

California Clean Miles Standard Unanticipated Barriers and Progress Report

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DIVISION

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1. Executive Summary

California's Clean Miles Standard (CMS) statute requires the California Air Resources Board (CARB) to adopt annual targets for the reduction of greenhouse gas (GHG) emissions by transportation network companies (TNCs) and directs the California Public Utilities Commission (CPUC) to implement the program, including assessing whether unanticipated barriers exist that would justify delaying implementation of the targets.

This Unanticipated Barriers and Progress Report (Report) evaluates progress toward CMS compliance, reviews electric vehicle (EV) adoption and charging infrastructure trends, and assesses barriers affecting the ability of regulated entities to expand usage of zero-emission vehicles (ZEVs) and meet the CMS targets. The report also reviews impacts on low-to-moderate income (LMI) drivers and assesses environmental, social justice and clean mobility goals pursuant to the CMS Phase 1 Decision.

Staff identified several major unanticipated barriers that have emerged since CMS was adopted. These barriers include economic disruptions that have resulted in higher-than-anticipated prices for ZEVs through the early 2020s and a reversal in federal policy support for EVs, which has resulted in a slowdown in the EV market and created uncertainty about future market conditions, including EV pricing and model availability. The report also finds that electricity prices in California have risen dramatically since CARB adopted the CMS Regulation, increasing the total cost of EV ownership, and that availability of public EV charging remains a barrier to EV adoption by TNC drivers.

Based on the evidence of significant unanticipated barriers affecting the ability of CMS Regulated Entities to meet the existing target, staff recommends delaying implementation of the CMS targets for three years, pursuant to the CPUC's authority under Public Utilities Code Section 5450(b)(4). The report puts forth two options for doing so. Under the first option, a 3-year pause would be inserted into the existing target schedule, after which the targets would progress at the same pace as in the current schedule. The second option also features a 3-year pause, but after the pause the target schedule would be relaxed such that the targets ramp up more gradually and the TNC have more time to hit each target.

Staff finds a 3-year pause to be reasonable because it provides sufficient time to see results from the Drivers' Assistance Program, as well as for the EV market to stabilize from a recent period of disruption. During the 3-year target implementation delay, the CMS-regulated entities would continue to be required to comply with CMS data reporting, GHG plans, and regulatory fee collection.

2. Introduction

California enacted the CMS program via Senate Bill 1014 (SB 1014) in 2018 with the goals of reducing GHG and increasing Electric Vehicle Miles Traveled (eVMT) from non-exempt TNCs, referred to as CMS Regulated Entities (currently Uber, Lyft and HopSkipDrive).¹ CARB established and adopted annual GHG and eVMT targets in 2021, requiring TNCs to achieve zero GHG emissions and 90% eVMT by 2030. The CPUC is statutorily mandated to implement the program, including the targets set by CARB.

As part of CMS program implementation, CARB and the CPUC are required to assess the unanticipated barriers to meeting those targets. The statute directs the CPUC and CARB to “review the available data related to barriers to expanding the usage of zero-emission vehicles by transportation network companies no less often than every two years, including data relative to current and future electric transportation adoption rates and charging infrastructure utilization rates” and to “delay adoption, and ... implementation, of the targets and goals ... if the board or commission finds that unanticipated barriers exist to expanding the usage of zero-emission vehicles by transportation network companies.”²

In addition to assessing the unanticipated barriers to meeting the CMS targets, the CPUC in 2024 established additional requirements to be included in the biennial report. Those requirements will be described in the next section. This Report is prepared pursuant to the requirements of P.U. Code 5450 (b)(4), as well as CPUC Decisions (D.) 24-03-001 and D. 26-02-005.

3. Background

3.1. CARB Regulation and Targets

Following the enactment of SB 1014 in 2018, CARB began development of the CMS Regulation with a series of public workshops and technical working groups throughout 2019. In January 2020, CARB established the base year inventory and held a series of additional public workshops throughout 2020, culminating in a draft regulatory proposal and staff report in early 2021. On May 20, 2021, the CARB board approved the CMS Regulation.³ The Office of Administrative Law approved the CARB CMS Regulation and filed it with the Secretary of State on August 19, 2022. The effective date of the CARB CMS Regulation was October 1, 2022.

The primary feature of the CARB CMS Regulation is a set of annual targets for GHG emissions and eVMT that apply to CMS Regulated Entities. The targets began in 2023 and become increasingly stringent each year until CMS Regulated Entities reach 0 grams CO₂ per mile traveled and 90% eVMT by 2030.

¹ P.U. Code § 5450

² P.U. Code § 5450 (b) (4)

³ <https://www.arb.ca.gov/rulemaking/2021/cleanmilesstandard>

Table 1: Annual Targets in CARB CMS Regulation

Calendar Year	GHG Target (g CO ₂ /PMT)	eVMT Target
2023	252	2%
2024	237	4%
2025	207	13%
2026	161	30%
2027	110	50%
2028	69	65%
2029	30	80%
2030+	0	90%

3.2. CPUC Implementation

Following adoption of the CARB CMS Regulation and annual targets by the CARB board in 2021, the CPUC began work on program implementation, initiating an Order Instituting Rulemaking (OIR) to tackle implementation issues in November 2021. The OIR solicited feedback from the public through workshops, staff proposals and public comment, culminating in Commission approval of the CMS Phase 1 Decision⁴ in March 2024.

The CMS Phase 1 Decision established key roles and responsibilities for program implementation, including the creation of a Drivers Assistance Program to provide financial incentives for low- and moderate-income (LMI) CMS Regulated Entity drivers (referred to more generally as TNC drivers throughout this Report) to purchase or lease an EV, as well as education and outreach for all drivers. The Phase 1 Decision also directed the creation of working groups to guide program implementation, established roles for a Drivers Assistance Program Administrator, financial auditor, and evaluation contractor, and established other program elements.

Finally, the Phase 1 Decision established additional requirements for the statutorily mandated review of unanticipated barriers, including the following:

- Review of TNCs' compliance with CMS Annual Targets,
- Impact on LMI drivers
- Supporting Clean Mobility progress
- Progress toward environment and social justice (ESJ) goals

With these additional areas for assessment, the Phase 1 Decision refers to the report as the Unanticipated Barriers and Progress Report, and set a deadline of December 31, 2026, for the

⁴ D. 24-03-001: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M527/K246/527246085.PDF>

completion of it. That deadline was later amended by a subsequent Decision (D. 26-02-005) to a requirement that staff “begin work” on the report no later than December 31, 2026.

In July 2025, the CPUC issued a Staff Proposal for resolving CMS Phase 2 issues, including enforcement of the CMS targets, refinements to the Drivers’ Assistance Program, additional optional GHG credits (beyond those in the CARB CMS Regulation), clean vehicle requirements, and phase out of program elements after the CMS Regulated Entities have reached the GHG and eVMT targets. Parties filed comments on the Phase 2 Staff Proposal in September 2025.

4. Regulated Entities’ Compliance with Targets

When the CMS targets set by CARB went into effect in 2023, all three of the CMS Regulated Entities achieved or were close to achieving the targets. The CMS targets ramped up at a gradual pace for compliance years 2024 and 2025. All three companies met the 2025 eVMT target, but all three were out of compliance with the 2025 GHG target.

Under current regulations, starting in 2026, both the eVMT and the GHG targets become increasingly stringent, and it is almost certain that all three CMS Regulated Entities will be out of compliance with both the eVMT and the GHG targets by the end of the year. As of 2026, the CPUC has not yet adopted measures to enforce the CMS targets, and as a result, no enforcement actions have been taken on CMS Regulated Entities that have been out of compliance with an annual target from 2023 to 2025.

