

Clean Car Standards Update

Presentation to the Transportation Legislation Review
Committee

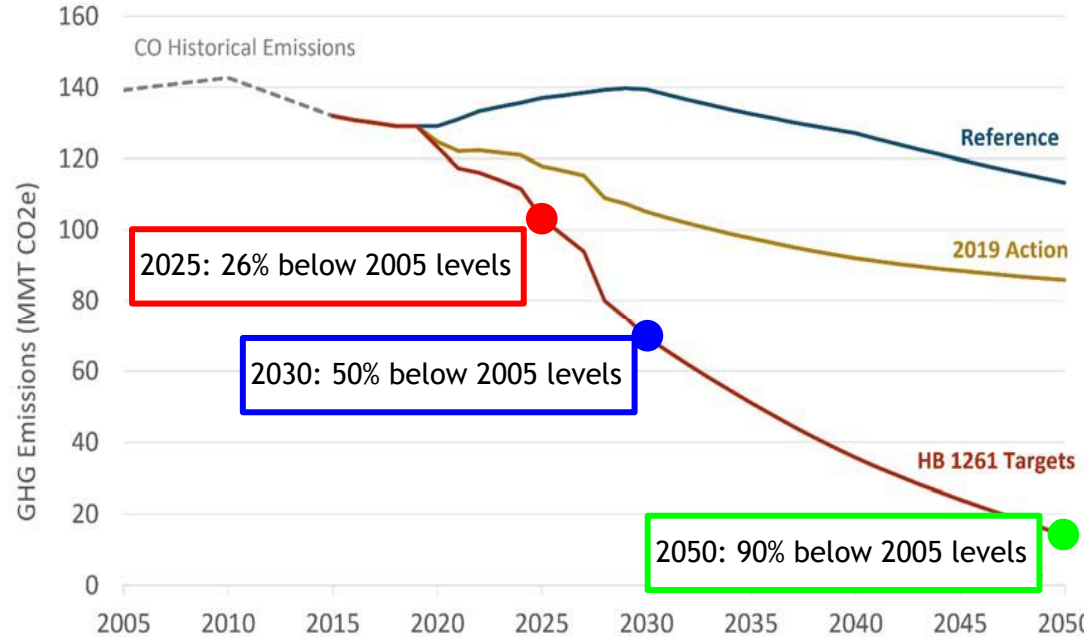
October 3, 2023

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GHG Pollution Reduction Roadmap

- Economy wide GHG reduction goals
 - 2025: 26% below 2005 levels
 - 2030: 50% below 2005 levels
 - 2050: 90% below 2005 levels
- Transportation is the highest GHG emitting sector in Colorado
- Transportation emission reductions goal of 12.7 million metric tons by 2030 (41% below 2005 levels)
- Reducing emissions from L/MD vehicles is a key strategy (over 60% of transportation emissions)



GHG Pollution Reduction Roadmap: Transportation

Goal: Reduce GHG pollution from transport by ~12.7 million tons by 2030

6 MMT
reduction

Low & Zero Emission Vehicle rules

2 MMT
reduction

Utility and public investment in fleet turnover and infrastructure for light-duty zero emission vehicles (SB19-077, electrification investments from SB21-260)

1.5 MMT
reduction

GHG Transportation Planning Standard

~3.2 MMT
reduction

Collectively, the other strategies will target remaining 3.2 million tons

Incentivize land use to increase housing near jobs and reduce VMT and pollution

Clean trucking strategy - infrastructure, fleet incentives, consider regulatory tools such as advanced clean trucks and fleet rules (*estimated to reduce approximately 0.4 MMT by 2030*)

Participate in developing post model year 2025 vehicle standards (state and federal)

AQCC evaluation of indirect source rules

Expansion of public transit, including setting the stage for Front Range Rail



CC
Ener

Colorado EV Plans

- 2023 EV Plan builds on 2018 and 2020 plans. Key goals:
 - 940,000 EVs on the road by 2030
 - Increase EV sales to at least 70% of new vehicle sales by 2030
 - Increase adoption of EVs in the light-duty sector to approximately 2.1 million vehicles by 2035
 - Reach nearly 100% EV adoption by 2050
- Whole of government approach, including: legislative and regulatory engagement, vehicle incentives, charging infrastructure investment, workforce development, planning and coordination

