or other form, operating in California that provides prearranged transportation services for compensation using an online-enabled application or platform to connect passengers with drivers using their personal vehicles. (See also Section 5431(a) of the Pub. Util. Code.)

Decision 24-03-001 clarified how to define the CMS Regulated Entities, finding: it is reasonable to define CMS Regulated Entities as TNCs defined in Section 5431(a) of the Pub. Util. Code, TCPs regulated by the Commission, and companies providing passenger service for compensation with AVs. The Decision states that the Commission could consider whether to include other modes of ridesharing technology in the definition of CMS Regulated Entities in Phase 2 of this proceeding.[8]

Decision 24-03-001 also provided exemptions to the CMS Regulated Entities. Specifically, small TNCs with an annual VMT less than five million miles in a given

[7] Section 5351 of the Pub. Util. Code.

[8] D.24-03-001 at 14.

calendar year are exempt from the CMS targets established by CARB.[9] Additionally, the Phase 1 decision exempted AV Passenger Companies and TCPs that are not TNCs from all requirements of D.24-03-001. The Decision notes that the Commission would consider CMS requirements for these types of entities in Phase 2 of this proceeding.[10]

1.3. Phase 2

On March 29, 2024 the assigned Commissioner issued a Scoping Memo and Ruling (Scoping Ruling) identifying issues for the second phase of this proceeding. In response to the Phase 2 Scoping Ruling, the Consumer Protection and Enforcement Division (CPED) prepared and submitted a Phase 2 Staff Proposal related to the CMS Program. On July 7, 2025, a ruling was issued inviting party comments on CPED's Phase 2 Staff Proposal. Of note, the Phase 2 Staff Proposal addresses the following issues identified in the Phase 2 Scoping Memo: Autonomous Vehicle (AV) Passenger Carriers; (2) Transportation Charter-Party Carriers (TCPs); (3) Clean Miles Standard Citation Program; (4) Sustainable Land-Use Objectives; (5) GHG Target Optional Credits; (6) Incentives for Rentals; (7) Multiple Incentives for Drivers; (8) Clean Vehicle Requirements and Prioritization; (9) Driver Outreach and Engagement; and (10) Process for Ending CMS Program Elements.

Parties were requested to respond to the issues identified in the Phase 2 Staff Proposal via written comments. Opening Comments were filed by Waymo, LLC (Waymo), Uber, Center for Sustainable Energy (CSE), Lyft, Zoox, Inc. (Zoox), and Service Employees International Union, Local 1021 and Local 721 (SEIU). In the aggregate, Parties were generally supportive of the issues and recommendations presented by CPED in the Phase 2 Staff Proposal. Section 5 of this decision

[9] D.24-03-001 at 14 to 16.

[10] D.24-03-001 at 14 to 16.

addresses fine points within each issue and responds directly to parties' requests for clarifications.

2. Submission Date

This matter was submitted on September 23, 2025, with the filing of Reply Comments on the Phase 2 Staff Proposal.

3. Statutory Provisions

SB 1014 added Section 5450 to the Pub. Util. Code with the following requirements:

a. Required CARB to establish a baseline for GHG emissions on a per passenger-mile basis for vehicles used on behalf of TNCs by January 1, 2020.

b. Required CARB to establish annual targets and goals by January 1, 2021 for the reduction of GHG emissions under that baseline commencing in 2023. The targets and goals must include annual goals for increasing passenger-miles traveled using ZEVs. Additionally, the targets and goals shall be consistent with the ZEV Action Plan, be consistent with the stated goals detailed in Executive Order B-48-18, be technically and economically feasible, and be based upon data reported by the TNCs to the Commission.

c. Required TNCs to develop GHG emissions reduction plans by January 1, 2022 (and every two years thereafter) containing proposals to meet CARB's annual GHG emissions reduction targets and goals based on: increased proportion of participating drivers with ZEVs using TNCs; increased proportion of vehicle-miles completed by ZEVs relative to all vehicle miles; decreased gram-per-mile GHG emissions rates; and increased passenger-miles in proportion to overall vehicle-miles.

d. Required the Commission to implement the annual targets (adopted by CARB) for the reduction under the baseline of emissions of GHG per passenger-mile driven on behalf of a TNC.

e. Required the Commission to ensure that ongoing state planning efforts and funding programs that are intended to accelerate the adoption of ZEVs and charging infrastructure shall consider the goals of CMS, and to advance the goals of CMS in the review of transportation electrification applications.

f. Required the Commission to ensure minimal negative impact on LMI drivers; support the goals of clean mobility for LMI individuals; and ensure that the program complements and supports the sustainable land-use objectives contained in Section 65080 of the Government Code.

g. Required CARB and the Commission to delay implementation of the CMS targets and goals if CARB or the Commission finds that unanticipated barriers exist to expanding the usage of ZEVs by TNCs. CARB and the Commission shall review the available data related to barriers to expanding the usage of ZEVs by TNCs no less often than every two years, including data relative to current and future electric transportation adoption rates and charging infrastructure utilization rates.

Section 5450(a)(3) provides:

> "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 [TCPs], and new modes of ridesharing technology that may arise through innovation and subsequent regulation."

4. Issues Before the Commission

The issues before the Commission in this decision are those issues identified in the March 29, 2024 Scoping Ruling. Specifically, the issues addressed are: AV Passenger Carriers; Transportation Charter-Party Carriers; CMS Citation Program and Enforcement; Sustainable Land Use Objectives; GHG Target Optional Credits; Incentives for Rentals; Multiple Incentives for Drivers; Clean Vehicle Requirements and Prioritization; Driver Outreach and Engagement; and Process for Ending CMS Program Elements. These 10 issues were presented in the Phase 2 Staff Proposal, served on July 7, 2025, via ALJ Ruling.

5. Discussion and Analysis

The following builds-on the programmatic design and implementation of CMS in the Phase 1 Decision. The issues addressed for Phase 2 complement the CMS program and support drivers making the transition from an internal combustion engine (ICE) to ZEVs on the respective CMS Regulated Entities' platforms.

5.1. Autonomous Vehicle (AV) Passenger Carriers

The Phase 1 Decision defined CMS Regulated Entities as transportation network companies (TNCs), transportation charter-party carriers (TCPs) and AV passenger carriers, but it exempted AV passenger carriers from all requirements pending consideration in Phase 2. The Phase 1 Scoping Memo defined AV passenger carriers as "transportation providers who participate in the Commission's AV passenger service programs," and the Phase 1 Decision exempted these services operating under Commission AV authorization from regulatory requirements pending consideration in Phase 2. Vehicle Code Section 38750 (i) requires all AVs operating under a deployment permit of model year 2031 or later to be a zero-emission vehicle, which aligns with the CMS Annual Targets. The Phase 2 Staff Proposal recommended maintaining the existing exemption for AV passenger carriers, given their use of company-controlled vehicles, lack of drivers, and observed commitment to ZEVs. The Phase 2 Staff Proposal recommends that AV passenger carriers are <u>exempt from</u>: (1) annual Advice Letter filings for Small CMS entities; (2) collecting per trip CMS Regulatory Fee; (3) annual GHG emission reduction plan (GHG Plans) filing; and (4) submitting CMS quarterly and annual data.

