



California Fuels and Convenience Alliance
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California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Concerns Regarding ZEV Market Design Options

The California Fuels and Convenience Alliance (CFCA) represents approximately 300 members, including nearly 90% of all independent petroleum marketers in the state and more than half of the state's 12,000 convenience retailers. Our members, predominantly small, family- and minority-owned businesses, play a vital role in California's fuel supply chain, serving local governments, emergency services, school districts, transit companies, independent fuel retailers, and the agriculture industry.

While CFCA supports California's commitment to improving air quality and reducing emissions, we have significant concerns with regulatory measures under consideration—specifically, establishing a minimum sales floor for Zero-Emission Vehicles (ZEVs) and implementing ZEV anti-backsliding provisions. These measures, if applied prematurely, could have unintended consequences that harm both Californians and the state's broader climate objectives.

1. Economic Impacts on Consumers

Mandating a minimum floor for ZEV sales while simultaneously under-supplying other efficient, cleaner-burning liquid fuels risks driving up vehicle and fuel costs across the board. The fact of the matter is the cost of EVs remain much higher than their liquid fuel counterparts: some sources indicate that the average price for EVs sit around \$57,000, while average transaction of all cars sit at \$49,000 – a gap of nearly \$8,000. The gap is greater when comparing the Nissan Leaf to the Nissan Versa, the cheapest of each vehicle segment on the market: ~\$29,000 for the Nissan leaf, ~18,000 for the Nissan Versa, a \$11,000 gap. With the disappearance of the federal tax credit and no subsequent state tax credit supplementing the loss, the appetite for consumers, including low-income Californians who are already burdened by housing, energy, and insurance costs, to switch to an EV has and will continue to remain lower than the potential future mandated supply.

And this gap is continuing to be a concern. Global supply chains for EV components, particularly critical minerals like lithium, cobalt, and nickel, remain underdeveloped in the U.S. and Europe. Restrictions on access to Chinese suppliers exacerbate these shortages, keeping EV costs high and limiting the industry's ability to scale production to meet the overall vehicle needs of all Californians. Imposing rigid sales requirements under these conditions' risks creating systemic supply bottlenecks that disadvantage consumers.

Thus, restricting vehicle options to high-cost EVs without robust support for alternative fuels limits affordability and choice for everyday consumers.

2. Missed Emissions Reduction Opportunities

Focusing exclusively on EV adoption delays emissions reductions that could be achieved much more quickly through existing, proven liquid fuel alternatives. Cleaner-burning fuels, such as higher ethanol blends like E15 and E85, are already commercially available, compatible with a large portion of the existing vehicle fleet, and capable of delivering measurable reductions in greenhouse gas emissions without requiring costly vehicle turnover or extensive new infrastructure.

According to researchers from UC Berkeley and the U.S. Naval Academy, E15, for example, can lower tailpipe emissions while also providing direct economic benefits to consumers, saving drivers up to 20 cents per gallon—equating to roughly \$2.7 billion in annual consumer savings. Similarly, E85 offers both reduced emissions and significant cost savings compared to traditional E10; California drivers saved nearly \$99 million on fuel purchases in 2023 alone, with per-gallon prices consistently a dollar or more below conventional gasoline. These fuels are immediately deployable and scalable, providing a practical pathway for rapid emissions reductions that complement, rather than replace, electrification strategies.

By focusing narrowly on EVs, California risks delaying meaningful environmental progress, increasing overall costs for consumers, and missing an opportunity to integrate multiple complementary pathways for decarbonization.

3. Inadequate Charging Infrastructure

California's electric vehicle charging infrastructure continues to lag in both reliability and equitable access, raising serious concerns even if EV adoption grows—especially as recent market signals suggest EV momentum is stagnating. The California Energy Commission (CEC) now requires publicly funded DC fast chargers to achieve a 97% uptime because too many have failed to provide consistent, functional service, and multiple state laws demand public reporting on charger outages and reliability issues.

While California has surpassed 200,000 public chargers, major investments such as the \$55 million Fast Charge California Project are still being directed specifically to low-income and rural communities, which have had some of the slowest and least reliable charger rollouts to date. Areas outside major cities continue to face persistent barriers, forcing EV drivers—particularly from disadvantaged communities—to contend with insufficient access or travel long distances for reliable service. Meanwhile, concerns about grid strain and lagging infrastructure growth remain top reasons cited for a recent drop in California EV market share and mounting policy hesitancy, suggesting that mandating additional ZEV sales without first closing these infrastructure gaps risks undermining consumer confidence and environmental progress.

4. Loss of Market Flexibility

Minimum sales floors and anti-backsliding provisions significantly reduce the ability of manufacturers and the market as a whole to respond to real-world supply and demand dynamics. Vehicle markets are inherently complex and subject to fluctuations in production capacity, raw material availability, consumer preferences, and infrastructure readiness. Locking in rigid, high-cost EV sales targets removes the

flexibility to adjust production or prioritize alternative low-emission technologies that may be more affordable or immediately deployable.

By compelling manufacturers to meet inflexible EV sales quotas regardless of affordability or infrastructure readiness, consumers may be left with fewer viable vehicle options, higher purchase prices, and limited access to reliable transportation.

The primary objective of any ZEV strategy should remain clear: achieve measurable environmental progress in a manner that is economically sustainable, operationally feasible, and accessible to all Californians. Policies should enable multiple pathways to decarbonization—including affordable clean liquid fuels, flex-fuel options, and EVs—so that the transition to cleaner transportation is inclusive, equitable, and effective, rather than punitive for those least able to absorb higher costs.

CONCLUSION

While CFCA supports California's clean transportation goals, measures such as ZEV minimum sales floors and anti-backsliding provisions risk creating unintended economic, operational, and equity challenges for consumers and small businesses. Rigid mandates that prioritize high-cost EVs over other low-emission alternatives could limit consumer choice, drive up vehicle and fuel costs, and exacerbate inequities for low-income and rural Californians who already face substantial financial pressures.

California should instead pursue a technology-neutral, multi-pathway approach that encourages EV adoption where feasible while also leveraging affordable, scalable, and immediately deployable solutions—such as cleaner-burning ethanol blends, flex-fuel options, and hydrogen. By enabling multiple pathways to decarbonization, the state can achieve meaningful and timely emissions reductions without imposing undue burdens on consumers, small businesses, or communities that lack adequate infrastructure.

A balanced, inclusive strategy is the most effective way to advance environmental goals while preserving affordability, equity, and operational practicality. CFCA remains committed to working collaboratively with CARB to ensure that California's clean vehicle policies are both ambitious and achievable, delivering real environmental progress that is accessible to all Californians.

If you have any questions, please contact CFCA's Sr. Director of Government Affairs, Alessandra Magnasco, at alessandra@cfca.energy.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alessandra Magnasco', with a stylized, cursive script.

Alessandra Magnasco
Sr. Director of Government Affairs