MI Clean Future

November 1, 2021

RE: Multi-Industry Coalition Supports Smart Investments in Clean Mobility

Dear Governor Whitmer, Lieutenant Governor Gilchrist, Majority Leader Shirkey, Speaker Wentworth, Chair Stamas, and Chair Albert:

Thank you for your leadership and dedication to the people of Michigan. We are a coalition of 27 organizations representing alternative fuel and electric vehicle drivetrain manufacturing, electric vehicle charging stations, environmental advocates, health advocates, electricity transmission, alternative fuel trade organizations, and more. We believe that **now is the time for smart and bold investments in clean transportation to benefit all Michiganders**.

Michigan has the know-how to meet the moment and build back after the pandemic by doubling down on our automotive prowess, protecting public health, and investing in the next generation of the mobility workforce. The signs are clear: the auto industry is changing, and investments in clean vehicles pay dividends. A recent study by Advanced Energy Economy shows that each dollar of public investment in electric transportation generates an additional $2.60 in private investments and almost $5 in the national gross domestic product (GPD). Meanwhile, automakers like General Motors, Ford, Stellantis, Rivian, and more are setting their sights on an all-electric vehicle future and putting billions of dollars behind their commitments.

$600 million will set Michigan on a path to win the clean mobility industry

Clean mobility solutions like electric and alternative fuel vehicles offer a tremendous opportunity to rebuild after the COVID-19 pandemic, protect public health, and invest in local economies. Attached to this letter is a proposal outlining projects and programs designed to make one-time transformational investments in public fleets, infrastructure needed to compete in the 21st century, and workforce development so that we can retain our status as the global leader in transportation innovation. This $600 million investment, designed to come from the $7.5 billion of American Rescue Plan Act funds, can work with and build on the work of the Council on Future

Mobility and Electrification and the existing appropriations proposals like the Mobility Futures Initiative and the EV Friendliness Program.

We urge you to consider these investments during supplement budget negotiations, and we are eager to answer any questions you may have.

Thank you again for your continued leadership.

Sincerely,

Asthma & Allergy Foundation of America - Michigan Chapter
Blink Charging
BlueGreen Alliance
CALSTART
Ceres
Clean Fuels Michigan
Ecology Center
EVHybridNoire
Great Lakes Renewable Energy Association (GLREA)
Icom North America, LLC
ITC Holdings Corp.
Lion Electric
MI Air MI Health
Michigan Clean Cities
Michigan Clinicians for Climate Action
Michigan Energy Innovation Business Council
Michigan Environmental Council
Michigan Propane Gas Association
Michigan Soybean Association
Navistar, Inc.
Navya Inc.
Powerlink Systems
Rhombus Energy Solutions
ROUSH CleanTech
The Electrification Coalition
TRADION
ZappyRide

MI Clean Future

A PROPOSAL TO WIN THE CLEAN MOBILITY INDUSTRY

With billions of dollars available, we request a relatively small portion of American Rescue Plan Act funding and excess General Funds to advance Michigan's leadership in clean mobility, safeguard Michigan's mobility jobs, and invest in cleaner air for everyone.

The evidence is clear: the auto industry is changing fast. If Michigan is going to continue to compete on a global stage, we need to make substantial investments in our automotive and mobility workforce, prepare our infrastructure to meet 21st-century mobility demands, and headway on replacing the most polluting vehicles on the road. Just a few data points to illustrate these needs:

- Michigan is lagging in clean vehicle investments, as demonstrated by the ACEEE State Transportation Electrification Scorecard and the recent bumper.com study that ranked Michigan as one of the worst states to own an electric car.
- A historic agreement between General Motors, Ford, Stellantis, and the UAW set a goal of electric vehicles making up 40-50% of vehicle sales by 2030. Meanwhile, the Congress is negotiating the Infrastructure Package and Budget Reconciliation investments.
- The nationwide buildout of electric vehicle charging stations to meet federal goals of 500,000 DC Fast Chargers installed by 2030 will require an additional 28,950 jobs each year across the nation.
- Automakers are actively investing in and looking for new locations to make clean vehicles and the batteries that power them. Toyota is investing $3.4B in battery production in North America, including a $1.3B facility that creates 1,750 jobs in a location yet to be determined. Stellantis also announced investments in two new facilities to make batteries in the United States, also awaiting a final location decision.
- Meanwhile, Ford is locating Blue Oval City, a project slated to employ 11,000 people to make electric vehicles, in Tennessee and Kentucky, and Michigan was not a contender for the project due to a lack of shovel-ready sites.