Waymo, Zoox, Lyft, and SEIU provided comments in response to AV passenger carrier exemptions for Phase 2. Waymo, Zoox, and SEIU fully support the Phase 2

Staff Proposal's exemptions for AV passenger carriers.[11] Lyft opposes exempting AV passenger carriers from CMS requirements and reporting.[12] Lyft notes that "AVs pose the same environmental impact as TNCs, and there is no justification for exempting them from CMS requirements…As AV market participants develop their technology and business models, their environmental impact must be considered."[13] Lyft cautions that exempting AV passenger carriers from the per trip CMS regulatory fee may result in negative impacts on LMI drivers.[14]

Waymo supports the continued exemptions for AV passenger carriers for several reasons. First, the CMS Regulatory Fee, which funds the DAP is "intended to help TNC drivers transition their personal vehicles" to ZEVs.[15] As Waymo has noted, the CMS Regulatory Fee should not apply to AV TCPs because unlike TNCs, they do not operate through a fleet of driver-owned personal vehicles.[16] Accordingly, imposing the CMS Regulatory Fee on AV-TCPs would unfairly burden AV operators that provide services using commercial vehicles that the AV operators directly own and maintain.[17]

Zoox supports the continuation of AV Passenger Carrier exemptions from CMS regulations. Zoox notes the Phase 2 Staff Proposal correctly identifies that "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

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[11] Waymo Opening Comments on Phase 2 Staff Proposal at 2 to 3; SEIU Opening Comments on Phase 2 Staff Proposal at 2; Zoox Opening Comments on Phase 2 Staff Proposal at 3.

[12] Lyft Opening Comments on Phase 2 Staff Proposal at 2 to 3.

[13] Lyft Opening Comments on Phase 2 Staff Proposal at 3.

[14] Lyft Opening Comments on Phase 2 Staff Proposal at 3.

[15] Waymo Opening Comments on Phase 2 Staff Proposal at 1 to 2.

[16] Waymo Opening Comments on Phase 2 Staff Proposal at 2.

[17] Waymo Opening Comments on Phase 2 Staff Proposal at 2.

larger number of miles, and the company can also manage vehicle charging within their own charging depot system."[18]

SEIU agrees that incentives should be used to support TNC drivers as they transition to zero-emission vehicles, not for TNCs to access for company operated vehicles.[19] However, as existing TNCs and CMS Regulated Entities begin to venture into the AV passenger carrier market, SEIU hopes the Commission will create guardrails to ensure that there are no inadvertent incentives for CMS Regulated Entities to simply abandon driver-operated fleets for driverless AV fleets solely to meet GHG targets.[20]

Considering the supportive comments on the AV passenger carrier exemptions for services operated under Commission AV authorization. Considering that, to date, AV passenger carriers generally utilize company-controlled ZEVs, the current exemptions from collecting the CMS regulatory fee, submitting GHG plans, submitting quarterly and annual GHG data, and submitting the small CMS entity annual exemption AL should continue through the second phase of the CMS program.

5.2. Transportation Charter-Party Carriers

The CMS Phase 1 Decision defined CMS Regulated Entities as TNCs, TCPs, and AV passenger carriers.[21] The CMS Phase 1 decision, however, temporarily exempted TCPs that are not TNCs (non-TNC TCPs) from all requirements of D.24-03-001.[22] The Phase 2 Staff Proposal recommends continuing this exemption, including

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[18] Zoox Opening Comments on Phase 2 Staff Proposal at 3; Phase 2 Staff Proposal at 7 to 8.

[19] SEIU Opening Comments on Phase 2 Staff Proposal at 2.

[20] SEIU Opening Comments on Phase 2 Staff Proposal at 2.

[21] D.24-03-001 at 14.

[22] *See* D.24-03-001 at 18: For the reasons above, it is reasonable to exempt AV Passenger Companies and TCPs that are not TNCs from all requirements of this decision. The Commission will consider CMS requirements for these types of entities in Phase 2 of this proceeding.

UberBlack and their TCP subcarriers from CMS program requirements. This treatment is consistent with CARB's CMS regulations, which exclude non-TNC TCPs from CMS requirements, including annual targets.[23] CARB's CMS Order, which used TNC Annual Report data to set the annual targets and other program elements, explicitly excluded non-TNC TCPs.[24] Moreover, TCPs provide a variety of services with different fleets in size, vehicle type, and ownership in comparison to TNCs.

Lyft supports CPED's recommendation to continue to exempt non-TNC TCPs from CMS program requirements, with the exception of AV companies, as discussed above.[25] As evidenced in the Transportation Carrier Portal, non-TNC TCPs provide a variety of services with different vehicles than TNCs.[26] Consistent with CARB's CMS regulations, Lyft agrees that TCPs should continue to be exempt from CMS requirements.[27] Lyft seeks clarification concerning how the Commission would treat TCPs operated by TNCs under the Phase 2 Staff Proposal.[28] Lyft is not clear why the Staff Proposal includes UberBlack (which is operated by a TCP) in the category of exempt TCPs.[29] Lyft requests the Phase 2 Staff Proposal be clarified to clearly distinguish between TNCs, and non-TNC TCPs.[30]

Given Lyft's request for clarification, we provide the following definitions to serve as a distinction between TNCs and TCPs:

- A Transportation Charter-Party Carrier (TCP) is a person or business engaged in transporting persons by motor vehicle for compensation on a *prearranged basis* (i.e., booked ahead,

[23] Phase 2 Staff Proposal at 10 to 12.

[24] Phase 2 Staff Proposal at 11.

[25] Lyft Opening Comments at 4.

[26] Lyft Opening Comments at 4.

[27] Lyft Opening Comments at 4.

[28] Lyft Opening Comments at 4.

[29] Lyft Opening Comments at 4.

[30] Lyft Opening Comments at 4.

not street-hail) under CPUC authority (P.U. Code § 5360 & 5360.5 (a).

- A Transportation Network Company (TNC) is any entity operating in California that provides prearranged transportation services for compensation using an online-enabled application or platform to connect passengers with drivers using a personal vehicle (P.U. Code § 5431).
- The primary distinction between a TNC and a TCP is that the TNC connects riders to drivers who drive their personal vehicle, not a vehicle such as a limousine purchased primarily for commercial purpose. To that end, a TNC is not permitted to itself own vehicles used in its operations or own fleets of vehicles (General Order 157-E).

