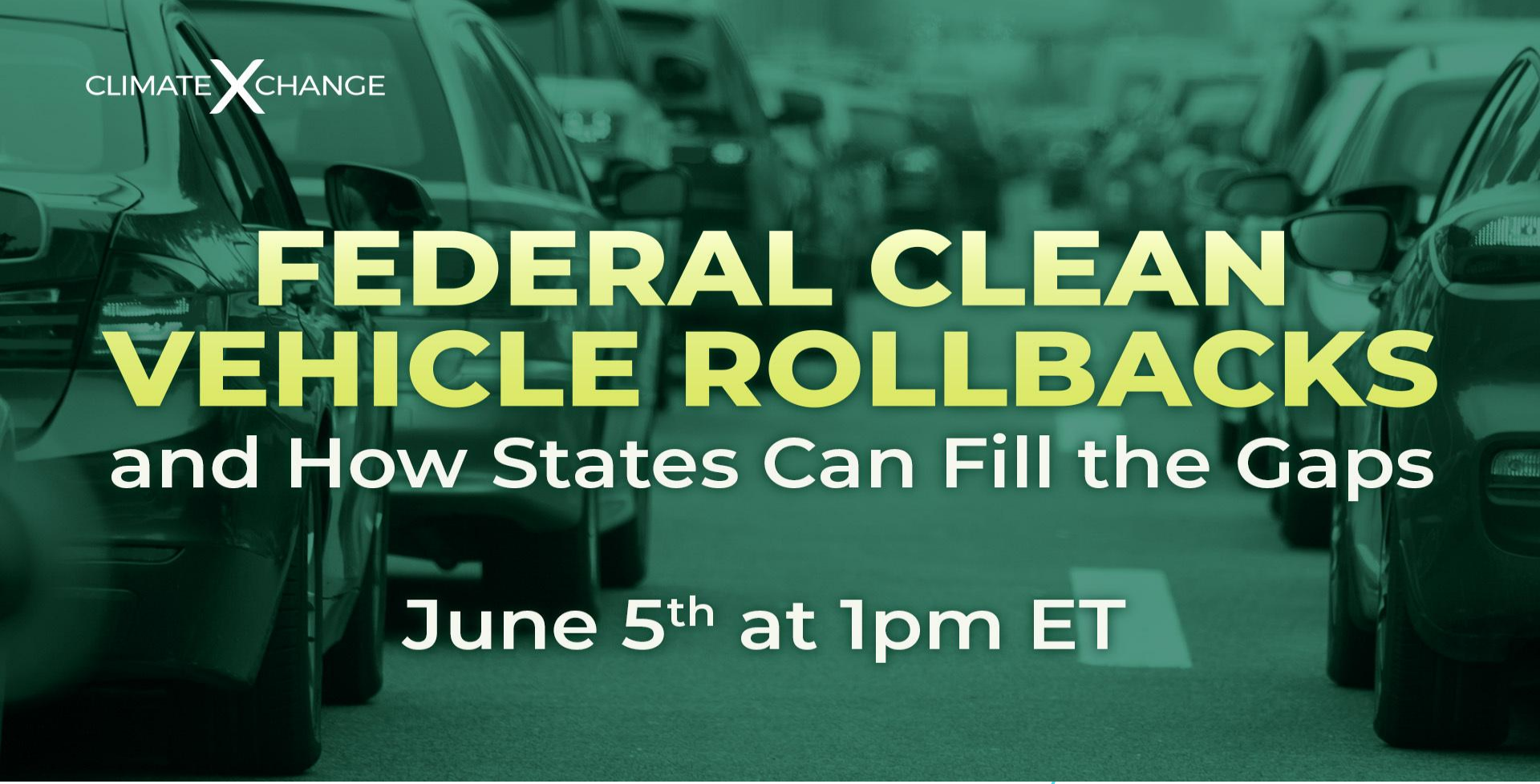


CLIMATE XCHANGE | www.Climate-XChange.org

Introduction

Kristen Soares

State Climate Policy
Network Manager

CLIMATE X CHANGE
[SCPN]

State Climate Policy Network

Network of **15,000+**

- ➔ State and local elected officials
- ➔ NGO advocates
- ➔ Researchers
- ➔ State agency staffers
- ➔ Organizers and activists
- ➔ Business leaders

... working on state climate policy

www.climate-xchange.org/network

CLIMATE XCHANGE [SCPN]

Pro Bono Policy Assistance

We specialize in state climate policy design and analysis.
Reach out to kristen@climate-xchange.org with your requests on:

- **Example states** and **model rules** for a given policy
- **Gap analysis** of your state's climate policy landscape
- **Connections** to other actors working on similar issues

CLIMATE X CHANGE [SCPN]

Federal Clean Vehicle Rollbacks and How States Can Fill the Gaps

Jordan Gerow
Policy & Research Director
Climate XChange

Kathy Harris
Director of Clean Vehicles
NRDC

Jane Sadler
Senior Associate, US Program
RMI

Kayleigh Rubin
Associate, US Program
RMI

Agenda

1. Federal Clean Vehicle Policy Today and States' Options
2. CA's Emission Standards: Moving Ahead
3. Clean Fuel Standards

CLIMATE XCHANGE [SCPN]

Speaker

Jordan Gerow

Policy & Research Director

Climate XChange

CLIMATE XCHANGE [SCPN]

Federal Transportation Rollbacks

(And How States Can Fill the Gaps!)