- Illinois Governor Pritzker is pushing a package worth millions of dollars to provide incentives such as tax credits and job training to lure new battery and electric vehicles companies to locate in Illinois.

The following proposal relies on these core principles:

1. Signal Michigan's leadership on clean mobility.
2. Investments should prioritize equity and ensure no one is left behind.
3. To ensure maximum efficiency, investments should be made through a competitive request for proposal (RFP) process whenever feasible. Leftover funds should be re-allocated to ensure that the core principles and program goals are achieved.

WORKFORCE DEVELOPMENT AND INNOVATION

$240 Million - *To retain our leadership, Michigan must invest in programs and grants related to workforce development, job retention, research and development, and educating the public about Michigan's investments in innovative mobility. The Michigan Economic Development Corporation (MEDC), the Department of Environment, Great Lakes, and Energy (EGLE), and the Department of Labor and Economic Opportunity (LEO) are well-positioned to ensure the following program areas are realized:*

$100 Million for strategic and large site development

- Increase investment in the MEDC's Michigan Build Ready Sites Program, which works with local communities and economic development partners from around the state.
- The Council on Future Mobility and Electrification (CFME) Report recommends developing a better inventory of project-ready sites to attract clean mobility facilities to Michigan. The report states that a $100 million investment could create six large sites and thirty smaller sites that create $11.4 billion in private investment, 19,600 jobs, and $10.1 million in public-private match funds in the advanced mobility industry (p.16).
- This request is also included in the "MI Prosperity Roadmap" proposal (p.11).

$100 Million for recruiting and retaining advanced mobility jobs

- Michigan should remain the home of research, design, and manufacturing of the best and most innovative vehicles on the market.
- Solving long-term talent needs will make Michigan a more sought-after place to live.
- The CFME report recommends redesigning the state's talent development tools to be more innovative and coordinated with economic goals (p.17).
- **$50M:** Invest in attracting companies that offer high-wage, gainful employment by bolstering existing programs like the Michigan Mobility Funding Platform, the Going PRO Talent Fund, and create a "Start Up Resiliency Fund" to ensure that advanced mobility companies looking at locating in Michigan have the support and workforce they require.
- **$50M:** Create a High-Tech Talent Fund to assist with reaching the state's goal of growing the workforce by 15,000 jobs by 2030. Based on CFME analysis, this program would result

in 3,000 technical workers attracted to Michigan and 3,000 STEM interns placed at startups (p.27).

$30 Million for just transition and workforce training

- Electric and alternative fuel vehicles require technicians and mechanics with specialized knowledge and skillsets, and Michigan's workforce is primed and ready to be retrained to meet future vehicle fleet needs.
- Jobs in mobility will change over time, and no Michigander should be left behind.
- **$25M:** Scale existing programs, like the Michigan Revolution for Electrification of Vehicles Academy (MiREV), to train more workers to meet the automotive industry's changing needs and fill talent gaps in Michigan. Focus on professions and communities that will need re-skilling or up-skilling due to the changing industry workforce needs.
- **$5M:** For five years, conduct a yearly study to identify communities at risk of losing an anchor employer due to the changing automotive industry and create plans to ensure a just transition for those communities. The State is currently doing similar studies and planning activities for communities impacted by coal plant closures.