Some companies, such as Uber and Lyft, hold both TCP and TNC permits and operate distinct services under each permit on the same platform. CPED recommends continuing to exempt rides provided by drivers operating under a TCP permit (including those that operate on a platform that offers both TNC and TCP services) from CMS program requirements. Companies holding solely a TCP permit that provide rides solely under that TCP permit are likewise currently exempt from all CMS requirements. This exemption also aligns with the CARB CMS Order, which explicitly excludes non-TNC TCPs from annual targets.

In opening comments on the Proposed Decision, Lyft pointed out that under future business models, driverless AVs may provide rides under a TCP permit, and thus the exemption should be applied to the vehicle, rather than the driver.[31] This decision was revised to include that change in the exemption.

5.3. Clean Miles Standard Citation Program and Compliance Monitoring

Section 5450 assigns CARB responsibility for setting the CMS targets, and the Commission is responsible for "implementing" those targets. Implementation of the

[31] Lyft Opening Comments at 4.

targets has generally been interpreted as necessitating a penalty or enforcement mechanism if the regulated entities fail to meet the targets. The Phase 2 Staff Proposal recommended enforcement of the CMS Targets via Article 2, Chapter 8 of the Public Utilities Code.[32]

Uber requests the Commission delay enforcement of the CMS targets until (1) Commission staff completes the first Biennial Unanticipated Barriers and Progress Report and (2) the DAP has been operational – and providing financial incentives to TNC drivers for at least two years.[33] Uber explains that even under ideal circumstances, there are major barriers that will make it difficult for Uber to meet the established CMS targets. Uber cites to limited choice of ZEVs and constrained public charging as barriers that continue to slow EV adoption.[34]

Lyft requests the Commission decline to adopt the "draconian enforcement" measures recommended by staff.[35] First, Lyft comments that enacting a citation program prior to the first Unanticipated Barriers Report runs contrary to the enabling legislation.[36] Lyft argues that adopting the citation structure proposed by Staff before the unanticipated feasibility review is completed and any necessary adjustments are made to the targets could subject the Commission to judicial challenge.[37] Second, Lyft notes that punishing a TNC for failure to meet GHG and

[32] Pub. Util. 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.

[33] Uber Opening Comments on Phase 2 Staff Proposal at 4 to 5.

[34] Uber Opening Comments on Phase 2 Staff Proposal at 3 to 4.

[35] Lyft Opening Comments on Phase 2 Staff Proposal at 5.

[36] Lyft Opening Comments on Phase 2 Staff Proposal at 5.

[37] Lyft Opening Comments on Phase 2 Staff Proposal at 5.

eVMT targets is unnecessarily punitive, given that many factors influence EV adoption and the vehicles that current and prospective future drivers own are outside TNCs' control.[38] Lyft suggests that the significant fines proposed will not just punish TNCs, but will result in significant consequences for TNC drivers and riders.[39] Finally, according to Lyft the proposed enforcement measures fail to acknowledge the significant financial investments TNCs are already making to meet these targets by encouraging drivers to give rides in ZEVs.[40] There are also several unanticipated barriers that have arisen, including delays in implementation of the DAP, the impending expiration of ZEV tax credits, the revocation of the EPA waiver authorizing the Advanced Clean Cars II program, a revocation of federal ZEV targets, the proposed rollback of federal GHG regulations, and the elimination of monetary penalties for Corporate Average Fuel Economy CAFE standards.[41]

Uber and Lyft make compelling points on the citation program and enforcement issue. We agree that it is premature to adopt an enforcement mechanism for the CMS Program at this time. The Commission may, at a later date, consider an enforcement mechanism after reviewing the first Biennial Unanticipated Barriers and Progress Report and the record developed subsequent to its release.

Uber and Lyft identify several potential barriers, including expiration of the federal EV tax credits, other federal policy changes impacting the current ZEV market, and lack of public charging, all of which were reviewed in the Unanticipated

[38] Lyft Opening Comments on Phase 2 Staff Proposal at 5.

[39] Lyft Opening Comments on Phase 2 Staff Proposal at 5.

[40] Lyft Opening Comments on Phase 2 Staff Proposal at 5.

[41] Uber Opening Comments on Phase 2 Staff Proposal at 3 to 4.

Barriers and Progress Report released by CPED on June 24, 2026.[42] The report identifies multiple unanticipated barriers to expanding the usage of ZEVs by TNCs and recommends a three year pause in target implementation with two options for starting up target implementation again after the pause. The Unanticipated Barriers and Progress Report may help inform a future citation program, but not in the instant decision.

5.4. Sustainable Land-use Objectives

Senate Bill 1014 and Pub. Util. Code Section 5450 require the Commission to ensure that the CMS program supports sustainable land-use objectives contained in Section 65080 of the Government Code. Government Code Section 65080 requires metropolitan planning organizations (MPOs) to prepare sustainable communities strategies to meet CARB's established GHG emission reduction targets for light-duty passenger vehicles. The 2022 Progress Report, pursuant to SB 150, found that ZEVs are not enough to meet state climate goals and that a reduction in VMT is also needed to enable sufficient GHG emissions reductions.[43]

As the Phase 2 Staff Proposal explains, 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.[44] State-level CMS-related GHG reductions in light-duty passenger services are complementary to the broader SB 375 goals.[45] Additionally, CARB created

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[42] https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/consumer-protection-and-enforcement-division/documents/tlab/clean-miles-standard/cms-unanticipated-barriers-progress-report-june-2026.pdf

[43] Phase 2 Staff Proposal at 24; 2022 Program Report per SB 150 available at: https://ww2.arb.ca.gov/resources/documents/tracking-progress.

[44] Phase 2 Staff Proposal at 24; CARB CMS Final Regulation Order available at: https://ww2.arb.ca.gov/rulemaking/2021/cleanmilesstandard.

[45] Phase 2 Staff Proposal at 24 to 25.

optional credits for CMS Regulated Entities to use towards meeting the annual GHG Target. The optional credits included in CARB's CMS Order for CMS targets VMT reduction activities that CMS Regulated Entities can support.[46]

CPED recommends no additional program elements are needed for CMS 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. No Party provided comment on this issue. Accordingly, this decision adopts the recommendation of CPED in the Phase 2 Staff Proposal that no additional program elements are needed to meet the goals of SB 1014 and Pub. Util. Code Section 5450.

5.5. GHG Target Optional Credits

The CARB CMS Order included provisions for two options for TNCs to generate credits toward the Annual GHG targets through means other than reducing the GHG emissions of their fleets.[47] Section 2490.2 and 2490.3 of CARB's CMS 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.[48] To receive the credit, the CMS Regulated Entity must submit a signed letter

[46] Phase 2 Staff Proposal at 24 to 25.