California Waivers Under the CRA

- H.J.Res.88 → **passed House on 5/1; passed Senate on 5/22**
  - Targets Advanced Clean Cars II, which required all new passenger cars, trucks and SUVs sold in California to be zero-emission by 2035
- H.J.Res.87 → **passed House on 4/30; passed Senate on 5/22**
  - Targets Advanced Clean Trucks (requiring increasing percentages of zero-emission truck sales), Zero Emission Airport Shuttles and Zero-Emission Power Train Certification
- H.J.Res.89 → **passed House on 4/30; passed Senate on 5/22**
  - Targets "Omnibus" Low NOx regulation, which establishes more stringent emissions standards for heavy-duty vehicles.

Next Up: Signing and Suing!

To Watch in the Reconciliation Bill

- $7,500 new and $4,000 used federal EV tax credits phased out in 2026 under reconciliation bill
- $250 annual EV registration fee, with no transit benefit (gas tax traditionally supported shared modes with 20% of revenue)
- Low Carbon Transportation Materials Discretionary Grant Program (helping green the actual road building process)
- Unobligated IRA funding, including:
    - Diesel Emissions Reductions Grants (IRA section 60104)
    - Clean Heavy Duty Vehicles program (IRA section 60101)
    - Greenhouse Gas Reduction Fund (IRA Section 60103)

Tailpipe Regulations and CAFE Standards

- March 12 EPA Announcement Targeting 3 Rules for Vehicle Emissions Standards:
    - **Heavy Duty Truck NOx Rule**: 2022 rule setting emissions standards for pollutants that create ozone and particulate matter from heavy-duty vehicles and engines starting in MY2027.
    - **Multi-Pollutant Rule**: In 2024, EPA finalized technology-neutral, performance-based standards for model years 2027-2032. Rules had been projected to save 7.2 billion metric tons of CO_2 over the life of the program.
    - **GHGs for HDVs Phase 3**: Phase 3 (post-MY2032) standards range up to 60% stronger than the previous Phase 2 standards for trucks, and 40% for tractors.
- **2022 CAFE standards** had raised efficiency for passenger cars and light trucks, reaching an average fuel economy of 50.4 mi/gal by 2031.
    - U.S. Dept. of Transportation directed CAFE review in January.

Other Agency Actions

- The Department of Transportation repealed the Greenhouse Gas (GHG) Measure requiring State DOTs and MPOs to report transportation GHG emissions and establish declining reduction targets.

- The Federal Highway Administration (FHWA) rescinded official National Electric Vehicle Infrastructure program guidance, halting funding to states.

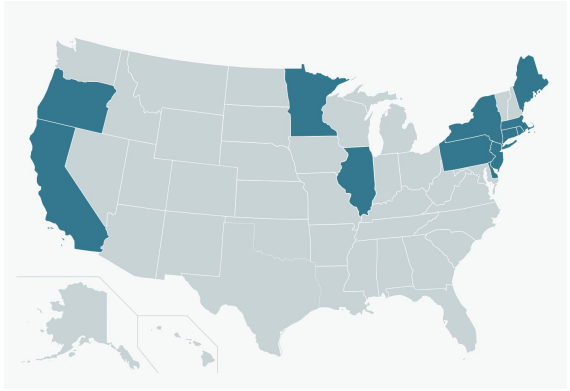
    - Prior to the freeze, $3.3 billion had been allocated to states, $511 million had been awarded in contracts between states and charging developers, and only $40 million had been spent.
    - GAO issued opinion in May that this was illegal impoundment.

What States *Can't* Do: Preemption of Tailpipe Emissions Regs

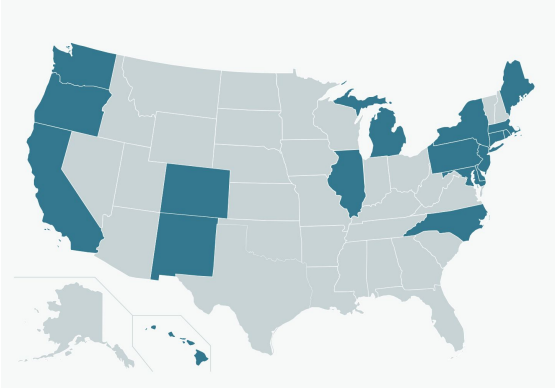
- The CAA distinguishes between *stationary* and *mobile* sources of pollution, preempting state governments from adopting their own air pollutant emissions standards for new motor vehicles and new motor vehicle engines.
- And a wrinkle in the Clean Air Act: Indirect Source Review allows states to regulate vehicle emissions as a byproduct of a stationary source, like a warehouse. Efforts in CA, NY, NJ, and a model law.
- Even setting aside tailpipe emissions, states can still regulate fuels, the charging network, charging rates, taxes and rebates, procurement, building and zoning codes, and much more.