5. Impact on Drivers

Decision 24-03-001 requires the Unanticipated Barriers and Progress Report (“Report”) to assess the impact of the CMS program on LMI drivers. The Drivers’ Assistance Program established in the Phase 1 Decision is currently being finalized and has not yet begun to offer incentives, but it is anticipated to go into effect in Q3 of 2026.

The Phase 1 Decision includes several measures specifically intended to help evaluate the impact of the program on LMI drivers, including:

- an Evaluation Contractor, which will assess the effectiveness of the Drivers’ Assistance Program;
- a Financial Auditor, which will (among other things) assess whether driver pay has been impacted by the regulatory fee;
- an annual drivers’ survey to be conducted by Staff; and
- a Driver Working group, which will solicit feedback directly from LMI drivers on the impact the program is having

The measures listed above will provide robust information to assess the impact of the program on LMI drivers in future years. At present, however, none of these measures have been in place long

enough to produce data, and therefore there is insufficient information with which to assess the impact of the program on LMI drivers.

In addition to the evaluation measures in the Phase 1 Decision, the UC Davis Institute of Transportation Studies has an ongoing research project to assess the impact of CMS on TNC drivers. The first report, issued in June 2025, focuses primarily on differences in EV adoption and attitudes toward EVs between TNC drivers before and after the CMS targets went into effect in 2023.⁵ It found a small increase in EV adoption among TNC drivers after CMS went into effect (15.8%) versus prior to CMS (11.4%). However, the report does not attribute this increase to the CMS program specifically, and it may be due to other factors, like increasing acceptance of EVs among the general public over time. UC Davis will continue to study the impact of the CMS program on TNC drivers going forward.

6. ESJ and Clean Mobility

The CMS Phase 1 Decision directs staff to “assess progress toward the CMS Environment and Social Justice (ESJ) Action Items” in the Biennial Unanticipated Barriers and Progress Report. The CMS ESJ Action Items are the following:

- Item 2.5.5 (Improving Access to EV Charging for ESJ Communities): Each CMS Regulated Entity should describe how its GHG Plan proposals may contribute to improving access to charging infrastructure for ESJ communities.
- Item 3.1.2 (CMS Implementation and Impact on Drivers from ESJ Communities): Each CMS Regulated Entity should describe how its GHG Plan proposals will impact drivers from ESJ communities, including financial support, education, outreach, and the performance measures and data they will collect and report to the Commission to track progress.⁶

In addition to assessing progress toward ESJ goals, the Phase 1 Decision requires staff to “include Supporting Clean Mobility” progress in the Biennial Unanticipated Barriers and Progress Report. Supporting Clean Mobility is defined as “providing LMI individuals access to rides in ZEVs through CMS Regulated Entities.”⁷ The Decision requires the CMS Regulated Entities to describe how they will address Supporting Clean Mobility in their GHG Plans.

The following sections provide an overview and assessment of each CMS Regulated Entity’s compliance with the ESJ and Clean Mobility Requirements.

⁵ Assessing the Early Impacts of the Clean Miles Standard on California Ridehailing Drivers, prepared for CARB by 3RFM, Institute of Transportation Studies, UC Davis, p. 28. June 2025

<https://ww2.arb.ca.gov/sites/default/files/2026-01/Research%20Contract%202021STC013%20Final%20Report.pdf>

⁶ D. 24-03-001, p. 73

⁷ Ibid, p. 71

6.1. Uber

In Uber’s Interim GHG plan, filed on July 5, 2024, Uber cited several actions it is taking to support LMI drivers pursuant to ESJ Action Item 3.1.2, including EV incentives, vehicle purchase and rental discounts and charging discounts. Uber also pointed to plans to launch marketing campaigns aimed at “educating gas and hybrid drivers about EVs to facilitate their transition.” In addition, Uber stated in its GHG plan that it is advancing Action Item 2.5.5 by supporting EV charging industry partners’ applications for various grants to install charging in LMI communities. In addition, Uber stated that it is developing a new tool that uses trip data to address “charging deserts” – areas in major cities in greatest need of EV charging.⁸

In addition, Uber states in its GHG Plan that it supports Clean Mobility by offering a no- or low-emission product called Uber Green, which provides rides in hybrids and battery EVs, as well as a “rider emissions savings calculator,” which allows riders to monitor the estimated CO₂ emissions they have saved through Uber Green.⁹

Staff notes that following the filing of Uber’s GHG plan, Uber rebranded its Uber Green option as “Uber Electric” to focus more on EVs over hybrid vehicles, and it announced a new EV grant program called “Go Electric,” which offers drivers financial incentives toward the purchase of an EV. Originally set at \$4,000 and offered only in California, Colorado, Massachusetts, and New York City, the grant has since been increased to a maximum of \$6,500 and offered to drivers nationwide.¹⁰ In addition, Uber recently announced plans to expand EV charging infrastructure across cities in the U.S. and Europe, including by leveraging its driver data to help charging operators identify high-demand locations for installing new chargers, offering financial incentives to charging operators, and providing minimum utilization guarantees in neighborhoods where its drivers operate.¹¹

6.2. Lyft

In Lyft’s Interim GHG plan on July 3, 2024, the company describes the steps it is taking to implement the ESJ Action Items. On Item 2.5.5 (Improving Access to EV Charging for ESJ Communities) Lyft states that it is promoting access to discounted fast charging through partnerships with EVgo, Electrify America and EVCS¹² that will provide Lyft drivers with discounted fast charging at approximately 25% of public fast chargers across California. Lyft also states that it is working to show locations of charging stations within the Lyft driver app, as well as to provide real-time data on availability of these online chargers, as well as to develop a reporting

⁸ Uber CMS GHG Plan, p. 12

⁹ Ibid, p. 11

¹⁰ “Uber expands EV grant nationwide, offering drivers up to \$6,500 in incentives,” by Scooter Doll, Electrek, April 2, 2026; <https://electrek.co/2026/04/02/uber-expands-ev-grant-nationwide-driver-incentives/>

¹¹ “Uber Will Offer Incentives for E.V. Charger Construction,” by Jack Ewing, New York Times, Feb. 18, 2026; <https://www.nytimes.com/2026/02/18/business/energy-environment/uber-electric-vehicle-charging-stations.html?login=email&auth=login-email>

¹² Electric Vehicle Charging System, a nationwide EV fast-charging provider: <https://www.evcs.com/>

tool for drivers to share reports of broken chargers via the Lyft App.¹³ Finally, Lyft states that it is working with state and local agencies to advance policies to improve reliable public charging through data sharing and participation in public rulemakings.

On Item 3.1.2 (CMS Implementation and Impact on Drivers from ESJ Communities), Lyft states that it is increasing ride demand for EV drivers through “Green Mode” which allows a rider to request an electric or hybrid vehicle, as well as offering bonuses to drivers who complete a set number of weekly rides in a ZEV, resulting in drivers earning \$15.3 million in EV bonuses in 2023. Lyft also states that it has begun piloting app features that give EV drivers the option to be matched only with rides within their electric driving range. Finally, Lyft states that it is working with non-profits organizations to increase EV access in LMI communities.

On Supporting Clean Mobility, Lyft presented data showing that 73.4% of total rides started in LMI communities, and 74.6% of ZEV rides also started in LMI communities, demonstrating that “Lyft facilitates zero-emissions rides in LMI communities in a greater proportion than it facilitates rides overall across the state.”¹⁴

6.3. HopSkipDrive

HopSkipDrive also addresses ESJ and Clean Mobility goals in its Interim GHG Plan. On Clean Mobility, HopSkipDrive says that as a mission-driven organization, HopSkipDrive works with school districts and non-profit organizations to organize rides to school for children, which is work that supports LMI communities at its core. HopSkipDrive also states that it is committed to aligning with the Commission’s ESJ Action Plan through minimizing impact on LMI riders and communities, and notes that it has not proposed any algorithmic or platform qualification changes that would negatively impact LMI drivers.