[47] Phase 2 Staff Proposal at 26; CARB Final Regulation Order Section 2490.2 and 2490.3.

[48] Phase 2 Staff Proposal at 26; 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."

from the CEQA lead agency for the project as well as the additionally listed project information.[49]

- 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[50] 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 CMS Order.

The Phase 2 Staff Proposal recommends that the Commission implement the CARB-developed optional credits but decline to adopt additional optional GHG credits at this time. The Phase 2 Staff Proposal recommends two clarifications to the CARB-authorized optional GHG credits: (1) 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); and 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.

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[49] Phase 2 Staff Proposal at 27; *See* CARB Final Regulation Order Section 2490.3(b)(7).

[50] Phase 2 Staff Proposal at 27; 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."

Uber does not comment specifically on the issue of allowing private entities to accept bike or pedestrian investments from CMS Regulated Entities.[51] Uber reiterates its earlier comments, however, that the notion that TNCs would actively participate in these types of public infrastructure projects is likely remote. Uber is not a developer (nor are the other TNCs), and it does not fund or otherwise participate in the planning and development processes associated with these types of public improvements; these types of public infrastructure improvements are, plainly, outside the institutional expertise and business goals of TNCs, and such improvements are an inefficient use of TNC funds.[52]

With respect to transit-connected trips, Lyft urges the Commission to adopt location-based confirmation of transit connected trips.[53] From a technological standpoint, it is not the case that all CMS Regulated Entities' apps offer transit connected payment options, such as Lyft, rendering the current method of confirming transit connected trips administratively infeasible. Moreover, relying on public agencies to track and confirm transit connected trips is problematic due to the sheer volume of data that occurs on the Lyft platform which would have to be exchanged between TNCs and public agencies.[54] Lyft notes there is no environmental or social justice benefit to requiring riders to purchase transit tickets in the Lyft or other CMS Regulated Entities' apps. Lyft states the Commission should encourage TNCs to connect riders with public transit by incentivizing CMS Regulated Entities with optional credits for transit-connected trips.[55]

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[51] Uber Opening Comments on Phase 2 Staff Proposal at 27 to 28.

[52] Uber Opening Comments on Phase 2 Staff Proposal at 27 to 28.

[53] Lyft Opening Comments on Phase 2 Staff Proposal at 12 to 13.

[54] Lyft Opening Comments on Phase 2 Staff Proposal at 12 to 13.

[55] Lyft Opening Comments on Phase 2 Staff Proposal at 13.

Appreciating Uber and Lyft's comments, this decision implements the CARB-developed optional credits in the manner proposed in the Phase 2 Staff Proposal, with the following minor clarifications. TNCs shall request approval of the GHG optional credits via Tier 2 Advice Letter within 30 days of submitting their CMS Annual Data Report, rather than providing notification via a Tier 1 Advice Letter. The Commission may consider a process for adopting additional optional GHG credits in a future proceeding.

5.6. Incentives for Rentals

The Phase 1 Decision established CMS incentives to support the purchase or lease of a ZEV. The Phase 1 Decision did not, however, consider how CMS incentives could apply to ZEV rentals, nor did it create an incentive for rentals.[56] 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.[57] CMS Regulated Entities, specifically Uber and Lyft, maintain their own rental program partnerships available to drivers.[58] These programs are offered for both gasoline-powered vehicles and ZEVs.[59] According to Uber's website[60], drivers may choose from weekly, daily, and hourly rental options. Uber provides a $210 bonus for completing 200 eligible rides every 30 days (replacing their $1 per ZEV trip incentive). Lyft maintains their Express Drive

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[56] Phase 2 Staff Proposal at 33.

[57] Phase 2 Staff Proposal at 33; Opening Comments on the Supplemental Phase 1 Staff Proposal from Center for Sustainable Energy filed on June 7, 2023.

[58] Phase 2 Staff Proposal at 34.

[59] Phase 2 Staff Proposal at 34.

[60] Phase 2 Staff Proposal at 34; Uber website on their Vehicle Marketplace: https://www.uber.com/us/en/drive/vehicle-solutions/

Program that offers rental vehicles to Lyft drivers.[61] Lyft partners with Hertz and Flexdrive to offer gasoline powered vehicles and ZEVs.[62] The rentals are offered for a minimum of seven days with no maximum.[63]

In the Phase 2 Staff Proposal, CPED recommends[64] the incentive fund amounts used to subsidize a rental be established in one of the following approaches:

(1) Match Massachusetts Program: 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.

(2) Set a Percentage Based on Purchase / Lease Incentive: Set to up to 5% of the new and used ZEV purchase or lease amount that can go towards a ZEV rental. The total rental incentive amount would be spread evenly per week across the allowable four week rental period. 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.

(3) Set a Percentage on Rental Costs: 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.

[61] Phase 2 Staff Proposal at 34.

[62] Phase 2 Staff Proposal at 34.

[63] Phase 2 Staff Proposal at 34.

[64] Phase 2 Staff Proposal at 37.

The funds used for rental 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.[65] CPED recommends that the Program Administrator propose changes to the ZEV rental incentive allowable amount per week in their Implementation Plan as they update the purchase and lease incentives.[66]

Uber generally agrees with statements in the Phase 2 Staff Proposal acknowledging the utility of ZEV rentals as a way for drivers to test ZEVs before committing to a purchase or lease, while also recognizing that rentals are not a long-term solution for achieving the CMS Program's emission reduction goals.[67] Uber also generally concurs that drivers should be eligible for the ZEV rental incentive only once, and that eligible drivers should utilize a portion of their CMS upfront incentive to subsidize ZEV rental cars, which helps to reduce additional program costs.[68] Uber supports the "Match Massachusetts Program," offering up to $100 per week for up to four weeks, with a minimum rental period of two weeks (or $200 total).[69] Uber prefers this approach due to its clarity, ease of implementation, and reasonableness.[70]

Lyft supports CPED's recommendation to allow eligible LMI drivers to use a portion of the CMS Upfront Incentive to subsidize ZEV rental.[71] According to Lyft, CPED's proposal strikes the appropriate balance between the desire to ease drivers into the transition to a ZEV by allowing them to rent before they buy and not

[65] Phase 2 Staff Proposal at 37 to 38.

[66] Phase 2 Staff Proposal at 37 to 38.

[67] Uber Opening Comments on Phase 2 Staff Proposal at 28.

[68] Uber Opening Comments on Phase 2 Staff Proposal at 28.

[69] Uber Opening Comments on Phase 2 Staff Proposal at 28.

[70] Uber Opening Comments on Phase 2 Staff Proposal at 28.