What States Can Do: **Encourage EV Adoption and Build Out Charging Networks**

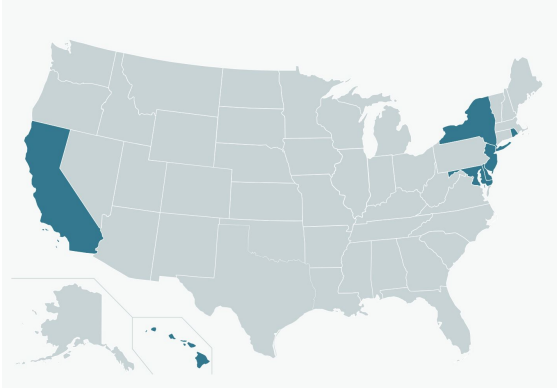
- Tax incentives and rebates for EVs and chargers
  - Tax credits, rebates, tax exemptions, toll discounts, etc. for EVs
- Government procurement/Lead by Example
  - Ex: CT prioritizes school bus electrification in EJ communities



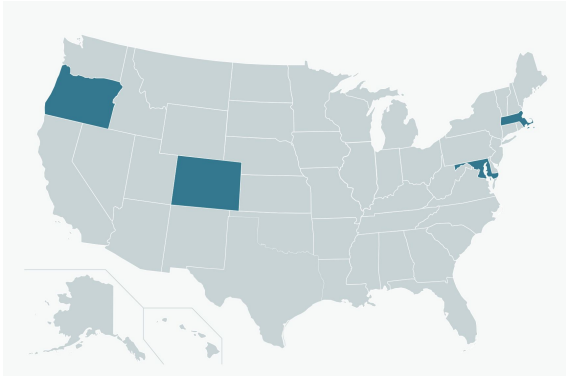
12 states offer LDV EV rebates



18 states have LDV/MHDV EV procurement targets and/or electric bus targets



7 states offer EVSE rebates

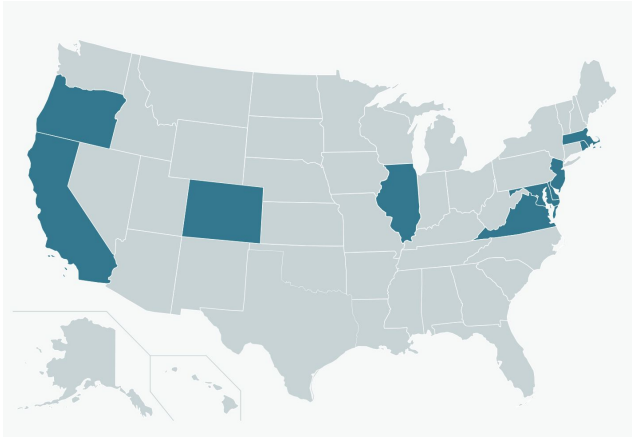


4 states offer MHD EV rebates

State Climate POLICY DASHBOARD | Powered by Climate XChange

What States Can Do: **Encourage EV Adoption and Build Out Charging Networks**

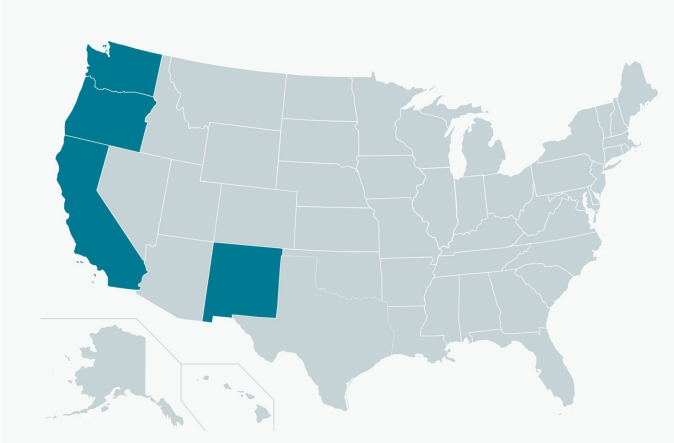
- Streamlined permitting for EV charging stations
  - Ex: California AB 1236 (2015) and AB 970 (2021) require cities and counties to adopt streamlined permitting procedures for EV charging stations, and establish a checklist that municipal permitting schemes should abide by
- EV-related building and zoning codes
  - EV-Ready Codes for New Buildings, Curbside Charging permissions
- Administrative/planning steps
  - EV charging rate design
  - PUC proceedings to build out charging infrastructure
  - State or multi-state EV planning exercises



10 states have EV charging infrastructure requirements

What States Can Do: **Low Carbon Fuel Standards**

- Reduces the carbon intensity (CI) of transportation fuels, accounting for the life cycle emissions associated with the production, distribution, and consumption of transportation fuels.
    - Sets CI targets that decline over time
- Creates a market to buy, sell, and trade credits based on whether fuels are above or below a state's CI targets
- To be covered by our esteemed colleagues from RMI!