6.4. Assessing ESJ and Clean Mobility Progress

Staff has reviewed the Interim GHG Plans of the three CMS Regulated Entities and found that all three included ESJ and Clean Mobility Goals in their Action Plans to various degrees that reflect the resources available to each company. The Commission approved the CMS Regulated Entities GHG plans on March 13, 2025.¹⁵ The Collectively, the companies appear to be making progress toward the ESJ and Clean Mobility objectives of the Phase 1 Decision, and Staff determined that no additional action is needed at this time.

¹³ Lyft’s Interim CMS 2024 GHG Plan, filed as Lyft, Inc. Advice Letter No 22, on July 3, 2024, p. 3

¹⁴ Ibid, p. 5

¹⁵ Resolutions TL-19151, TL-19152 and TL-19153

7. Unanticipated Barriers

P.U. Code 5450 (b)(4) requires the Commission to identify and describe “unanticipated barriers to expanding the usage of zero-emission vehicles by transportation network companies,” and the Phase 1 Decision specifies that the first biennial Unanticipated Barriers and Progress Report should include an “assessment of the years prior to the first report.”¹⁶

For the purposes of this report, we define “unanticipated barriers” as factors that inhibit the adoption of zero-emission vehicles by TNC drivers which were not anticipated when SB 1014 was signed in 2018, including instances where real-world conditions deviated significantly from the expectations and assumptions that informed the formation of the CARB CMS Regulation. For the purposes of this report, we focus on pure (non-hybrid) battery electric vehicles (BEVs or EVs), since that is the primary type of zero-emission vehicle that is widely available and affordable to TNC drivers.¹⁷

This section will identify those barriers and describe the impact they could have on EV adoption by TNC drivers. The unanticipated barriers we identify generally fall into three categories when considering the means by which the barriers impact CMS Regulated Entities ability to expand the use of zero-emission vehicles:

1. Vehicle acquisition costs and affordability. These barriers, driven partly by COVID-era market disruptions, resulted in higher costs for drivers to purchase an EV during the early years of the CMS Regulation up to the present day.
2. Policy disruption and EV market uncertainty. These barriers result from policy changes that are likely to affect EV prices and models available for purchase going forward.
3. EV charging cost, access, and convenience. These barriers include higher costs to charge an EV relative to expectations, the challenges of building public charging infrastructure and resulting congestion at charging stations, and drivers’ perceptions of the convenience and time burden of EV charging. These barriers impact both past and future EV adoption.

We describe the barriers that fall into each of these categories in the following sections.

7.1. Vehicle Acquisition Costs and Affordability

Due to events that were unforeseen at the time SB 1014 was passed, the cost to consumers to purchase an electric vehicle has trended higher than anticipated. These factors include global economic trends that increased EV materials and manufacturing costs, as well as policy changes that affected the final vehicle purchase price. This section describes those factors.

¹⁶ D. 24-03-001, p. 101

¹⁷ For the remainder of the report, we refer to BEVs (non-hybrid EVs) simply as “EVs” except where otherwise appropriate

7.1.1. Effects of the COVID-19 Pandemic

The COVID-19 pandemic, which occurred during the development of the CMS Regulation, caused market disruptions that put upward pressure on EV prices. When the pandemic struck in March 2020, most developed countries imposed quarantines and lockdown policies that impacted consumer demand, manufacturing, and global supply chains. In many cases, manufacturing plants were shut down, and shipping was halted, resulting in severe supply chain disruptions. When the pandemic subsided and economies reopened, the surge in demand relative to limited supply sent prices for many consumer products soaring. Electric vehicles were one of the products most affected by the price impacts,¹⁸ for the following reasons:

- **Shortage of Semiconductors:** One of the sectors hit hardest by the COVID-19 pandemic was semiconductors, which faced a severe shortage not only due to manufacturing shutdowns, but also from increased demand for computer chips in other products due to work-from-home policies.¹⁹ Since EVs use two to three times more semiconductors than internal combustion engine (ICE) vehicles, EV production and pricing was impacted to a greater extent than that of traditional ICE vehicles.²⁰
- **Raw material prices:** As a result of manufacturing shutdowns, supply chain disruptions and other pandemic-related outcomes, prices of the raw materials used to build EV batteries – such as cobalt, nickel and lithium – more than doubled during the pandemic, rising from \$3,381 per vehicle in March 2020 to \$8,255 per vehicle in May 2022.²¹
- **Demand Surge:** At the same time manufacturing costs were increasing due to surging raw material prices, worldwide demand for EVs was also experiencing an unprecedented surge, with sales doubling in 2021 from the previous year.²² The combination of constrained material supply and soaring demand acted in tandem to exert upward pressure on vehicle prices.

¹⁸ “Raw material costs for electric vehicles have doubled during the pandemic,” Michael Wayland, CNBC, June 22, 2022. <https://www.cnbc.com/2022/06/22/electric-vehicle-raw-material-costs-doubled-during-pandemic.html>

¹⁹ The Semiconductor Crisis: Addressing Chip Shortages And Security, Heather Wishart-Smith, Forbes, July 19, 2024. <https://www.forbes.com/sites/heatherwishartsmith/2024/07/19/the-semiconductor-crisis-addressing-chip-shortages-and-security/>

²⁰ Automotive Semiconductor Demand: How EVs Are Driving Chip Market Growth, Bao Tran, PatentPC, May 7, 2026 <https://patentpc.com/blog/automotive-semiconductor-demand-how-evs-are-driving-chip-market-growth>

²¹ Raw material costs for electric vehicles have doubled during the pandemic, Michael Wayland, CNBC, June 22, 2022 <https://www.cnbc.com/2022/06/22/electric-vehicle-raw-material-costs-doubled-during-pandemic.html>

²² International Energy Agency Global EV Outlook 2022 <https://www.iea.org/reports/global-ev-outlook-2022>

7.1.2. Tariffs

In addition to material shortages and other factors, tariffs imposed by the second Trump Administration on imported auto parts and materials have also impacted the cost of EVs sold in the United States. The Trump administration imposed a new tariff of 25% on cars imported into the United States on April 1, 2025, as well a tariff of 25% on imported car parts starting May 1, 2025.

These new tariffs affect the price of all new cars sold in the United States to varying degrees, since even cars manufactured in the United States use imported parts. However, the tariffs have a greater impact on the cost of EVs, since EVs rely to a greater degree on imported battery components and electronics compared with non-hybrid ICE vehicles. According to analysis from Anderson Economic Group, the tariff-related cost increase for an EV is three times higher than that of an ICE vehicle.²³

7.1.3. Expiration of the Federal EV Investment Tax Credit

In 2025, President Trump signed Legislation repealing the longstanding federal tax credit for electric vehicles, which had been in place since 2008. Prior to its repeal, the tax credit provided buyers with a \$7,500 investment tax credit (ITC) for purchase of a new EV and up to \$4,000 for the purchase of a used EV.²⁴ As a result, that incentive for EV purchases ended on September 30, 2025, effectively making the purchase of a new EV or used EV more expensive for buyers.