$10 Million for public education related to the programs throughout this proposal

- Many of the programs outlined below will require community outreach and education to be successful. For example, switching from diesel to electric school buses will require mechanics and operators to be trained, support to select the right bus and charging infrastructure, and an analysis of the return on investment for the district or operator.
- These funds will help programs listed throughout this proposal to the finish line and supplement existing EGLE programs to educate the public about clean vehicles.
- **$2.5M**: Educate school bus and transit bus operators about the benefits of using cleaner buses, which vehicles to transition first, how to select a new bus and refueling or charging infrastructure and guide the implementation of cleaner buses.
- **$2.5M:** Education and outreach to multifamily residential and commercial office property owners and property managers to explain the benefits and importance of providing electric vehicle charging. This program can also help connect the property managers with professionals to help with planning and installation.
- **$5M:** Outreach to municipalities and fleet operators about the benefits of using cleaner vehicles, which vehicles to transition first, how to select new vehicles and refueling or charging infrastructure and guide the implementation of new clean fleet vehicles.

CLEANER VEHICLES

$250 Million - *Michigan must signal leadership by investing in publicly owned vehicle conversions and leveraging public-private partnerships to deploy clean vehicles in increasing numbers. Investing in public vehicles signal Michigan's leadership in clean mobility and create positive air quality benefits for everyone. Electric and alternative fuel vehicles also cost less to own and maintain and thus will save taxpayer dollars over the life of the vehicle. Investments can build on existing programs like the Fuel Transformation Program administered by EGLE.*

$100 Million for clean school buses and transit buses

- Build on the recommendation in the CFME report to pilot and take the next step to invest in clean school buses and transit buses and access to public transportation.
- Transit and school bus fleets have long been underfunded and are one of the most promising opportunities for investing in vehicles that create benefits community-wide.
- **$96M:** Study the efficacy of financial incentives to public transit agencies and school districts for zero and near-zero emission bus implementation and then implement a pilot to fund the transition of buses using a public-private partnership model. This funding could provide 80 or more accessible electric transit vehicles, charging infrastructure, and hands on assistance to 40 school districts and up to 140 public transit agencies across the state. This proposal more than doubles the recommendation in the CFME report (p.41).
- **$2M:** Create a "mobility wallet" to help solve mobility problems statewide by increasing access to mobility solutions like transit and micro-mobility. Residents and workers should be able to use the mobility services available regardless of income or banking status. This proposal is a direct recommendation of the CFME report (p.18).
- **$2M:** Pilot solutions that give transit buses and emergency vehicles priority at traffic stops, especially in areas with high traffic congestion in southeast Michigan. This project will add value for transit riders by expediting their trips as well as reducing idle time for some of the largest vehicles on the road.

$100 Million for municipal and state fleet vehicles

- Public fleets should demonstrate leadership by transitioning to more efficient vehicles.
- Investments in public fleets will save taxpayers money over time by reducing fuel and maintenance costs.
- Public fleets are currently unable to take advantage of federal tax incentives for electric and alternative fuel vehicles, except through 3rd party financing arrangements.
- **$200,000:** State Fleet Telematics Data Analysis to install monitoring devices on state fleet vehicles that will gather data necessary for fleet procurement planning purposes, as well as an analysis of those findings. This funding would help the Department of Technology, Management and Budget determine the specific vehicles in the state's fleet that would be most appropriate and cost-effective to transition to electric or alternative fuel vehicles.
- **$99.8M**: Converting state and municipal fleet vehicles to cleaner fuels, including building upgrades, vehicles, and necessary charging or refueling infrastructure. We recommend using telematics data to break down funding rounds by vehicle class to include passenger vehicles and trucks (class 1 - 3) through commercial vehicles (class 4 - 8).

$50 Million to study and pilot clean vehicle incentives through public-private partnerships

- The CFME recommends studying vehicle incentive programs like Low Carbon Fuels Standards or other mechanisms to ensure that any incentive is the best solution to equitably deploy clean vehicles at higher rates.
- Leveraging private capital will make government investments go further to deploy clean vehicles and support the mobility industry in Michigan.
- Twenty-three states have some form of purchase incentive, and incentives are proven to increase electric vehicle adoption.

