

MAJOR REGULATIONS STANDARDIZED REGULATORY IMPACT ASSESSMENT SUMMARY

DF-131 (NEW 11/13)

STANDARDIZED REGULATORY IMPACT ASSESSMENT SUMMARY

Agency (Department) Name California Air Resources Board	Contact Person William Leung	Mailing Address 1001 I Street Sacramento, CA 95814
Email Address william.leung@arb.ca.gov	Telephone Number 916-322-1880	
<p>1. Statement of the need for the proposed major regulation.</p> <p>Senate Bill (SB) 1014 directs the California Air Resources Board (CARB) to develop, and the California Public Utilities Commission (CPUC) to implement, new requirements for Transportation Network Companies (TNCs) for innovative ways to curb greenhouse gas (GHG) emissions. The TNC sector is the fastest growing sector relative to other categories of commercial passenger vehicle fleets regulated by the CPUC, representing in 2018, approximately 0.88% of California's transportation sector GHG emissions and 1.25% of California's light-duty vehicle GHG emissions. The Proposed Regulation, with its associated electrification and GHG targets, will help California achieve its GHG emission reduction goals by encouraging electrification of high mileage fleets and reducing statewide vehicle miles traveled (VMT).</p>		
<p>2. The categories of individuals and business enterprises who will be impacted by the proposed major regulation and the amount of the economic impact on each such category.</p> <p>The directly affected businesses under the Proposed Regulation are TNCs. TNC drivers and riders may also be impacted by the Proposed Regulation as TNC companies work with drivers to meet the electrification and greenhouse gas targets set forth in the Proposed Regulation or pass on costs to riders. State and local governments will see impacts as increased vehicle electrification will change fuel taxes collected. The direct costs between 2021 to 2031 is estimated to be -\$797 million to the TNC industry (a net savings to TNCs, drivers, and riders), \$392 thousand to local governments, and \$69 million to state government.</p>		
<p>3. Description of all costs and all benefits due to the proposed regulatory change (calculated on an annual basis from estimated date of filing with the Secretary of State through 12 months after the estimated date the proposed major regulation will be fully implemented as estimated by the agency).</p> <p>Costs: While this regulation is not anticipated to increase the population of ZEVs in California beyond what was estimated in the Zero Emission Vehicle Regulation, it will shift the use of ZEVs in California towards TNC service where they may be used more intensively than a typical household vehicle. There will be increased costs due to higher electricity use and overcoming barriers related to ZEV usage for TNCs, along with cost savings from and less gasoline use and reduced maintenance. The total cost to California businesses and individuals from increased ZEV utilization in TNCs between 2021 and 2031 is estimated to be -\$46 million (a net savings). In addition, there would be costs of \$392 thousand to local governments and \$69 million to state government.</p> <p>Benefits: By increasing ZEV utilization in California, the regulation is estimated to decrease emissions of criteria pollutants and greenhouse gases (GHG). From 2021 through 2031, the decreases in emissions of criteria pollutants are valued at \$195 million and the decreases in GHG emissions are valued between \$18 million to \$84 million depending on the discount rate used.</p>		
<p>4. Description of the 12-month period in which the agency estimates the economic impact of the proposed major regulation will exceed \$50 million.</p> <p>The Proposed Regulation has its first requirement starting in 2022 and is fully implemented by 2030. Starting in 2026 and for each year thereafter, both the direct costs and direct savings under the Proposed Regulation exceed \$50 million.</p>		

MAJOR REGULATIONS STANDARDIZED REGULATORY IMPACT ASSESSMENT SUMMARY

DF-131 (NEW 11/13)

5. Description of the agency's baseline:

The economic and emissions impact of the Proposed Regulation is evaluated against the business-as-usual (baseline) scenario each year, for the analysis period from 2021 to 2031. The baseline includes forecasts of TNC vehicle miles traveled (VMT), vehicle populations, and GHG and criteria emissions in the absence of the Proposed Regulation using California specific emission rates that reflect future improvement on emission control technologies and fuel efficiency, as well as TNC fleet and driving characteristics. The baseline also reflects implementation of currently existing state and federal laws and regulations. In particular, CARB's Zero Emission Vehicle Regulation specifies the anticipated number of ZEVs in California and is credited with the associated costs and emissions benefits. The costs to California and emissions benefits of the regulation are estimated based on the additional amount of electric VMT that would result from the Proposed Regulation.

6. For each alternative that the agency considered (including those provided by the public or another governmental agency), please describe:

- a. All costs and all benefits of the alternative
- b. The reason for rejecting alternative

Alternative 1: More stringent electrification target; 100% eVMT by 2030. (A) Alternative 1 would result in costs of \$564 million to the TNC industry from 2021 to 2031. Costs to California businesses and individuals (net of the Zero Emission Vehicle Regulation) would be \$272 million. There would be more emission reductions than the Proposed Regulation, with public health benefits valued at \$349 million. (B) Alternative 1 is rejected because CARB would not be able to ensure that 100% eVMT could be achieved without significant impacts to TNC drivers, and in particular low income TNC drivers. It would also not allow for other avenues of compliance with the Proposed Regulation that may reduce congestion or overall VMT.

Alternative 2: Less stringent electrification target; 40% eVMT by 2030. (A) Alternative 2 would result in costs of -\$517 million to the TNC industry from 2021 to 2031. Costs to California businesses and individuals (net of the Zero Emission Vehicle Regulation) would be -\$91 million (a net savings). There would be fewer emission reductions than the Proposed Regulation, with public health benefits valued at \$119 million. (B) Alternative 2 is rejected because the net benefits (inclusive of public health benefits) are lower than the Proposed Regulation and significant additional GHG emission reductions are needed to achieve the 2030 SB 32 requirements. Maximum feasible GHG emission benefits from the Proposed Regulation need to be pursued.

7. A description of the methods by which the agency sought public input. (Please include documentation of that public outreach).

CARB staff sought input from stakeholders and the public through various outreach events, including public workshops, a public board hearing, stakeholder working groups, an expert panel convening, as well as individual meetings with stakeholders. In particular, CARB staff solicited for regulatory alternatives at the May 15, 2020 Public Workshop.

A complete listing of previously held public outreach and events appears in the SRIA.

8. A description of the economic impact method and approach (including the underlying assumptions the agency used and the rationale and basis for those assumptions).

The economic impact is estimated using the REMI PI+ model based on the estimates of direct costs and benefits described above. The change in costs estimated for TNC companies, drivers, and state and local government is input as changes in production costs (NAICS 485), proprietors income (NAICS 485), and change in government spending, respectively. These changes in costs realized by TNCs and drivers for vehicles, fuel, maintenance, reporting, and other items result in corresponding changes in demand for industries supplying those goods and services, which is input in the REMI model as an increase in final demand or consumption reallocation. The portion of public health benefits which are monetized based on cost-of-illness methods, are input into the REMI model as a reduction in consumer spending on hospitals, with a corresponding increase in spending on other goods, services, and savings. The years of the analysis are 2021 through 2031; these years are used to simulate the Proposed Regulation through 12 months post full implementation.

Agency Signature

Signature Is On File

Date

8/5/2020

Agency Head (Printed)

Richard W. Corey