The elimination of the federal ITC for EVs also affected automakers' EV manufacturing plans, which will impact consumer choice for EVs going forward. For example, General Motors (GM) CEO Mary Barra cited the elimination of the ITC as a reason for the company's plans to reduce EV production.²⁵

7.1.4. EV Price Trends

At least partly because of the factors described above, retail prices for EVs in the early-to-mid 2020s trended significantly higher than anticipated when the CMS Regulation was formulated. In the Standardized Regulatory Impact Analysis (SRIA) that informed the CMS targets, CARB projected that by 2026, the difference in vehicle cost for a new EV versus a new comparable ICE passenger car model would be nearly \$1,000 – about a 3% premium on a \$30,000 car – and that the retail cost of a new EV would reach parity with ICE vehicles by 2028, as shown in Figure 1.²⁶

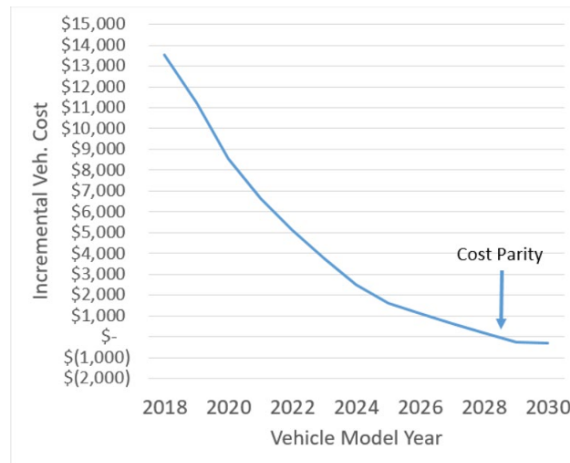
²³ “Trump’s tariffs on Canada, Mexico could surge car prices up to \$12K: report,” Taylor Herzlich, New York Post, March 3, 2025 <https://nypost.com/2025/03/03/business/car-prices-may-surge-12k-after-trumps-canada-mexico-tariffs/>

²⁴ <https://www.irs.gov/clean-vehicle-tax-credits>

²⁵ “GM cuts output at one of main EV factories, citing weak demand,” Nora Eckert, *Reuters*, Sept. 4 2025 <https://www.reuters.com/business/autos-transportation/gm-cuts-output-delays-work-major-ev-factories-citing-weak-demand-2025-09-04/>

²⁶ CARB Clean Miles Standard Regulation Standardized Regulatory Impact Assessment, p. 103 March 20, 2021

Figure 1: Incremental Vehicle Cost Projections for Passenger Cars in CARB SRIA



EV cost reduction trends have not matched expectations over the past several years, however, and the retail price for a new EV remains moderately higher than that of a comparable ICE vehicle. For example, in May 2026, the Washington Post reported that new EV sticker prices are about 13% higher than comparable gas vehicles in the U.S. market, a premium of about \$4,000 on a \$30,000 car.²⁷

Similarly, analysis published by Edmunds in 2024 reported that the average Manufacturer Suggested Retail Price (MSRP) of a new EV was 42% higher than the ICE vehicle in comparable segments of the auto market.²⁸ Table 2 shows the comparison between average MSRP for an ICE car versus all-electric for each segment of the auto market. While this data is two years old, it is relevant in that it shows that higher prices for EVs persisted long after the COVID-19 pandemic market disruptions had subsided. In addition, since compliance with the CMS targets depends on the cumulative effect of converting TNC drivers to EVs across multiple years, higher EV prices in 2024 would impact the TNCs ability to meet the targets in later years.

Table 2: Average MSRP for ICE car and EV in each vehicle market segment²⁹

Segment	Avg. ICE MSRP	Avg. EV MSRP	EV premium
Subcompact car	\$22,627	\$31,895	+41%
Subcompact SUV	\$28,990	\$40,917	+41%
Compact car	\$26,301	\$34,538	+31%
Compact SUV	\$35,722	\$53,048	+49%
Midsize car	\$32,035	\$49,554	+55%
Large car	\$49,988	\$72,240	+45%
Large SUV	\$78,774	\$101,145	+28%
Full-size truck	\$64,748	\$76,475	+18%

²⁷ “With Gas Prices So High, How Much Will You Actually Save with an EV?” Michal J. Coren, *The Washington Post*, May 5, 2026 <https://www.washingtonpost.com/climate-environment/2026/05/05/iran-war-oil-gas-electric-vehicles/>

²⁸ “Big Gap Remains in Average Price of Electric Car Versus Gas Car,” John O’Dell, Edmunds, May 8, 2024

²⁹ Ibid.

7.2. Policy Disruption and EV Market Uncertainty

In addition to events occurring in the early 2020s that resulted in higher-than-anticipated EV retail prices in the early years of the CMS Regulation leading up to the present, recent policy changes at the federal level have caused significant disruption in the EV market, resulting in uncertainty around cost and availability of EV models for consumers in future years. While these future impacts are still speculative, it is important to include them given the pace at which the CMS targets ramp up going out to 2030.

7.2.1. Reversal of Federal Support for EVs

The second Trump administration has deviated sharply from the policies of earlier administrations in its support for electric vehicles and clean energy broadly. While the first Trump administration was characterized by the promotion of fossil fuels and weakening of environmental regulations, that administration generally left in place ZEV and clean energy incentives that had existed prior to 2016. By contrast, the second Trump administration has acted more aggressively in the rolling back of clean energy policies and has specifically targeted and followed through in eliminating pro-EV policies.

This reversal in federal support for EVs has disrupted automakers' plans to manufacture and sell EVs in the US, which could increase costs and reduce the models available to consumers for purchase in the future, including lower cost models that might be appealing to TNC drivers. Some of those policy changes impacting model availability are described below. While the long-term effects of these policy changes on the EV market are still uncertain, it is important to take note of the potential for future impacts on EV adoption.

7.2.1.1. Revocation of CA Clean Air waivers

On June 12, 2025, President Trump signed joint resolutions under the Congressional Review Act that revoked three California Clean Air Act (CAA) waivers, resulting in the removal of state authority to implement the Advanced Clean Cars (ACC) II rule, Advanced Clean Trucks rule, and Omnibus Low NOx rules. Shortly after the resolutions were signed, California and a coalition of 10 other states filed a lawsuit to block the revocation of the waivers.³⁰

ACC II requires automakers to increase ZEV sales in CA every year until all new light-duty vehicles sold in the state are ZEVs or PHEVs by 2035. While this requirement does not directly impact the retail cost of a new EV, it does create a significant incentive for automakers to invest heavily in EV production, which can have an impact on cost, as well as on the availability of models sold and consumer choice. Without ACC II, automakers may choose to shift investment toward higher-

³⁰ "Proceed With Caution: California Emissions Case Slowly Moving Forward," by Christopher C. Genovese, Nelson Mullins law firm <https://www.nelsonmullins.com/insights/blogs/driving-forward-developments-in-transportation-law-and-innovation/all/proceed-with-caution-california-emissions-case-slowly-moving-forward>

margin gas cars and trucks and away from new EV models, which could impact TNC drivers' choice of EVs as well as the cost of a new EV going forward.

7.2.1.2. Rollback of Federal GHG Regulations

On February 12, 2026, the U.S. EPA finalized a rule rescinding the 2009 Endangerment Finding, which provides the legal foundation for federal CO₂ emissions limits on new cars and trucks.³¹ This rollback effectively nullifies federal vehicle GHG regulations, which reduces the incentive for automakers to invest in EVs. Similar to the revocation of the CA Clean Air Act waivers, the rollback of federal GHG regulations is likely to constitute an unanticipated barrier to the CMS targets by virtue of its impact on EV manufacturing plans, which could impact cost and choice of EVs for TNC drivers.

7.2.1.3. Rollback of federal CAFE standards

In June 2025, the National Highway Traffic Safety Administration (NHTSA) issued an interpretive rule that weakened the federal Corporate Average Fuel Economy (CAFE) standards, which had previously set strict limits on minimum average fuel economy across automaker light-duty vehicle offerings. The new interpretive rule is projected to result in a reduction in corporate average fuel economy from 50 miles per gallon (MPG) by 2031 under the prior rule, to 34.5 MPG by 2031 under the new rule.³² In addition, in July 2025, Congress passed legislation eliminating civil penalties for noncompliance with CAFE requirements, which effectively eliminates enforcement of the rule.³³ Like other federal policy changes, this rollback could constitute an unanticipated barrier if it reduces the incentive of automakers to invest in EVs.