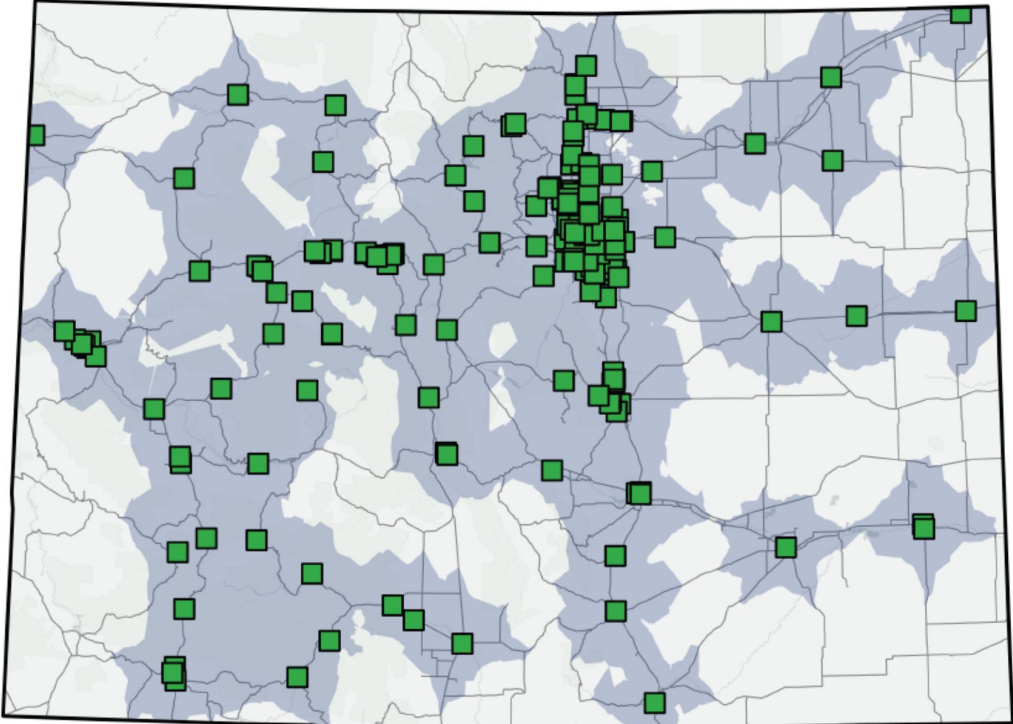


Government & Utility Incentives for EVs / Charging

	Federal	State	Utility
Charging Infrastructure	IIJA NEVI Program (\$57M)	Fleet-ZERO <i>(80-90% of L2 and DCFC charging infrastructure costs)</i>	Transportation Electrification Plans Xcel 2021-2023 & 2024-2026 TEPS <i>(\$541M total proposed)</i>
	IIJA Charging and Fueling Infrastructure Discretionary Grant Program (\$2.5B nationally)	Charge Ahead Colorado <i>(80-90% of L2 and DCFC charging infrastructure costs)</i>	
	IRA Alternative Fuel Vehicle Refueling Property Tax Credit <i>(30% of charger costs)</i>	DCFC Plazas <i>(50-80% of DCFC charging)</i>	
Vehicle Incentives	EV Tax Credit <i>(\$7,500 per vehicle)</i>	ZEV Tax Credit <i>LD: 2023-2024-\$5,000, 2025-\$3,500 MD: 2024-2025-\$12,000, 2026-2028-\$4,000</i>	Black Hills 2021-2023 & 2024-2026 TEPS <i>(\$3M total proposed)</i>
	Used Clean Vehicle Tax Credit <i>(\$4,000 per vehicle)</i>	Low MSRP Zev Tax Credit (\$2,500)	
	Commercial Clean Vehicle Tax Credit <i>(14,000 lb and less: \$7,500 Over 14,000 lb: \$40,000)</i>	Vehicle Exchange Colorado <i>(New: \$6,000, Used: \$4,000)</i>	
		Clean Fleet Vehicle and Technology Grants <i>(LD and Class 2b ZEVs: \$8,000, Class 3 ZEVs: Up to 40%)</i>	