4 states have adopted a LCFS

Speaker

Kathy Harris

Director of Clean Vehicles

NRDC

CLIMATE X CHANGE [SCPN]

STATE LEADERSHIP IN THE TRANSITION TO CLEAN TRANSPORTATION

Congressional Review Act

What Happened

- In May, Congress illegally used the Congressional Review Act to revoke the waivers for California's latest Clean Car and Truck programs

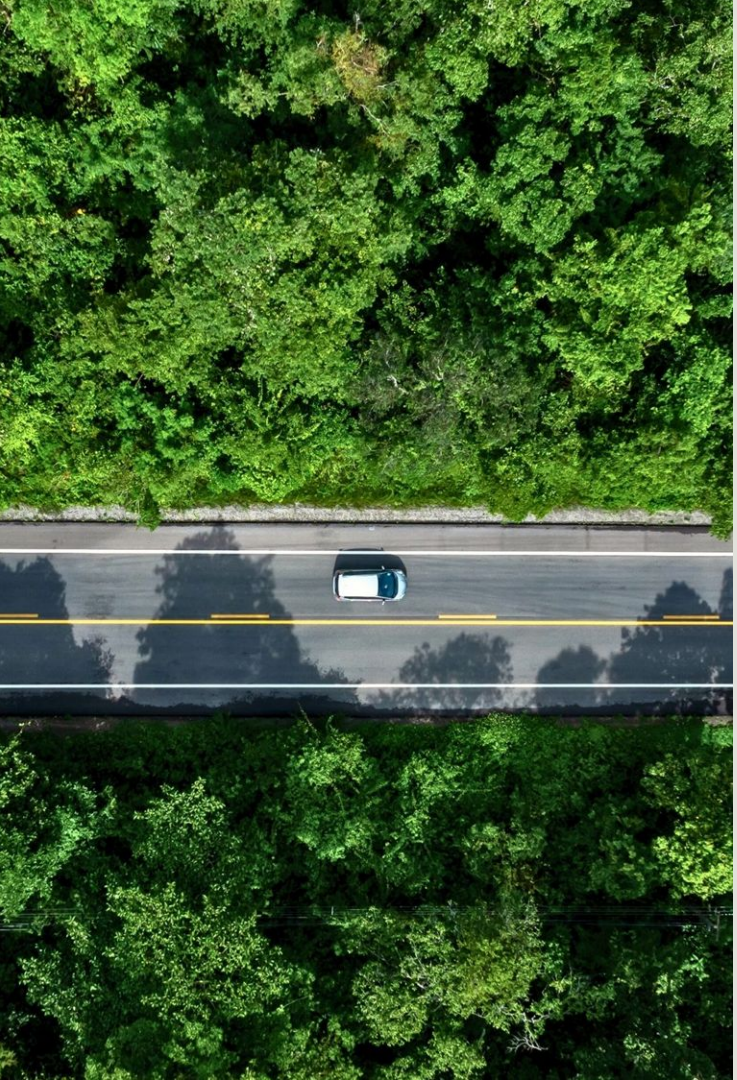
Impacts and Next Steps

- Still awaiting signature
- A lot of uncertainty given this unprecedented attack
- California plans to sue

Lessons Learned

- A lot of misinformation about EVs and the Clean Air Act – more education is needed
- Messaging around EVs **needs improvement**
- Expect the unexpected

WHAT CAN STATES DO



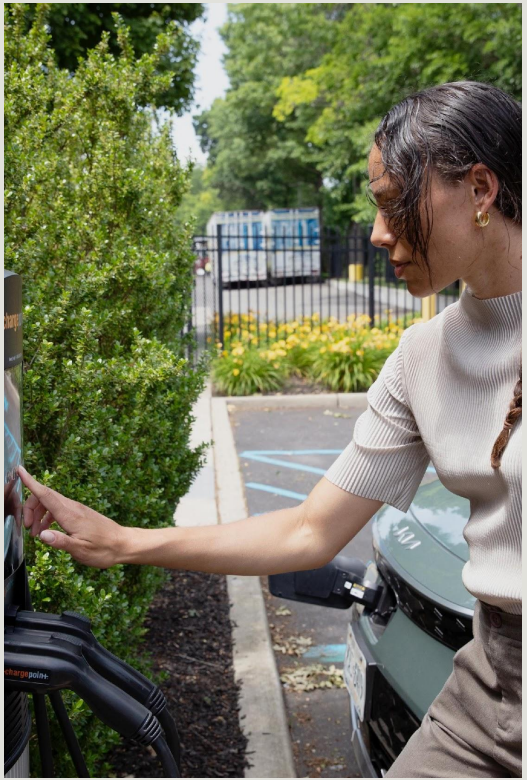
Affordable Clean Cars Coalition

- Eleven states launched the Affordable Clean Cars Coalition
  - Open to other states to join
  - Goals:
    - Develop solutions to make cleaner vehicles affordable by reducing barriers
    - Make progress toward goal of states' clean vehicle programs
    - Defend Clean Air Act Authority
    - Explore opportunities to develop and adopt next-generation standards and programs to further reduce vehicle pollution
    - Foster meaningful engagement
    - Bolster America's ability to compete and innovate in a growing global market