[71] Lyft Opening Comments on Phase 2 Staff Proposal at 15 to 16.

increasing the costs of the CMS Regulatory Fee and DAP.[72] Lyft also agrees with the proposed logistics of the rental incentive set forth in the Phase 2 Staff proposal.[73]

CSE supports the Commission's recommendation to provide TNC drivers with one-time access to the DAP incentives, based on the Commission's assertion that the intent of the DAP incentives is to support TNC drivers in their initial transition from an ICE vehicle to a ZEV.[74] CSE recommends that any rental incentives under DAP prioritize benefits to drivers..[75] CSE encourages the Commission to wait until additional program data becomes available from the Ride Clean Mass program before adopting similar rental incentives for the DAP.[76] CSE encourages the Commission to not adopt rental incentives based on a percentage of the purchase/lease incentive or rental costs, as this approach will increase administrative complexity, require additional cost information to be submitted by the CMS Regulated Entities, and could create confusion among prospective incentive recipients.[77]

The authorization and application of CMS incentives to the rental of a ZEV aligns with the statutory goals of the CMS program. Moreover, matching the Ride Clean Mass program at up to $200 per week for up to eight weeks provides a streamlined and balanced approach to applying CMS incentives toward rentals. The PA of the DAP should administer this incentive, and rental incentives should be drawn from the same fund as the purchase/lease incentive. Applicants for the rental incentive should be required to meet the same eligibility criteria as those

[72] Lyft Opening Comments on Phase 2 Staff Proposal at 15 to 16.

[73] Lyft Opening Comments on Phase 2 Staff Proposal at 15 to 16.

[74] CSE Opening Comments on Phase 2 Staff Proposal at 2 to 3.

[75] CSE Comments on Phase 2 Issues in Scope at 2 to 3.

[76] CSE Opening Comments on Phase 2 Staff Proposal at 2 to 3.

[77] CSE Opening Comments on Phase 2 Staff Proposal at 2 to 3.

applying for a purchase/lease incentive, and the value of the rental incentive should be subtracted from the purchase/lease incentive for applicants who access both incentives. Applicants should not be permitted to apply for the rental incentive after receiving the upfront purchase/lease incentive. Applicants receiving only the rental incentive should not be eligible for the ongoing charging incentive, but the PA of DAP may propose in the Tier 3 Advice Letter described below to account for the cost of charging in the incentive amount proposed, with justification.

Within 90 days of issuance of the instant decision, the PA shall file a Tier 3 Advice Letter outlining the following: (1) The weekly rental incentive amount; (2) If the rental incentive amount is different from that of Ride Clean Mass, the justification for that difference; (3) The incentive application and distribution process; (4) The driver eligibility verification process; (5) Any restrictions applying to the rental incentive, such as the number of vehicles that may be tested during the duration of the incentive; (6) How DAP rental incentives interact with other rental incentives, including those offered by CMS Regulated Entities; and (7) How to ensure that drivers (rather than CMS Regulated Entities) benefit from the incentive. Subsequent changes to the rental incentive program may be submitted via Tier 2 Advice Letter filing.

In opening comments on the proposed decision, CSE raises several issues related to the rental incentive, including:

- References to Ride Clean Mass incentive amount and duration should be updated to reflect recent changes to that program.
- Eligibility requirements for drivers to qualify for the rental incentive should be clarified.
- The Commission should establish a limit on the portion of the incentive budget that can be allocated to rental incentives.

- The Commission should limit drivers to test a maximum of two ZEV models over an eight-week period.
- The proposed decision should be updated to include limits on the number of rental incentives a driver may apply for, and whether the rental incentive is available to drivers who have already received a purchase/lease incentive.
- The proposed decision should be updated to clarify whether the value of the rental incentive should be deducted from the upfront purchase/lease incentive for drivers who apply for both incentives; whether rental incentive recipients would be eligible for the ongoing charging incentive; whether drivers who own a ZEV but do not drive it on a TNC platform would be eligible for the rental incentive.[78]

In opening comments on the proposed decision, SEIU Locals opposes subtracting the value of the rental incentive from the purchase/lease incentive for drivers who access both.[79]

In reply comments on the proposed decision, Uber states that it opposes increasing the rental incentive to match the Ride Clean Mass program; supports applying the eligibility criteria for the purchase/lease incentive to the rental incentive; supports limiting drivers to a single rental incentive; and opposes allowing drivers who receive the rental incentive to receive the ongoing charging incentive.[80]

This decision was revised to clarify that the rental incentive is drawn from the same fund as the purchase/lease incentive; applicants for the rental incentive are required to meet the same criteria as the purchase/lease incentive; the value of the

[78] CSE Opening Comments at 2-3.

[79] SEIU Opening Comments at 3.

[80] Uber Reply Comments at 2-4.

rental incentive is deducted from the purchase/lease incentive for drivers who access both; applicants are not permitted to access the rental incentive after receiving the purchase/lease incentive; and the PA of DAP may account for the cost of charging during the rental period in the value it proposes for the rental incentive and determine any restrictions that should be applied to the rental incentive via the Tier 3 Advice Letter filing due 90 days after issuance of the instant decision.

5.7. Multiple Incentives for Drivers

The Phase 1 Decision established CMS incentives to support the purchase or lease of a ZEV. The Phase 1 Decision did not, however, address the issue of whether drivers may receive multiple incentives beyond the initial upfront and four years of ongoing incentives.[81] CPED recommends providing drivers one-time access to the upfront incentive and associated ongoing incentives.[82] This is consistent with other ZEV subsidies, like CVRP and the Federal Tax Credit, which restrict incentives to one usage.[83] Although a high-mileage driver will put 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 DAP.[84] Because the intent of DAP is to support drivers in their initial transition from gasoline to ZEV, CPED recommends that a driver who currently drives a personally owned or leased ZEV on a CMS Regulated Entities' platform is not eligible for CMS monetary incentives.[85]

Uber generally agrees with CPED's recommendations, but requests clarity on what "currently drive" a ZEV means.[86] Uber suggests requiring that drivers have

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[81] Phase 2 Staff Proposal at 39 to 40.

[82] Phase 2 Staff Proposal at 39 to 40.

[83] Phase 2 Staff Proposal at 39 to 40.

[84] Phase 2 Staff Proposal at 39 to 40.

[85] Phase 2 Staff Proposal at 40.