Publicly Accessible EV Charging Network

301 Stations as of August 2023 (75% coverage)






State Highway Network

Total Road Miles
9,073

Road Miles Within a 30 Mile
Drive of a Fast Charger
6,844

% Coverage
75%

Legend

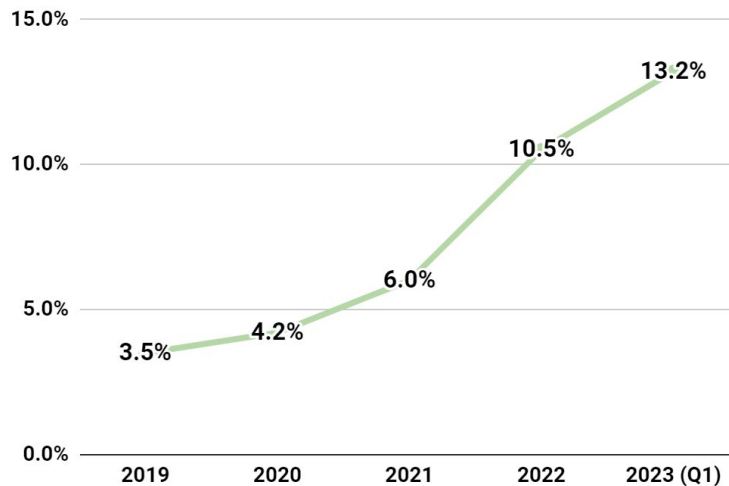
-  DC Fast Charging Stations
-  30 Mile Driving Buffer
-  State Highway Network



State of the EV Market in Colorado

- In Q1 of 2023, Colorado was ranked sixth in the nation for EV market share
- In their 2023 State Transportation Electrification Scorecard, the American Council for an Energy-Efficient Economy ranked Colorado as the third strongest state in transportation electrification policy

Percent EV of Colorado New Vehicle Sales, 2019-2023



Background on Clean Vehicle Standards in Colorado

- Colorado adopted Low Emission Vehicle standards in 2018, and the Zero Emission Vehicle standard in 2019.
- 2021 GHG Pollution Reduction Roadmap directed state agencies to engage in federal and California rulemakings to ensure vehicle standards for post model year 2025 could meet the state's needs.
- 2022 Clean Truck Strategy directed CDPHE to propose a rulemaking to adopt the Advanced Clean Truck Rule.
- 2023 EV Plan directed CDPHE to propose a rulemaking this year to extend and expand our standard for 2027 - 2032.



Advanced Clean Trucks Rule

- Adopted by the AQCC in April 2023, was an action in the 2022 Clean Truck Strategy
- ACT requires manufacturers who sell M/HD on-road vehicles to sell an increasing percentage of ZEVs of their annual sales from MY 2027 to 2035.
- Provides flexibilities to meet requirements, e.g. can trade credits between classes, manufacturers, and years, and can earn early credits.
- Also includes one-time fleet reporting requirements.

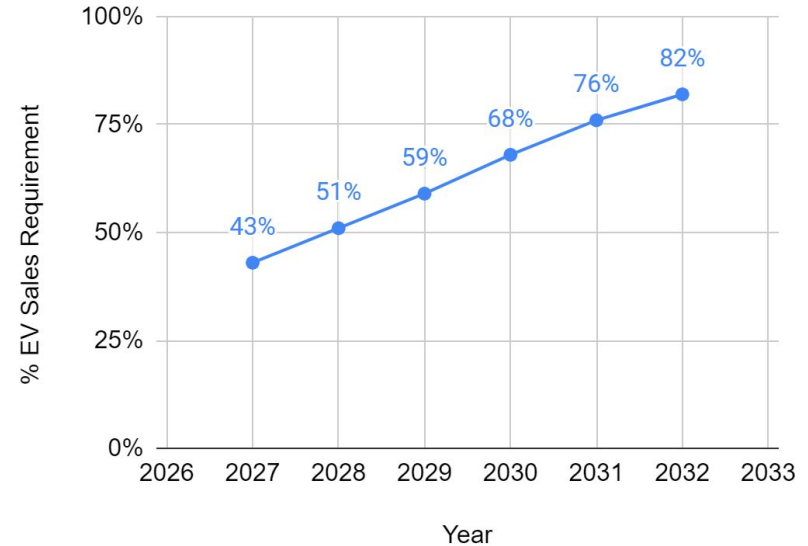
ZEV sales percentage schedule by vehicle group and model year

Model year	Class 2b-3 (pick-up trucks and vans)	Class 4-8 (rigid trucks)	Class 7-8 (tractor trucks)
2024	5%	9%	5%
2025	7%	11%	7%
2026	10%	13%	10%
2027	15%	20%	15%
2028	20%	30%	20%
2029	25%	40%	25%
2030	30%	50%	30%
2031	35%	55%	35%
2032	40%	60%	40%
2033	45%	65%	40%
2034	50%	70%	40%
2035	55%	75%	40%