- New York announced interagency working group to accelerate Clean Vehicle Adoption

State Leadership – Removing the Barriers

- **Charging Infrastructure– Energize!**
  - Four Pillars:
    - Make-Ready Infrastructure Rules
    - Transportation Electrification Plans
    - Rates and Vehicle Grid Integration
    - Getting it Built and Energized
  - Energize Bills passed in California & Colorado (proposed in New Mexico and Virginia)
- **Incentive programs**
  - Reducing upfront cost barriers through rebates or tax incentives
  - Ensuring EV fees are not punitive
- **Kicking-The-Tires**
  - Facilitating ride-and-drives
  - Dealership trainings and incentives
  - State fleet conversions
- **Stakeholder engagement – early and often**



Other Leadership

The New York Times

Here Is Everything That Has Changed Since Congestion Pricing Started in New York

Fewer cars. Faster travel. Less honking. And some questions we still can't answer.

What's changed since the toll began?

Cars on the street	Fewer
Traffic speeds	Faster
Peak commute times	Faster still
Local buses	Faster, less delayed
Traffic outside the zone	Not worse
New Jersey commutes	Faster
Transit ridership	Up, up, up
Yellow taxi trips	Up
Citi Bike trips	Up in and out of the zone
Car crash injuries	Down
Parking violations	Down
Traffic noise complaints	Down
Fire response times	Slightly down
School bus delays	Fewer
Visitors to the zone	Up
Restaurants, Broadway	Holding up
Pollution	Too soon to say
Lower-income commuters	Too soon to say
Public opinion	Not great, but improving

Indirect Source Rules: A New and Evolving Frontier of State and Local Vehicle Regulation

by: Jacob P. Duginski, Jessalee L. Landfried, Michael G. Murphy, R. Justin Smith of Beveridge & Diamond PC - *News & Events*

THANK YOU

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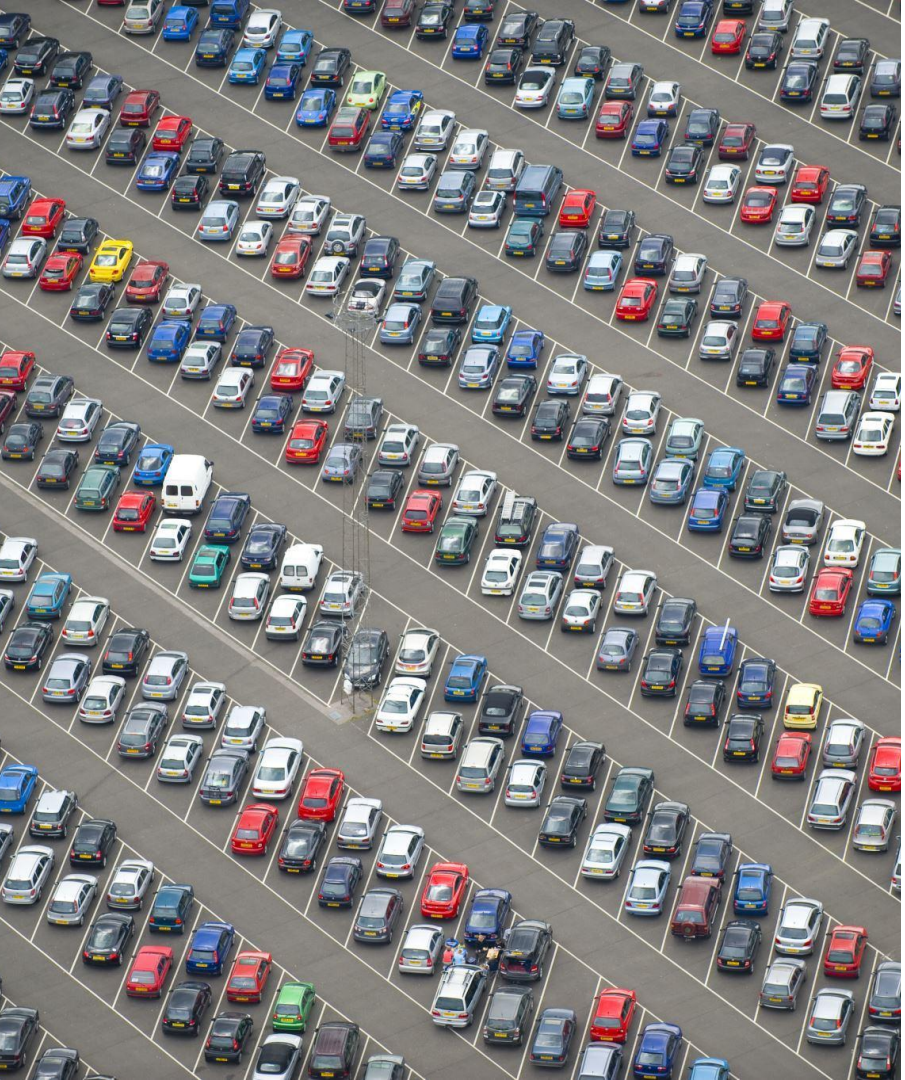
An Introduction to Clean Fuel Standards