[86] Uber Opening Comments on Phase 2 Staff Proposal at 30.

completed fewer than 10 percent of the trips that qualify them to receive DAP incentives in a ZEV.[87] With the current proposal of 4,500 trips in the past 12 months to establish DAP eligibility, Uber recommends a limit of ZEV trips over the same period would be 450.[88] The 10 percent trip cutoff is generous towards drivers who might have tried out ZEVs before, and it would extend the benefit to drivers who might have switched to ZEVs shortly before the DAP incentive became available.[89]

CSE supports the Commission's recommendation to provide TNC drivers with one time access to the DAP incentives, based on the Commission's assertion that the intent of the DAP incentives is to support TNC drivers in their initial transition from an ICE vehicle to a ZEV.[90] CSE also supports the Commission's proposal that a TNC driver who has already purchased or leased a ZEV should not be eligible for the DAP incentives because they do not need additional support to transition to a ZEV.[91] CSE recommends the Commission collect data on TNC vehicle replacement to ensure that drivers who receive an incentive to transition to a ZEV maintain that vehicle in the long term and replace that vehicle with another ZEV.[92]

Lyft also agrees with CPED's proposal, because it is consistent with the intent of CMS incentives to support drivers in their initial transition from a gasoline-powered vehicle to a ZEV.[93]

SEIU Locals strongly oppose the recommendation that drivers who currently drive a purchased or leased ZEV are not eligible for CMS incentives.[94] SEIU

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[87] Uber Opening Comments on Phase 2 Staff Proposal at 30.

[88] Uber Opening Comments on Phase 2 Staff Proposal at 30 to 31.

[89] Uber Opening Comments on Phase 2 Staff Proposal at 30 to 31.

[90] CSE Opening Comments on Phase 2 Staff Proposal at 3.

[91] CSE Opening Comments on Phase 2 Staff Proposal at 3.

[92] CSE Opening Comments on Phase 2 Staff Proposal at 3 to 4.

[93] Lyft Opening Comments on Phase 2 Staff Proposal at 17.

[94] SEIU Opening Comments on Phase 2 Staff Proposal at 4 to 5.

comments that its drivers are strongly considering earlier ZEV transition to get ahead of any deactivations that may cause drivers to lose out on income, with some already making the transition.[95] SEIU urges the Commission to explore an option in which a timeline is established for LMI drivers to retroactively access incentives, or an alternative in which a portion of the incentive is available to drivers who currently drive a purchased or leased ZEV, calculated similarly but tied to a higher amount established by the rental incentive offering.[96]

To continue to encourage the transition from a gasoline powered vehicle to a ZEV, this decision restricts the upfront incentive to once per driver toward the purchase or lease of a ZEV. Ongoing incentives will be limited to a single 4-year period per eligible driver, and drivers will have a five-year window after accessing the upfront incentive to apply for the ongoing incentive. Recognizing there is a need for clarity on what is meant by "current drivers" – this decision notes that drivers are not eligible for DAP incentives if they both 1) currently own a ZEV; and 2) drive that ZEV on a CMS Regulated Entities' platform.. The PA shall incorporate this modification to the restrictions established in Commission Resolution TL-19156 in the Tier 3 Advice Letter filing that is due 90 days after issuance of the instant decision. At its discretion, the PA for DAP may propose in that Advice Letter filing to include exceptions to the restriction on receiving multiple incentives for drivers who lose their ZEV due to accidents, recalls, or other extenuating circumstances.

In opening comments on the proposed decision, CSE supports the Commission's proposals to limit the upfront ZEV purchase/lease incentive to once per driver and to limit the ongoing charging incentive to a single, four-year period. CSE also supports the proposed clarification that drivers who own a ZEV and drive that ZEV on a TNC platform are not eligible for the purchase/lease or rental

[95] SEIU Opening Comments on Phase 2 Staff Proposal at 4 to 5.

[96] SEIU Opening Comments on Phase 2 Staff Proposal at 4 to 5.

incentive. Finally, CSE recommends making exceptions to the prohibition on multiple incentive for drivers who received a purchase/lease incentive but lost their ZEV due to an accident, manufacturer recall or other extenuating circumstances.[97]

In opening comments on the proposed decision, SEIU Locals recommends allowing drivers who have completed fewer than 50% of trips over the previous year to be eligible for incentives.[98]

In reply comments, Uber emphasized its support for the proposed decision's exception for drivers who complete 10% of qualifying trips or fewer in a ZEV in the past 12 months to be eligible for incentives. Uber opposed CSE's clarification that drivers who own a ZEV and drive that ZEV on a TNC platform are not eligible for the purchase/lease or rental incentive, but noted that they could not speak to the increased administrative burden that the exception would create for CSE.[99]

The decision has been revised to clarify that drivers who own a ZEV and drive that ZEV on a CMS-regulated entity's platform are not eligible for DAP incentives; the PA for DAP should submit its proposal to effectuate the restrictions discussed in this section in the Advice Letter that is required 90 days after issuance of the instant decision; and the PA for DAP may include exceptions for drivers who lost their ZEV due to extenuating circumstances in the Advice Letter.

5.8. Clean Vehicle Requirements and Prioritization

As detailed in the Phase 2 Staff Proposal, CPED recommends a streamlined process for notification of vehicle requirements.[100] CPED recommends against putting restrictions on CMS Regulated Entities from prioritizing ZEV rides on their

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[97] CSE Opening Comments at 4-5.

[98] SEIU Opening Comments at 3.

[99] Uber Reply Comments at 4.

[100] Phase 2 Staff Proposal at 42 to 43.

platforms.[101] As detailed in the Phase 2 Staff Proposal, CPED recommends that CMS Regulated Entities may implement clean vehicle requirements for vehicles used on their respective platforms, in order to meet CMS targets.[102] CMS Regulated Entities already impose vehicle requirements that include attributes like vehicle age.[103] Any clean vehicle requirements should reference CARB's CMS Final Regulation Order (Table 2 and 3) for the CO_2 annual emissions targets as justification for the vehicle requirement.[104] CPED recommends CMS Regulated Entities provide notice to all drivers prior to implementing clean vehicle requirements.[105] Specifically, CMS Regulated Entities should provide at least six months' notice to all drivers prior to implementing a new clean vehicle requirement.[106] Notices should be repeated at least monthly after the first notice.[107]

While Uber does not disagree with staff's recommendation as it concerns the ability of TNCs to establish clean vehicle requirements and/or prioritize ZEV trips, putting TNCs in a position where they must impose these types of requirements to avoid monetary penalties could have unintended consequences on drivers at any income level, any of whom could depend on Uber as a significant income source.[108] Uber strongly urges the CPUC to focus CMS on crafting incentives (including additional optional credits) that will enable all drivers to continue to operate on the platform while the general population continues to transition to ZEVs.[109]

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[101] Phase 2 Staff Proposal at 42 to 43.

[102] Phase 2 Staff Proposal at 23.

[103] Phase 2 Staff Proposal at 23.

[104] Phase 2 Staff Proposal at 43.

[105] Phase 2 Staff Proposal at 43.

[106] Phase 2 Staff Proposal at 43.

[107] Phase 2 Staff Proposal at 43.

[108] Uber Opening Comments on Phase 2 Staff Proposal at 31.