7.2.2. Automaker EV Investment Announcements

As a result of the reversal in federal support for EVs – as well as other factors like weakening consumer demand, tariffs, and raw materials prices – several automakers have cancelled, scaled back or modified their EV production plans, which will result in less consumer choice for EVs in the future. This effect could in turn hinder future adoption of EVs by CMS Regulated Entity drivers. Some of the notable automakers reversing or scaling back EV production plans since January 1, 2025, are listed below:

- **General Motors:** In June 2025, GM cancelled its goal of producing only EVs by 2035 and announced it would spend \$4 billion on mostly gas-powered vehicles³⁴

³¹ <https://www.epa.gov/regulations-emissions-vehicles-and-engines/proposed-rule-reconsideration-2009-endangerment-finding>

³² “NHTSA Proposes Overhaul of Fuel Economy Standards: SAFE Rule III for Model Years 2022 to 2031 Passenger Cars and Light Trucks,” Gibson Dunn Environmental Litigation and Mass Tort Update, Dec. 5, 2025; <https://www.gibsondunn.com/wp-content/uploads/2025/12/nhtsa-proposes-overhaul-of-fuel-economy-standards-safe-rule-iii-for-model-years-2022-2031-passenger-cars-light-trucks.pdf>

³³ “CAFÉ Standards Reset Signals Major Shift in Federal Fuel Economy Policy,” ACTnews, Dec. 3, 2025. <https://www.act-news.com/news/cafes-standards-reset-signals-major-shift-in-federal-policy/>

³⁴ GM Slows Roll on its all-EV aspirations, David Ferris, Politico, June 12, 2025 <https://www.politico.com/news/2025/06/12/gm-slow-rolls-ev-aspirations-00401177>

- Ford: In December 2025, Ford announced a pivot toward hybrid vehicles and cut its F-150 Lightning electric pickup line³⁵
- Stellantis announced \$26.2 billion in write-downs of its EV investments in the second half of 2025 and cancelled several all-electric models,³⁶ including:
 - Ram 1500 REV pickup
 - Dodge Charger R/T EV
 - Dodge Charger Daytona SRT Banshee
- Honda cancelled or deferred plans for several EV models, including ending production of the Acura ZDX EV and cancelling plans for the 0 Series SUV and 0 Series Saloon EV models³⁷
- Nissan cancelled plans to build two U.S.-made electric sedans³⁸
- Volvo discontinued its cheapest EV³⁹ and pushed back its timeline to become an all-electric car company from 2030 to 2040⁴⁰
- Hyundai announced it is not importing the Kona EV for the 2026 model year and has reduced availability of the US Ioniq 6 to only its low volume and expensive performance N version of the car, partly because of US policy changes⁴¹
- Kia has indefinitely delayed the U.S. launch of the EV4 – its first all-electric sedan – due to Trump administration policies⁴²

7.3. EV Charging Cost, Access and Convenience

The cost of in-home and public EV charging, as well as the availability and reliability of public charging – including car buyers’ perceptions of charging availability and convenience – plays a significant role in EV adoption. This section provides an overview of the cost of EV charging in 2026 compared with the costs that were assumed when the CARB CMS Regulation was adopted,

³⁵ Ford takes \$19.5B charge in hybrid pivot, cancels F-150 Lightning EV, launches new battery storage business, Pras Subramanian, Yahoo Finance, Dec. 16, 2025 <https://finance.yahoo.com/news/ford-takes-195b-charge-in-hybrid-pivot-cancels-f-150-lightning-ev-launches-new-battery-storage-business-210713166.html>

³⁶ Major Automakers Have Written Off \$55 Billion After Overestimating EV Demand, Dan Mihalascu, Autoblog, Feb. 8, 2026 <https://www.autoblog.com/news/major-automakers-have-written-off-55-billion-after-overestimating-ev-demand>

³⁷ Nobody wanted to see it: Honda, Volvo, Tesla, Hyundai and Kia just canceled or gutted 10 EVs in a single quarter — here’s the full list and what it means for your next car, Olivia Richman, autonocion.com, March 17, 2026 <https://www.autonocion.com/us/evs-discontinued-in-2026-so-far/>

³⁸ Nissan cancels pair of U.S.-made electric sedans, reveals plan to build new EV in U.S., Urvaksh Karkaria, Automotive News, April 23, 2025. <https://autos.yahoo.com/nissan-cancels-pair-u-made-220143002.html>

³⁹ “After Just Two Years, Volvo Drops Its Cheapest EV From America,” Stephen Rivers, CarScoops.com, March 18, 2026; <https://www.carscoops.com/2026/03/volvo-ex30-axed-in-us-for-2027-as-small-ev-struggles-against-tariffs/>

⁴⁰ “Volvo pivots to American-made EREVs as EV strategy shifts,” The Tech Buzz, Sept. 24, 2025; <https://www.techbuzz.ai/articles/volvo-pivots-to-american-made-erevs-as-ev-strategy-shifts>

⁴¹ “EV plans in the US: Cancellations, launches and the path forward,” Stephanie Brinley, S&P Automotive Global Insights, March 20, 2026. <https://www.spglobal.com/automotive-insights/en/blogs/2026/03/ev-plans-us-cancellations-launches>

⁴² “Kia confirms EV4 delay, says another EV is still US-bound,” Peter Johnson, Electrek, November 26, 2025 <https://electrek.co/2025/11/26/kia-ev4-delayed-but-another-ev-still-coming-to-the-us/>

examines charging utilization rates, and provides data on TNC driver perceptions of EV charging availability and convenience.

The cost of EV charging, driven primarily by electricity prices, plays a significant role in the total cost of ownership (TCO) of an electric vehicle and may be a primary factor in a car buyer's purchase decision. If savings generated by the cost difference in fueling an EV versus a gas car outweigh the higher purchase price of an EV, car buyers may opt for the EV for purely financial reasons. For this reason, higher electricity prices act as a deterrent to consumers' EV purchase.⁴³

In addition, the availability of charging can play a significant role in car buyers' purchase decisions. According to the annual J.D. Power EV Consideration Study, availability of public charging is the leading reason for car buyers to reject the purchase of an EV in the United States, with 46% of respondents citing it as their top reason. Charging time was the second most common concern, cited by 44% of buyers.⁴⁴ This Report will explore the impact of charging availability on EV purchases by TNC drivers specifically in Section 7.4.4.

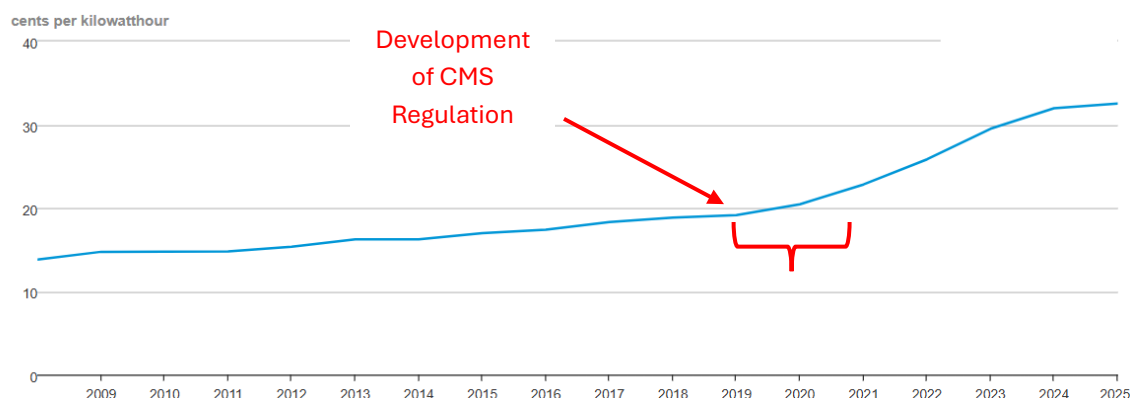
7.3.1. In-home Charging Costs

Residential electricity rates have risen significantly in California since 2020 due to a combination of factors that were unforeseen when the CMS targets were developed, including grid hardening needs and liability related to catastrophic wildfires of the early 2020s. According to the U.S. Energy Information Administration, the average residential electricity rate in California increased about 60% from 2020 to 2025, rising from about \$0.20/kWh to \$0.32/kWh. Figure 2 shows an inflection point in residential retail electricity price trends in California starting around 2020 when the CMS targets were being developed.