How this state policy can decarbonize transportation

June 2025

Agenda

1. What is a clean fuel standard (CFS)?
2. How is a CFS designed?
3. Why should states enact a CFS?
4. What are best practices for designing a CFS?
5. Demo: RMI's CFS Calculator



What is a CFS?

A **clean fuel standard**, or **CFS**, is a rule designed to reduce the greenhouse gas emissions and air pollution from transportation.

It is a **market-based mechanism** to **cap the carbon intensity (CI) of fuels** over time. The CI is the amount of lifecycle greenhouse gas emissions associated with the production, distribution, and consumption of fuels.

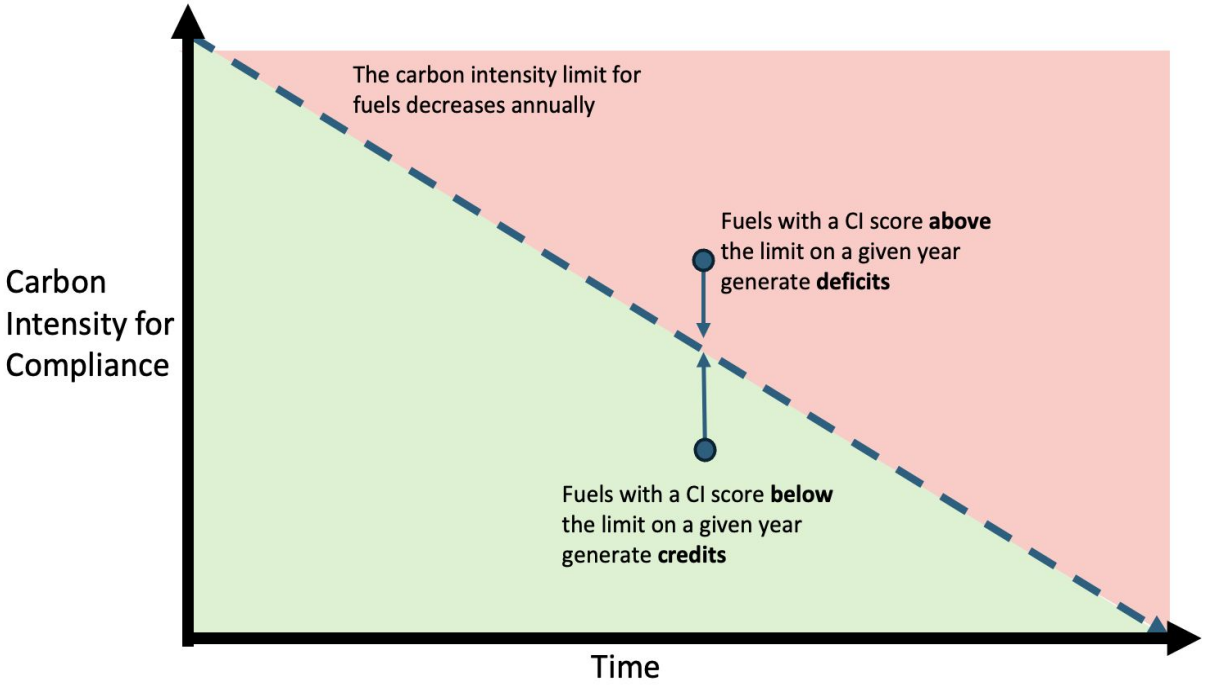
How is a CFS designed?

The engine of a CFS is a simple market dynamic.

Regulated fuels are given a lifecycle carbon intensity score.

That score is then compared to an annually decreasing CI benchmark for the fuel.

Credits generated by under-emitters must be purchased by over-emitters to comply.



How is a CFS designed?

A CFS has five key features, which can be customized to reflect state needs and goals.

Overall Reduction Goal

- emissions reduction percentage by a specific year

Regulated Fuels

- transportation fuels, such as gasoline and diesel, with mandatory compliance

Alternative Crediting Pathways

- most common way to generate credits is to supply fuels with a lower CI than the baseline
- credits can also be generated by blending renewable fuels into fossil fuels

Market Control Mechanisms

- examples include credit clearance markets, banking of credits, and aggregation mechanisms

EJ Considerations and Use of Revenue

- states can address specific environmental justice concerns by setting aside the revenue generated by CFS programs to be spent in priority areas

Why should a state pass a CFS?