[109] Uber Opening Comments on Phase 2 Staff Proposal at 31.

Lyft seeks clarification that CPED's proposal would allow—but does not require—CMS Regulated Entities to implement clean vehicle requirements in order to meet CMS annual targets. Lyft strongly opposes requiring CMS Regulated Entities to implement clean vehicle requirements on drivers.[110] As Lyft stated in its Interim GHG Plan, "in order to minimize any negative impact on [LMI] drivers, Lyft has no plans to require any driver to use an EV in 2024 or 2025 as a condition of accessing the Lyft platform. In addition, Lyft does not plan to impose any new vehicle restrictions beyond incrementing its vehicle age requirements by one year annually."[111]

SEIU recommends the Commission clarify that the implementation of clean vehicle prioritization and/or requirements by a CMS Regulated Entity shall not take place until at least a year after the findings of the first Annual Driver Survey, the unanticipated barriers review are concluded, and the corresponding recommendations are executed.[112] Additionally, SEIU proposes that the 6-month notice to all drivers be revised to a 9-month notice for drivers if their vehicle will soon no longer be allowed on the platform, in addition to a 6-month notice to all other drivers.[113]

Based on the comments, the Phase 2 Staff Proposal provides a balanced approach to clean vehicle requirements. We decline to adopt SEIU's proposal for a 9-month notice period, and find the 6-month notice period as proposed in the Phase 2 Staff Proposal should provide enough time to drivers on the platform if their vehicle will be phased out. The CMS Regulated Entities shall file a Tier 1 Advice Letter to inform the Commission of any clean vehicle requirements, including driver

[110] Lyft Opening Comments on Phase 2 Staff Proposal at 18.

[111] Lyft Opening Comments on Phase 2 Staff Proposal at 18.

[112] SEIU Opening Comments on Phase 2 Staff Proposal at 5.

[113] SEIU Opening Comments on Phase 2 Staff Proposal at 5.

notification materials within 30 days of providing drivers the 6-month notice instituting those requirements.

5.9. Driver Outreach and Engagement

CPED recommends the Commission allow drivers to opt-in to providing their contact information to the PA to support direct driver outreach and engagement with the DAP and other driver-related program requirements.[114] The PA 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 DAP.[115] The Commission and CMS Regulated Entities should also do the same.[116]

SEIU supports the proposal to enable drivers to opt-in to providing their contact information to the Program Administrator to support direct driver outreach and engagement.[117] SEIU recommends that Commission Staff or the PA collaborate with driver advocacy organizations, unaffiliated with CMS-regulated entities, to host quarterly community-based informational sessions on the CMS Program and the DAP as it pertains to drivers. Community-based informational sessions should be open to the public, in various languages, through in-person and virtual forums.[118] Informational sessions should be promoted by a governmental organization, like the Commission or another relevant entity, on a public-facing web page or other platform(s).[119]

CSE supports the Commission's recommendation for the DAP Program Administrator to work with CMS Regulated Entities, Commission staff, drivers and

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[114] Phase 2 Staff Proposal at 45.

[115] Phase 2 Staff Proposal at 47.

[116] Phase 2 Staff Proposal at 47.

[117] SEIU Opening Comments on Phase 2 Staff Proposal at 5.

[118] SEIU Opening Comments on Phase 2 Staff Proposal at 6.

[119] SEIU Opening Comments on Phase 2 Staff Proposal at 6.

drivers' representatives, and community-based organizations (CBOs) to promote messaging to drivers regarding the DAP and to receive drivers' contact information.[120] CSE recommends the Commission leverage existing messaging strategies used by the CMS Regulated Entities rather than create new and potentially duplicative strategies.[121]

Considering the supportive comments from both SEIU and CSE, we adopt the opt-in process for communication to drivers as proposed in the Phase 2 Staff Proposal. CPED recommends the PA work with the CMS Regulated Entities, Commission staff, drivers' representatives, and community-based organizations to send out messaging to drivers on providing their information to the PA as the DAP is established. The PA is directed to include the following language to describe how they will collect driver contact information from willing driver participants in its next update to the DAP Implementation Plan and Handbook via Tier 2 Advice Letter filing: (1) Describe the DAP and who the PA is; (2) Describe the benefits to drivers of providing their contact information; (3) Describe that their contact information will be securely stored and how it will be used and not used; (4) Describe that it is optional both to provide their contact information and what information they provide; (5) Describe ways for drivers to request removal of their contact information from the database; (6) Be simple to sign-up for on a mobile device, tablet, or computer; (7) Be available in most common languages spoken by drivers across platforms.[122]

5.10. 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

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[120] CSE Opening Comments on Phase 2 Staff Proposal at 4.

[121] CSE Opening Comments on Phase 2 Staff Proposal at 4.

[122] Phase 2 Staff Proposal at 46 to 47.

individual CMS Regulated Entities who meet the final CMS annual targets (0 GHG and 90% eVMT) for two consecutive years.[123] Potential individually required elements to be ended include participation in certain components of the DAP, such as the collection of the CMS Regulatory Fee.[124] CPED notes that broader Commission-established program elements like the DAP 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.[125] 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 successor proceeding.[126]

Lyft does not object to the proposed approach for phasing out individual CMS Regulated Entities and concluding the program as a whole.[127]

CSE generally supports the Commission's recommendations regarding the approach for phasing out requirements for individual CMS Regulated Entities and concluding the CMS program.[128] CSE supports the recommendation that participation in DAP and individual requirements, such as collection of the CMS Regulatory Fee, will no longer apply once an individual CMS Regulated Entity has maintained compliance with the final year annual targets for at least two years. CSE also supports the recommendation for the Commission to begin determination of

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[123] Phase 2 Staff Proposal at 48.

[124] Phase 2 Staff Proposal at 48.

[125] Phase 2 Staff Proposal at 48.

[126] Phase 2 Staff Proposal at 48.

[127] Lyft Opening Comments on Phase 2 Staff Proposal at 20 to 21.

[128] CSE Opening Comments on Phase 2 Staff Proposal at 5.

the details for concluding the CMS program elements, including the DAP, once at least one CMS Regulated Entity meets the final annual targets for two consecutive years.[129]

Considering the supportive comments, this decision adopts the proposal put forward in the Phase 2 Staff Proposal. Table 3 of the Phase 2 Staff Proposal is appended to this decision for clarity.

6. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(a) requires that all written public comment submitted prior to the submission of the proceeding are part of the administrative record of the proceeding. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

As of June 10, 2026, there has been one public comment submitted in relation to this proceeding that does not relate to the issues in scope.