⁴³ "Energy Prices and Electric Vehicle Adoption," by James Bushnell, Erich Muehlegger and Davis S. Rapson, National Bureau of Economic Research, March 2022. <https://www.nber.org/papers/w29842>

⁴⁴ J.D. Power. 2026 U.S. Electric Vehicle Consideration (EVC) Study. May 14, 2026. <https://www.jdpower.com/business/press-releases/2026-us-electric-vehicle-consideration-evc-study>.

Figure 2: Average residential retail electricity price in CA by year⁴⁵



This unexpected increase is reflected in a comparison of current utility residential EV rates with the rates that were expected to be available in 2026 when development of the regulation began in 2019. In the SRIA of the CARB CMS Regulation, CARB predicted that the cost to charge an electric vehicle at home using a blend of rates that include average electricity rates and “off-peak” time-of-use (TOU) EV rates would be about \$0.15/kWh on average in California in 2026 (See Table 3).⁴⁶ Assuming the same mix of rates but using actual 2026 numbers produces an average home EV charging rate of around \$0.30/kWh – twice what was projected for 2026 when the targets were set (See Table 3).

Table 3: 2026 Statewide Home Charging Rate Assumed in CARB Regulation Versus Actual

Electric rate schedule	Time charging on each rate	2026 Rate (Predicted in CARB CMS SRIA)	2026 Rate (Actual) ⁴⁷
Baseline EV-TOU	10%	\$0.213	\$0.365/kWh
Optimal EV-TOU	50%	\$0.096	\$0.25/kWh
IEPR ⁴⁸ Residential	40%	\$0.19	\$0.34/kWh
Statewide Home charging Rate (\$/kWh)		\$0.15	\$0.30

7.3.2. Public Direct Current Fast Charging Costs

Just as home charging electricity rates have greatly exceeded expectations, so too has the cost of Direct Current fast charging (DCFC) at public sites greatly exceeded projections used when developing the CARB CMS Regulation. In the SRIA of the CMS regulation issued by CARB, the rate for DCFC in 2026 was projected to decline from \$0.31/kWh in 2023 to \$0.24/kWh in 2026,

⁴⁵ U.S. Energy Information Administration data: <https://www.eia.gov/electricity>

⁴⁶ CARB Clean Miles Standard Regulation Standardized Regulatory Impact Assessment, March 20, 2021

⁴⁷ Based on the weighted average EV Time-of-Use (TOU) rates offered by the two largest utilities in CA (PG&E and SCE) across all seasons, weekdays and weekends:

⁴⁸ IEPR is the Energy Commission’s Integrated Energy Policy Report, and is generally considered to be the California’s official source of information on energy data to be used in planning and analysis.

driven by reduced costs of charger installation and increased site utilization.⁴⁹ By contrast, the actual statewide average cost for public DCFC sites in California in 2026 was \$0.62/kWh (See Table 4) – more than twice the projected rate – according to the website DCFCtracker.com, which compiles information about public DCFC sites.

Table 4: CA Average DCFC Rates, Predicted Versus Actual⁵⁰

Year	2023	2024	2025	2026	2027	2028	2029	2030
DCFC Rate (Predicted)	\$0.31	\$0.29	\$0.26	\$0.24	\$0.24	\$0.24	\$0.24	\$0.24
DCFC Rate (Actual)				\$0.62				

The higher-than-expected costs for public DCFC sites is particularly impactful for TNC drivers, since around 60% of these drivers live in rental properties,⁵¹ compared with 44% of the general California population.⁵² Renters may face greater difficulty installing home EV charging versus homeowners, particularly those living in multi-family housing units with common parking areas that are not located near electric outlets. In addition, TNC drivers who drive long shifts may need to rely on DCFC mid-shift to complete their workday and return home.

7.3.3. Charging Infrastructure Utilization Rates

Public Utilities Code 5450(b)(4) requires the CPUC to review data “relative to ... charging infrastructure utilization rates.” High utilization rates for public charging sites indicate that vehicle congestion is occurring at charging stations, which can lead to long wait times and discourage EV adoption by TNC drivers, who may be taking time out of their workday to charge.

EV charging data platform Paren collects and reports on utilization rates for EV fast-charging stations across the country. According to Paren, utilization of public fast-charging stations in California was 22.2% in the first quarter (Q1) of 2026, representing one of the highest rates in the country behind Washington D.C. (37.2%) and Hawaii (25.1%).

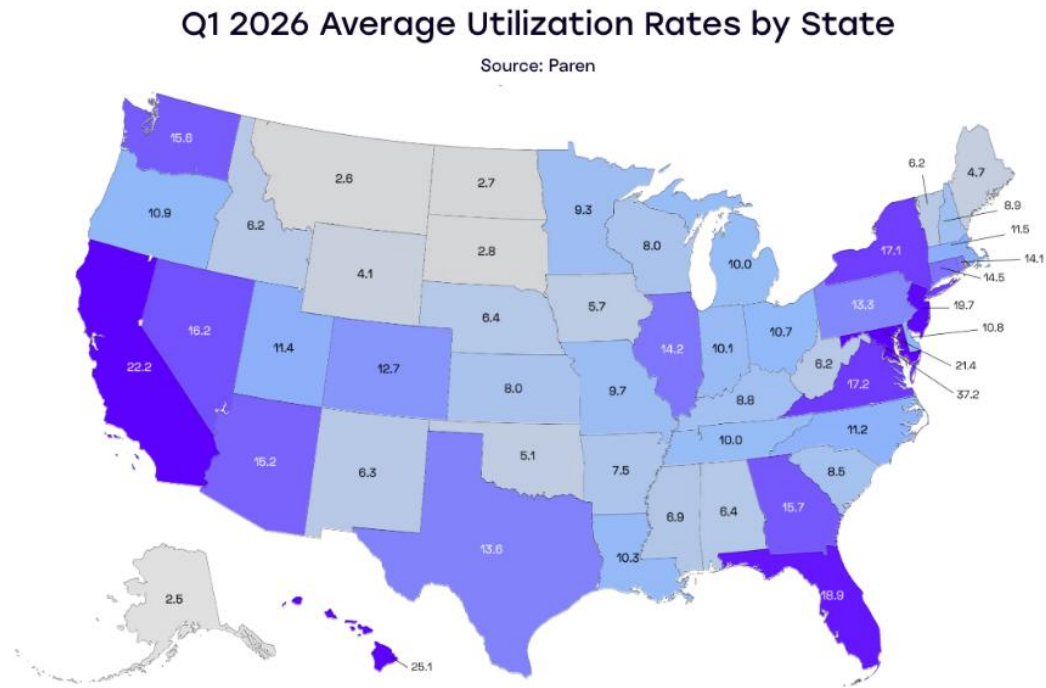
⁴⁹ CARB Clean Miles Standard Regulation Standardized Regulatory Impact Assessment, March 20, 2021

⁵⁰ <https://dcfctracker.com/states/ca>

⁵¹ “Assessing the Early Impacts of the Clean Miles Standard on California Ridehailing Drivers,” Giovanni Circella et. Al., University of California Davis, June 2025 <https://ww2.arb.ca.gov/our-work/programs/clean-miles-standard/assessing-early-impacts-clean-miles-standard-california-ride>