- **$2M:** Study and determine which consumer incentives will increase equitable use and adoption of electric vehicles in MI. CFME determined that it is prudent to study an incentive program first to ensure it is effective and equitable.
- **$48M:** Implement pilots of the consumer incentive(s) determined best practice through the above study. These incentives should include both passenger cars and medium- and heavy-duty vehicles. Incentives should be applied at the time of sale, and new and used vehicles should be eligible.

INFRASTRUCTURE

$110 Million - *Michigan must invest in the refueling infrastructure and transportation system required to meet 21st century needs. The Mobility Futures Initiative, EV Friendliness Plan, and Council on Future Mobility and Electrification (CFME) all recommend investments in building electric vehicle charging infrastructure to meet the demands of an increasingly electric mobility paradigm. The CFME Report says that Michigan will need approximately 10,000 DC Fast Chargers and 90,000 level 2 chargers by 2030 to support Michigan's expected two million electric vehicles (p.32). Additionally, innovative alternative fueling stations will also be necessary to meet interim carbon reduction goals.*

Existing programs run by EGLE and MDOT can be expanded to include the following:

$50 Million for alternative fueling stations and electric vehicle chargers

- Tourism and commercial travel are crucial economic engines in Michigan. Our infrastructure must be sufficient to allow safe and easy travel across and through the state in alternative fuel and electric vehicles.
- Matching funds may be necessary if the federal government passes spending bills with funding to increase alternative fueling infrastructure, and we must position Michigan to accept those monies. We also want to have monies set aside to invest in refueling infrastructure that meets Michigan's unique economic needs, rather than wait for, or be beholden to, any requirements of potential federal funds.
- Focus on high-need areas based on passenger and medium- and heavy-duty vehicle traffic patterns and existing electric vehicle charging station studies.
- REV Midwest, a collaborative of Midwest states, was formed in September of 2021 to coordinate the equitable transition to electric vehicles, mainly focused on medium- and heavy-duty vehicles and the economic benefits of advancing clean mobility. Michigan should continue to lead this effort.
- Add to the Charge Up Michigan program and work with utilities to implement this funding with a public-private partnership model.

$40 Million for upgrading multifamily housing with electric vehicle charging with an emphasis on low-income housing

- The most common barrier to electric vehicle ownership is not having access to reliable electric vehicle charging at home or work.
- Multifamily building residents, especially those in low-income housing, should not be left behind in the transition to electric vehicles.

- Use the Michigan Environmental Justice Screening Tool to prioritize locations for investment.
- We estimate this could fund electric vehicle chargers to meet resident needs in approximately 1,000 apartment buildings with a 50% private investment match.

$15 Million to pilot innovative infrastructure projects

- Technology is evolving quickly, and Michigan should remain at the forefront by piloting innovative models for charging and refueling the vehicles of the future.
- Potential projects include vehicle-to-grid (V2G) pilots, charging hubs, in-road charging, co-locating multiple alternative fuels, and connected vehicle projects.
- Projects that incorporate V2G technologies can bolster grid resiliency while simultaneously helping meet vehicle charging needs.

$5 Million to study and pilot long-term road funding

- As electric vehicles are deployed in increasing numbers and gasoline vehicles become more efficient, Michigan will need a long-term fix to fund the roads without relying on the gas tax.
- Michigan should study potential funding mechanisms and pilot potential fixes that avoid creating barriers to EV adoption.
- As noted in the CFME Report, a vehicle miles traveled (VMT) based EV fee pilot would require a statutory change to allow drivers to participate in a taxation mechanism other than the current EV fee.
- **$500,000:** Study the options for long-term road funding.
- **$4.5M:** Pilot the best solution from the study, including but not limited to a VMT based fee which would require finding customers to participate, creating a mechanism to collect VMT data, formulating the correct tax amount, and analyzing the data to determine necessary changes.