7. Procedural Matters

This decision affirms all rulings made by the Administrative Law Judge and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

8. Comments on Proposed Decision

The proposed decision of Commissioner Harada in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code on July 22, 2026 and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on August 11, 2026 by CSE, Lyft, SEIU

[129] CSE Opening Comments on Phase 2 Staff Proposal at 5.

and Uber, and reply comments were filed on August 17, 2026 by CSE, Lyft and Uber. Edits have been made throughout this decision to address issues raised in the comments.

9. Assignment of Proceeding

Christine Harada is the assigned Commissioner in this R.21-11-014 proceeding. Following mailing of the proposed decision, this proceeding was reassigned from Administrative Law Judges Sasha Goldberg and Syche Cai to Administrative Law Judge Andrea D. McGary on August 19, 2026.

Findings of Fact

1. Considering that AV passenger carriers generally utilize company-controlled ZEVs , the current exemptions should continue through the second phase of the CMS program.
2. Some companies, such as Uber and Lyft, hold both TCP and TNC permits and operate services under both permits on the same platform.
3. It is premature to adopt an enforcement mechanism for the CMS Program in the instant decision.
4. The Unanticipated Barriers and Progress Report may help inform a future citation program.
5. No additional program elements are needed currently for the CMS Program to meet the statutory requirement of complementing and supporting sustainable land-use objectives beyond the GHG reduction targets.
6. The CARB-developed optional credits provides a streamlined approach for the CMS Program.
7. The authorization and application of CMS incentives to the rental of a ZEV aligns with the statutory goals of the CMS program.
8. Matching the Ride Clean Mass program, which gives drivers up to $200 per week for up to eight weeks, provides a streamlined and balanced approach to applying CMS incentives toward rentals.

9. Limiting the upfront incentive to once per driver toward the purchase or lease of a ZEV will serve the purpose of supporting the transition from a gasoline powered vehicle to a ZEV.

10. Limiting the upfront incentive to drivers who do not currently own a ZEV and drive that ZEV on a CMS Regulated Entities' platform will support the transition from gasoline powered vehicle to a ZEV.

11. The 6-month notice period as proposed in the Phase 2 Staff Proposal provides enough time to notify drivers on the platform that their vehicle will be phased out.

Conclusions of Law

1. It is reasonable to continue to exempt services operated under Commission AV authorization from all requirements of the CMS program, including collecting the CMS regulatory fee, submitting GHG plans, submitting quarterly and annual GHG data, and submitting the small CMS entity annual exemption Advice Letter.

2. It is reasonable to exempt rides provided by vehicles operating under a TCP permit (including those that are operate on a platform that offers both TNC and TCP services) from the CMS program requirements, including collecting the CMS regulatory fee, submitting GHG plans, submitting quarterly and annual GHG data, and submitting the small CMS entity annual exemption Advice Letter.

3. It is reasonable to exempt companies holding solely a TCP permit that provide rides solely under that TCP permit from all CMS requirements, including collecting the CMS regulatory fee, submitting GHG plans, submitting quarterly and annual GHG data, and submitting the small CMS entity annual exemption Advice Letter.

4. It is reasonable to consider enforcement of CMS targets in a future proceeding.

5. The current CMS Program meets the statutory requirements of SB 1014 and Pub. Util. Code Section 5450 for sustainable land-use objectives.

6. It is reasonable for TNCs to utilize a Tier 2 Advice Letter to request approval of the GHG optional credits that are authorized in the CARB CMS Regulation.
7. It is reasonable for the Commission to consider a process for adopting additional optional GHG credits in a future proceeding.
8. It is reasonable to offer drivers who meet the requirement for the purchase/lease incentive to access an incentive for ZEV rentals using a similar approach to the Ride Clean Mass program.
9. It is reasonable to deduct the value of the rental incentive from the CMS purchase/lease incentives for drivers who access both incentives
10. It is reasonable to require the PA for DAP to incorporate incentives for ZEV rentals into the DAP Implementation Plan and Handbook within 90 days of issuance of the instant decision, and to allow the PA for DAP to propose subsequent rental incentive program changes via a Tier 2 Advice Letter filing.
11. It is reasonable that drivers have a 5-year widow after receiving the purchase/lease incentive to apply for the ongoing charging incentive, and for ongoing charging incentives to be limited to four annual incentives within a single 5-year period per eligible driver.
12. It is reasonable to restrict drivers who currently own a ZEV and drive that ZEV on a CMS Regulated Entity's platform from accessing DAP incentives.
13. It is reasonable for the PA to incorporate modification to the restrictions established in Commission Resolution TL-19156 in its update to the DAP Implementation Plan and Handbook to be filed via Tier 3 Advice Letter filing 90 days after issuance of the instant decision.
14. It is reasonable to adopt a 6-month notice period to inform drivers on the platform if their vehicle will be phased out.
15. It is reasonable to adopt the Phase 2 Staff Proposal's process for opt-in communication to drivers regarding the DAP.

16. It is reasonable to direct the PA to include language to describe how they will collect driver contact information from willing driver participants in its next update to the DAP Implementation Plan and Handbook via Tier 2 Advice Letter filing.

17. It is reasonable to adopt the process for ending CMS program elements via the process proposed in the Phase 2 Staff Proposal.

O R D E R

IT IS ORDERED that:

1. The Non-Exempt Clean Miles Standard Regulated Entities (Uber, Inc., Lyft, Inc., and HopSkipDrive), shall make any requests for approval of Greenhouse Gas (GHG) Optional Credits via Tier 2 Advice Letter, within 30 days of submission of their respective Clean Miles Standard Annual Data Reports.

2. Within 90 days of issuance of the instant decision, the Program Administrator for the Clean Miles Standard (CMS) Drivers Assistance Program (DAP) shall file a Tier 3 Advice Letter incorporating into the DAP Implementation Plan and Handbook the CMS rental incentive and other changes to the DAP outlined in the instant decision, including: (1) The weekly rental incentive amount; (2) If the rental incentive amount is different from that of Ride Clean Mass, the justification for that difference; (3) The rental incentive application and distribution process; (4) The driver eligibility verification process for the rental incentive; (5) Any restrictions applying to recipients of the rental incentive, such as the number of vehicles that may be tested during the duration of the incentive (6) How DAP rental incentives interact with other rental incentives, including those offered by CMS Regulated Entities; and (7) How to ensure that drivers (rather than CMS Regulated Entities) benefit from the incentive.

3. The Non-Exempt Clean Miles Standard Regulated Entities (Uber, Inc., Lyft, Inc., and HopSkipDrive), shall file a Tier 1 Advice Letter to inform the Commission of any clean vehicle requirements for vehicles available on their platforms, including

driver notification materials within 30 days of providing drivers the required six-month notice instituting those requirements.

4. Rulemaking 21-11-014 is closed.

This order is effective today.

Dated ________, at Sacramento, California

Attachment A

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

(**END OF ATTACHMENT A**)