APCD Proposal for the Colorado Clean Car Standard

- Extends Clean Car Standard from 2027 through 2032
- Adopts Zero Emission Vehicle (ZEV) and Low Emission Vehicle (LEV) standards
- Enables all benefits of first several years of the program, while allowing time for the State to reevaluate the market and needed market supports before deciding on post 2032 standards
- Timeline aligns with available IRA tax credits and current EPA vehicle standards proposal
- Requires the Division evaluate the costs, benefits, and feasibility of extending of ZEV standards through 2035 by end of 2028

ZEV sales percentage requirements



APCD Proposal: Environmental Justice Credits

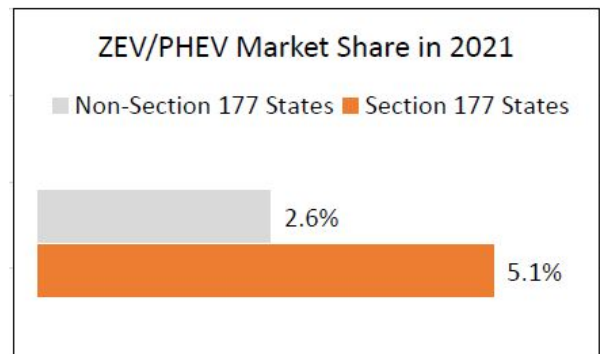
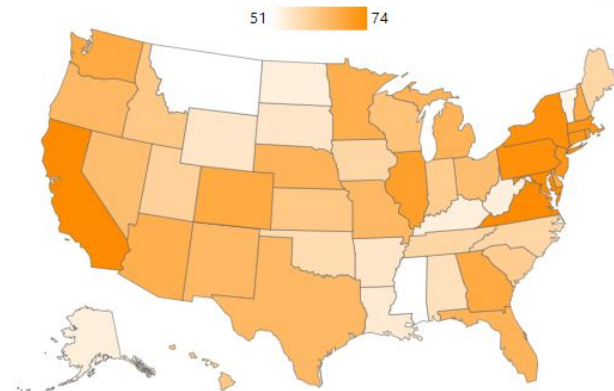
Manufacturers may earn additional Environmental Justice Credits for vehicles delivered for sale in the following situations:

- **Dealership Financial Assistance Programs:** ZEVs or PHEVs initially leased in Colorado and sold at the end of lease through a Colorado dealership participating in a financial assistance program. (VXC may qualify)
- **Manufacturer's Suggested Retail Price (“MSRP”) Thresholds:** For each 2026 through 2028 model year ZEV or PHEV delivered for sale with an MSRP less than or equal to \$20,275 for passenger cars and less than or equal to \$26,670 for light-duty trucks. The MSRP threshold will be adjusted annually to account for inflation.
- **Community-Based Clean Mobility Programs:** New ZEVs and PHEVs provided at a 25% discount for use in DIC serving ZEV car sharing, ride-sharing, vanpools, ride-hailing, or on-demand first-mile/last-mile services. (some CAMP projects may qualify)

Benefits of adopting clean car standards

- Opting into the standard encourages manufacturers to bring their full suite of EV models to the state.
- Colorado has more EV models available for sale than many of its neighboring mountain west states who have not adopted the ZEV standard.
- Since 2019 when the first ZEV standard was adopted, the number of EV models sold in the state has risen from 60 to 100.
- EV market share tends to be much higher in states which have adopted these standards.

EV Models Offered for Sale by State



Rule Benefits from Economic Impact Assessment

Economic Benefits

- Will save approximately \$41B to government and private entities through 2040
- For each \$1 spent, there will be \$6.50 in benefits, without considering available incentives
- Upfront cost parity anticipated by numerous analysts before the end of the decade, plus significant fuel and maintenance cost savings

Other Benefits

- Significant air pollution reductions from NOx and VOCs
- Significant GHG emissions reductions
- Health benefits of cleaner air include reduced bronchitis, asthma, myocardial infarctions, chronic lung disease, and mortality

Clean Cars Rulemaking Process

- Request for Party Status - August 14
 - Government: CDPHE, CDOT, CEO, Weld County, Local Government Coalition
 - Advocates: Environmental Advocates, Environmental Justice Coalition
 - Industry: Colorado Petroleum Association, Colorado Auto Dealers Association, Colorado Independent Auto Dealers Association
- Prehearing Statement and Alternate Proposal - September 7
- Rebuttal Statement - September 26
- Written Public Comments - October 3
- Public Comment Hearing - October 18
- Party Testimony and Deliberations - October 19-20
- Final Decision - At conclusion of Deliberations

Questions?



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