⁵² “California’s Renters,” Eric McGhee, Marisol Cuellar Mejia, Hans Johnson, Public Policy Institute of California (blog), February 27, 2024 <https://www.ppic.org/blog/californias-renters/>

Figure 3: Charging Infrastructure Utilization Rates of US States, Q1 2026⁵³



This high utilization rate may be an indication that buildout of public EV fast-charging stations has not kept up with demand. And indeed, evidence suggests that congestion at public fast-charging sites has become an issue in certain locations in urban areas of California. Tesla, which owns the largest public fast-charging network in California, launched a “virtual queue” in May 2026 to manage wait times at its most congested Supercharger sites. While the virtual queue is intended to handle congestion nationwide, four of the five sites included in the initial rollout are located in California.⁵⁴ There are also indications that energization bottlenecks are a barrier to building sufficient EV charging capacity in California.⁵⁵

7.3.4. EV Charging Challenges for TNC Drivers

Finally, it is important to take note of the specific challenges that EV charging might pose to TNC drivers, who may not have the ability to charge at home, have less flexibility around what time

⁵³ Paren’s Q1 2026 Report: US DCFC Infrastructure Grows, Utilization Weakens; <https://www.paren.app/reports/us-ev-fast-charging-q1-2026>

⁵⁴ “Tesla finally launches Supercharger virtual queue pilot after fights broke out,” Fred Lambert, *Electrek*. May 12, 2026 <https://electrek.co/2026/05/12/tesla-supercharger-virtual-queue-pilot-5-locations/>

⁵⁵ “Overcoming roadblocks to California’s public EV charging infrastructure,” by Esther Conrad, Preeti Hehmyer and Bruce Cain, Stanford Institute for Policy Research, February 2024. <https://siepr.stanford.edu/publications/policy-brief/overcoming-roadblocks-californias-public-ev-charging-infrastructure>

of day they charge, and may be less amenable to longer refueling times for EVs versus gas cars compared with the general population.

In 2025, the 3 Revolutions Future Mobility (3RFM) Program at UC Davis published a paper on the early impacts of CMS that included surveys of TNC drivers gauging their perceptions of EVs. The results showed that perceptions around EV charging pose a significant barrier to EV adoption among TNC drivers (See Table 5). In these responses, “Wave 1” refers to drivers surveyed before the CMS targets went into effect in 2023, and “Wave 2” are drivers surveyed after the targets went into effect.

Table 5: TNC drivers' responses to statements regarding perceived barriers to EV uptake⁵⁶

Statement	Survey Wave	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
The price of an electric vehicle for rideshare work is too high.	Wave 1	4.6%	5.9%	34.8%	28.8%	25.9%
	Wave 2	3.4%	8.5%	31.3%	33.6%	23.2%
The driving range of electric vehicles is too short for my rideshare work.	Wave 1	12.1%	11.3%	38.6%	23.8%	14.2%
	Wave 2	6.7%	25.0%	27.8%	13.5%	27.0%
The need for charging makes electric vehicles very unpractical for rideshare work.	Wave 1	6.5%	13.8%	32.8%	31.9%	15.0%
	Wave 2	9.7%	18.8%	31.5%	21.0%	18.9%
Using an electric vehicle would require careful planning of my activities as a rideshare driver.	Wave 1	5.7%	4.8%	26.9%	34.2%	28.4%
	Wave 2	1.3%	6.0%	27.6%	34.0%	31.1%

According to the 3RFM study, 40% of drivers surveyed since the CMS targets went into effect either agreed or strongly agreed that the need for charging makes EVs impractical for rideshare work, versus 28.5% of drivers who disagreed or strongly disagreed. In addition, around 40% of those drivers stated that the range of EVs is too short for rideshare work. These perceptions pose a barrier to EV adoption by TNC drivers, even if they do not match reality. Since driver education and outreach is a significant element of the Drivers' Assistance Program created by CPUC Decision 24-03-001, it may be the case that these perceptions improve over time as the program rolls out starting in 2026.

8. Current and Future EV Adoption Rates

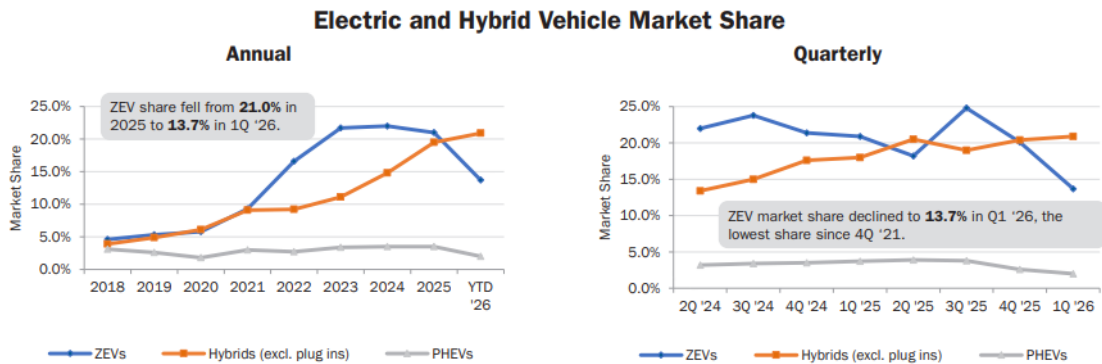
As part of the review of unanticipated barriers required by statute, P.U. Code § 5450(b)(4) directs CARB and the CPUC to “review ... data relative to current and future electric transportation adoption rates.” While not necessarily a barrier per se, EV adoption rates reflect the state of the EV market, including the cumulative impact other barriers may be having on EV adoption among the general population. As such, data on EV adoption can serve as an important barometer of the headwinds CMS Regulated Entities may be facing as they seek to transition their drivers to EVs.

According to the latest data available as of the second quarter of 2026, current electric vehicle adoption rates are in a period of significant decline – resulting at least partially from federal policy changes described in the prior section. Data collected by the California New Car Dealers’

⁵⁶ Assessing the Early Impacts of the Clean Miles Standard on California Ridehailing Drivers, prepared for CARB by 3RFM, Institute of Transportation Studies, UC Davis, p. 41. June 2025

Association shows that registration of new ZEVs (not including PHEVs) declined 40.2% in California during the first quarter (Q1) of 2026 compared with Q1 2025.⁵⁷ In addition, registrations for ZEVs in Q1 accounted for 13.7% of the market share of all light-duty cars and trucks in the state, which is the lowest quarterly percentage in more than two years and a decline of more than 7 percentage points from the Q1 ZEV market share in 2025.

Figure 4: Annual and Quarterly ZEV Market Share in CA⁵⁸



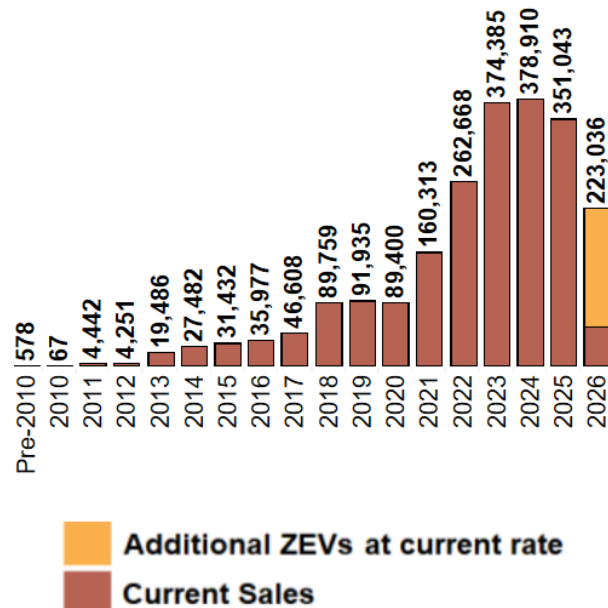
In addition, projections from the California Energy Commission shows that total ZEV sales in 2026 are likely to be lower than any year since 2021 (see Figure 5). This projected decline in 2026 follows a small decline in ZEV sales in 2025 and relatively flat sales in 2024, indicating that the market for ZEVs has been declining in California for the past three years, a trend that started even before the current federal policy changes but subsequent to CARB’s adoption of the CMS targets.