A CFS allows states to drive emissions reductions through market mechanisms rather than prescriptive, rigid regulation.

Achieves emissions reductions, starting with the lowest-hanging fruit

Does not require federal approval

Customizable to economic realities and goals

Relatively inexpensive for the state

What are best practices for designing a CFS?

1. Prioritize real emissions reductions when considering design features.
2. Set interim targets to support early action and innovation.
3. Include market controls to ensure that the program runs smoothly and to provide assurance to participants by stabilizing credit prices.
4. Leverage some of the benefits toward environmental justice concerns.

Demo: RMI's CFS Calculator

Use the calculator to input a CFS percentage reduction and timeline and swiftly analyze the results.

The CFS calculator works by:

1. Creating a carbon intensity benchmark schedule based on a chosen state, timeline, and percentage reduction
2. Calculating the annual number of anticipated credits and deficits by fuel type

In its current edition, the calculator does not reflect all possible customizations of a CFS. Instead, it provides an assessment of how a CFS can be constructed to achieve transportation decarbonization goals.

https://rmi.org/download/44173/?tmstv=1742229221

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RMI – Energy. Transformed.

Pros and Cons of a CFS

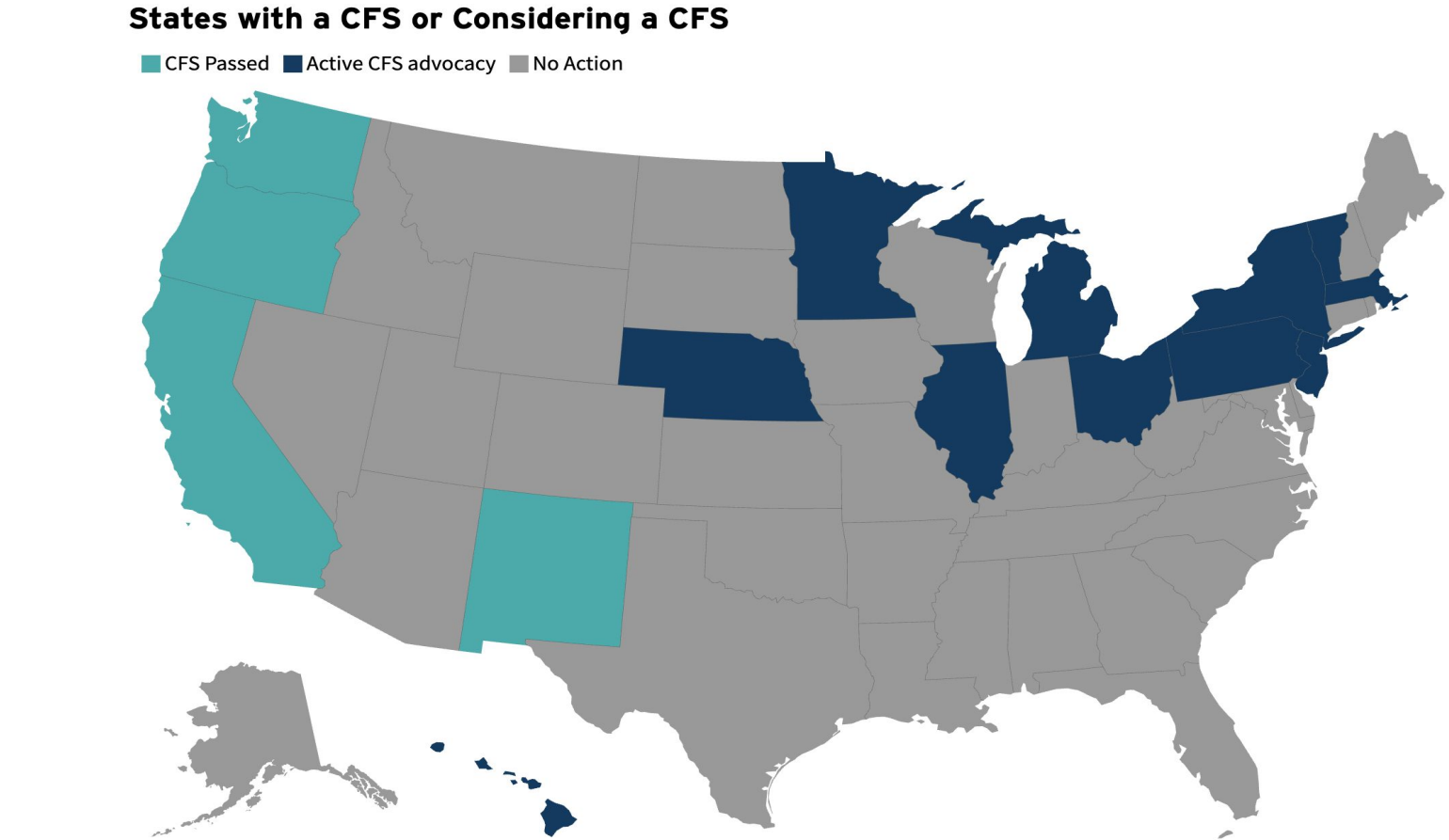
Pros

- Elegant way to reduce emissions from transportation fuel by targeting the lowest hanging fruit first
- Does not require federal approval
- Can be customized to state needs and realities
- Relatively inexpensive for the state

