

August 17, 2018

South Carolina Department of Insurance  
Attn: Kendall Buchanan  
1201 Main Street, Suite 1000  
Columbia, South Carolina 29201

**Re: SACE Comments on South Carolina Draft Beneficiary Mitigation Plan for Volkswagen Diesel Emission Settlement**

Dear Director Farmer, Ms. Buchanan, and Department of Insurance,

Thank you for this opportunity to comment on the second draft of our state's beneficiary mitigation plan (BMP) as part of the Volkswagen (VW) diesel emission settlement. We appreciate your dedication to a transparent process and willingness to incorporate public opinion into the plan.

The Southern Alliance for Clean Energy (SACE) is a regional nonprofit membership organization that promotes responsible energy choices that create global climate change solutions and ensure clean, safe and healthy communities throughout the Southeast. We have worked to reduce the burden of diesel emissions and advocated for clean transportation fuels and vehicle electrification for 15 years throughout the region, including South Carolina, North Carolina, Georgia, Tennessee, and Florida.

We encourage the State of South Carolina to use the settlement as an opportunity to help bring our transportation system into the 21<sup>st</sup> century with investments in electric vehicle charging equipment and engine swaps. Electric vehicles lower costs to consumers and taxpayers, relieve the public health burden of transportation-related pollution, and contribute to South Carolina's economic development goals.

Therefore, we request that the State allocate the maximum allowable 15% of Trust funds for light-duty vehicle charging equipment and that any engine-for-engine swaps for buses be electric.

To reiterate our May 2018 comments submitted in response to the first draft of the BMP,<sup>1</sup> deploying electric vehicle (EV) charging stations will help build the growing EV economy in South Carolina, where BMW, Volvo, and Proterra are investing billions of dollars and employing thousands of South Carolinians to bring electrified vehicles to market. Publicly accessible and visible charging stations will help improve the experience of electric vehicle drivers by increasing the convenience of charging and will also help alleviate concerns of "range anxiety" that can prevent car buyers from buying electric in spite of EVs' relative advantages over conventional engines. Electric vehicles are clearly a growth industry for South Carolina and the deployment of electric charging stations would help grow the EV market locally and provide economic benefits to the state.

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<sup>1</sup> Southern Alliance for Clean Energy. "SACE Comments on South Carolina Draft Beneficiary Mitigation Plan for Volkswagen Diesel Emission Settlement." May 1, 2018.

<https://doi.sc.gov/DocumentCenter/View/10987/Southern-Alliance-for-Clean-Energy-2018-05-01>

1.866.522.SACE  
www.cleanenergy.org

P.O. Box 1842  
Knoxville, TN 37901  
865.637.6055

46 Orchard Street  
Asheville, NC 28801  
828.254.6776

250 Arizona Avenue, NE  
Atlanta, GA 30307  
404.373.5832

P.O. Box 310  
Indian Rocks Beach, FL 33785  
954.295.5714

P.O. Box 13673  
Charleston, SC 29422  
843.225.2371

Meanwhile, electric engine swaps for buses is more cost-effective on a total cost of ownership basis than any other fuel option available. While electric buses have higher upfront prices than diesel, compressed natural gas (CNG), or hybrid buses, the very low operating costs of electric buses mean that the total cost of ownership for an electric bus is 21% lower than a new diesel bus. As detailed in our May 2018 letter, each all-electric bus acquired to replace a diesel bus will save the fleet over \$200,000 as compared to a new diesel bus purchase.

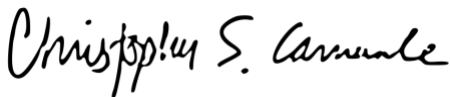
Not only is the lifetime cost lower, electric buses also offer the most cost-effective NOx reductions, as well as the biggest reductions in air pollution and greenhouse gas emissions of available technologies for bus replacement. Diesel and CNG buses emit NOx and VOCs, but electric buses do not have any tailpipe emissions. While electricity from the grid to charge plug-in vehicles can result in emissions, electric vehicles are already currently cleaner than any conventional vehicles on the road, and will only get cleaner over time as the state electricity generation shifts to more lower-emitting and non-emitting sources. In addition to South Carolina's efforts to make its electric grid cleaner, emissions from the grid are not released at street level in densely populated areas, where vehicle exhaust can concentrate. The emissions benefit of electric buses over diesel buses is particularly significant for school buses, which save children from exposure to diesel pollution, which can cause or exacerbate severe diseases of the respiratory and neurological systems.<sup>2</sup>

Further, the cost premium of electric buses is dropping quickly and using the VW Environmental Mitigation Trust funds to invest in electric buses now will set the stage for a successful future of electric bus procurement in South Carolina. The future of bus transportation is widely seen as electric, given the trend of steep price declines and benefits to public health and the environment. By using settlement fund money now to begin investment in electric buses, South Carolina will be better positioned to benefit from electric bus procurement when the purchase price point of electric buses meets and dips below the that of diesel buses—as soon as 2022, according to a recent California Air Resources Board (CARB) study.<sup>3</sup>

The comment period in response to the first draft of the BMP showed strong support from a broad range of stakeholders that the State should utilize the Trust money to begin investing in an EV future for South Carolina. We support this collective call and respectfully point out that the current allocation of just 0-10% of Trust funds toward EV charging equipment is a missed opportunity for helping to build a 21<sup>st</sup> century transportation system for South Carolina. We request that the State allocate the full 15% allowable to light-duty electric vehicle charging system to help build South Carolina's EV economy and use the remaining 85% for electrification of our state's bus fleet, which would save taxpayers and consumers money and improve the health of our children and the environment.

Thank you for the opportunity to comment.

Sincerely,



Chris Carnevale  
Coastal Climate & Energy Manager  
Southern Alliance for Clean Energy  
Charleston, SC



Dory Larsen  
Electric Vehicle Program Associate  
Southern Alliance for Clean Energy  
Tarpon Springs, FL

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<sup>2</sup> Liu, Norrice M. and Jonathan Grigg. "Diesel, Children and Respiratory Disease." *BMJ Paediatrics Open*, May 24, 2018. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5976105/>

<sup>3</sup> California Air Resources Board. "Total Cost of Ownership to Advance Clean Transit." October 4, 2016. [https://www.arb.ca.gov/msprog/bus/4thactwgmtng\\_costs.pdf](https://www.arb.ca.gov/msprog/bus/4thactwgmtng_costs.pdf)