Cons

- Does not incentivize place-based decarbonization
- Susceptible to perverse incentives, especially for dairy biomethane and biofuels
- Market fluctuations can cause uncertainty

Appendix I: Where these programs exist



Appendix II: Regulated Fuels

Program	Mandatory Fuels*	Opt-In Fuels
California Low Carbon Fuel Standard (LCFS)	Gasoline, diesel, fossil and bio-compressed natural gas, fossil and bio-liquefied natural gas, fossil and bio-liquefied compressed natural gas, electricity, compressed or liquefied hydrogen, fuel blends containing greater than 10% ethanol by volume, fuel blends containing biomass-based diesel, denatured fuel ethanol, neat biomass-based diesel, alternative jet fuel, propane, and any other liquid or non-liquid fuel	Electricity, bio-compressed natural gas, bio-liquefied natural gas, bio-liquefied compressed natural gas, alternative jet fuel, liquified petroleum gas, and renewable propane†
Washington Clean Fuel Standard (CFS)	Gasoline, diesel, fossil compressed natural gas, fossil liquefied natural gas, fossil liquefied compressed natural gas, compressed or liquefied hydrogen, fuel blends containing greater than 10% ethanol by volume, fuel blends containing biomass-based diesel, denatured fuel ethanol, neat biomass-based diesel, fossil propane, renewable naphtha, renewable gasoline, and other liquid or nonliquid transportation fuels as determined by the Dept. of Ecology	Electricity, bio-compressed natural gas, bio-liquefied natural gas, bio-liquefied compressed natural gas, alternative jet fuel, liquified petroleum gas, and renewable propane
Oregon Clean Fuels Program (CFP)	Gasoline, diesel, ethanol, biodiesel, renewable diesel, instate producers of any transportation fuel	Compressed natural gas, liquefied natural gas, liquified petroleum gas, renewable natural gas, propane, jet fuel, electricity, hydrogen, alternative jet fuel
New Mexico Clean Transportation Fuel Program‡ (CTFP)	Gasoline, diesel, fossil-based natural gas, including compressed, liquified, and liquefied-compressed, liquefied petroleum gases, denatured ethanol, hydrogen, biodiesel, renewable diesel, renewable naphtha, renewable gasoline, blends of the listed	Electricity, bio-based natural gas, including compressed, liquified, and liquefied-compressed; renewable propane or other liquefied gases not included under mandatory fuels; alternative jet fuel

Appendix III: Market Features by State

Feature	California	Oregon	Washington	New Mexico
Credit Clearance Market	Yes	No	Yes	Expected
Banking of Credits	Yes	Yes	Yes	Expected
Aggregation Mechanisms	Utilities	Nonprofit	Voluntary	Expected
Stringency Adjustments Based on Supply	Automatic Acceleration Mechanism	No	Linked to instate biofuel production	Unclear

Appendix IV: Crediting Pathways by State

Credit Generation Pathway*	California	Oregon	Washington	New Mexico†
State-Specific Pathway	Smart electrolysis for hydrogen	NA	Forestry biomass crediting	Fuel Supply Equipment ID-Based Credit
Renewable Diesel & Biodiesel	Yes	Yes	Yes	Yes
Incremental Credits for Lower Carbon Electricity	Yes	Yes	Yes	Yes
H2 Used in Fuel Cell Vehicles	Yes	Yes	Yes	Yes
Electricity used for EV Charging (Residential & Non-Residential)	Yes	Yes	Yes	Yes
Electricity for Public Transit (Buses, Trams, Light Rail)	Yes	Yes	Not explicitly mentioned	Yes
Electric Transportation Refrigeration Units (eTRU)	Yes	Yes	Not explicitly mentioned	Yes
Electric Ocean-Going Vessel (eOGV) Power	Yes	Yes	Not explicitly mentioned	N/A

Appendix IV: Crediting Pathways by State Pt2

Credit Generation Pathway*	California	Oregon	Washington	New Mexico†
Electric Forklifts	Yes	Yes	Not explicitly mentioned	Yes
Electric Cargo Handling Equipment (eCHE)	Yes	Yes	Not explicitly mentioned	Yes
Biogas and Renewable Natural Gas (RNG)	Yes	Yes	Yes	Yes
Backstop Aggregators for Credit Collection	No	Yes	No	Yes

These include opt-in pathways † Program design is in progress, some NM CTFP features may change before being finalized.

Q&A

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Thank you for joining!

Reach out to kristen@climate-xchange.org with any additional questions!

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