As of the second quarter of 2026, rising oil prices resulting from the war in Iran and closing of the Strait of Hormuz have spurred increased interest in EVs among consumers and are likely to boost EV demand in the near term. The geopolitical situation is dynamic, however, and it is not possible to know if the rise in oil prices will persist or how it will impact EV sales in the long run.

⁵⁷ Q1 2026 California Auto Outlook, Published by the California New Car Dealers Association, April 2026 <https://www.cnca.org/news/california-new-car-dealers-association-releases-q1-2026-auto-outlook/>

⁵⁸ Ibid

Figure 5: Projection of 2026 ZEV sales versus prior years⁵⁹



9. Conclusion

In this Report, staff conducted a thorough review of the unanticipated barriers to EV adoption that have arisen since the adoption of the CARB CMS Regulation in 2021, including:

1. Manufacturing and supply chain disruptions resulting from the COVID-19 pandemic – combined with surging demand for electronics when economies reopened – resulted in significantly higher prices for EVs in the 2022 – 2026 period than what had been expected when the CMS Legislation was signed and the CARB CMS Regulation was under development
2. The effect of these higher prices has been exacerbated by federal policy changes, including tariffs that increase the purchase price of an EV to a greater degree than that of a gas car, as well as the expiration of the longstanding federal EV tax credit that previously reduced purchased price for consumers
3. A major reversal of policy support for EVs at the federal level removed incentives for manufacturers to invest in them
4. The combination of material cost increases, reversal of federal support for EVs, tariffs, and changing market conditions has caused major automakers to significantly scale back EV production plans, which is likely to impact cost and availability of choices for consumers for the next several years

⁵⁹ CA Energy Commission new ZEV sales dashboard: <https://www.energy.ca.gov/data-reports/energy-almanac/zero-emission-vehicle-and-infrastructure-statistics-collection/new-zev>

5. Electricity prices have increased significantly in California since 2020, nearly doubling the typical cost to charge an EV at in-home or public chargers compared to what was anticipated when the CMS Regulation was developed. Higher fueling costs increase the total cost of ownership of EVs and reduces the economic incentive to purchase one.

In addition, staff reviewed data “relative to current and future electric transportation adoption rates and charging infrastructure utilization rates” in accordance with P.U. Code Section 5450(b)(4). On current and future electric transportation adoption rates, staff found that ZEV sales have been flat or declining in California for several years, and that 2026 may represent an unprecedented contraction in the EV market. While this contraction is not a barrier in and of itself, it may reflect the cumulative effects of other barriers affecting adoption in California.

Regarding charging infrastructure utilization rates, staff found that California has one of the highest utilization rates of public EV fast-charging sites in the country. This metric could reflect congestion at public EV charging sites due to challenges building and energizing new sites, which could act as a barrier to EV adoption among TNC drivers. Staff cites evidence showing that a large percentage of drivers cite insufficient charging as a barrier to EV adoption.

10. Recommendations

Based on the conclusions above, staff finds it reasonable to recommend a delay in implementation of the CMS targets and goals pursuant to the CPUC’s authority under P.U. Code § 5450 (b)(4). After evaluating the available data, market conditions and current policy landscape, staff finds it reasonable to delay implementation of the CMS targets for three (3) years.

Staff finds a three-year delay to be reasonable for the following reasons: First, delaying the targets for three years will provide sufficient time for the Drivers Assistance Program to get up and running, which will increase the affordability of EVs for LMI drivers, provide education and outreach to drivers, and gather data that will be useful in converting drivers to ZEVs. Second, a three-year delay will allow time to develop and implement a program to enforce the CMS targets, and to allow the CMS Regulated Entities to prepare for that program. Third, three years should be sufficient time to gauge the impacts of the recent federal policy changes on the EV market. And finally, CPED staff will be completing the next Unanticipated Barriers and Progress Report in 2028, so if a longer delay is deemed necessary, staff could recommend extending the delay at that time.

Under this option, the targets would be paused for three years starting with the current year (2026), such that the 2026 target in the CMS Regulation would become the new 2029 target. Following this three-year pause, there are two options for how to proceed with implementation. The first option is to resume implementation of the targets on the annual schedule currently laid out in the CARB CMS Regulation. The second option is to amend the schedule such that the CMS Regulated Entities have more time to reach each target. A more detailed explanation of these options is laid out below.

10.1. Option 1: Pause then Resume Existing Schedule

Under this option, following the three-year pause, the target schedule would go into effect under the cadence set forth in the CARB CMS Regulation, with the annual target changes occurring as the Regulation prescribes. Table 6 shows how the targets schedule would be amended under Option 1 with a 3-year implementation delay.

Under this proposed implementation delay, the CMS Regulated Entities would continue to be subject to other requirements of the CMS program, including collecting the regulatory fee for the Drivers' Assistance Program, submitting GHG plans, and submitting annual and quarterly reports. However, enforcement of the targets would not begin before 2029.

Table 6: Target Schedule Under Staff Proposed Delay Option 1

Calendar Year	Existing CMS Regulation		Staff Proposed Target Schedule (Option 1)	
	GHG Target (grams CO ₂ /PMT)	eVMT Target	GHG Target (grams CO ₂ /PMT)	eVMT Target
2023	252	2%	252	2%
2024	237	4%	237	4%
2025	207	13%	207	13%
2026	161	30%	Implementation Delay	
2027	110	50%		
2028	69	65%		
2029	30	80%		
2030	0	90%	110	50%
2031	0	90%	69	65%
2032	0	90%	30	80%
2033+			0	90%

10.2. Option 2: Pause with a More Gradual Schedule

Under this option, the targets would be paused as in Option 1, but instead of resuming the schedule for target ramping established by CARB, the schedule would be adjusted such that the targets ramp up at a more gradual pace than the schedule set forth in the CARB CMS Regulation. This would be accomplished by separating each of the existing targets by two years, instead of one. In the interim years, the CPUC would establish an intermediate target for that year that is a mid-point between the target in the year that precedes it and the one that follows. The schedule for targets under this option is shown in Table 9.

Also as with Option 1, the CMS Regulated Entities would continue to be subject to other requirements of the CMS program, including collecting the regulatory fee for Drivers' Assistance Program, submitting GHG plans, and submitting annual and quarterly reports. However, enforcement of the targets would not begin before 2029.

Table 7: Target Schedule Under Staff Proposed Delay Option 2

Calendar Year	Existing CMS Regulation		Staff Proposed Target Schedule (Option 2)	
	GHG Target (g CO ₂ /PMT)	eVMT Target	GHG Target (g CO ₂ /PMT)	eVMT Target
2023	252	2%	252	2%
2024	237	4%	237	4%
2025	207	13%	207	13%
2026	161	30%	Implementation Delay	
2027	110	50%		
2028	69	65%		
2029	30	80%		
2030	0	90%	135.5	40%
2031	0	90%	110	50%
2032	0	90%	89.5	57.5%
2033	0	90%	69	65%
2034	0	90%	49.5	72.5%
2035	0	90%	30	80%
2036	0	90%	15	85%
2037+	0	90%	0	90%

11. Procedural Next Steps

To effectuate the implementation delay proposed in this report, staff recommends that this Report be put on the record of the CMS proceeding (R. 21-11-014) or a successor proceeding via ALJ Ruling, and that parties be given the opportunity to comment. Parties should be invited to provide comments on the two options staff put forward above, as well as to propose other options for implementation delay. Once party comments have been received, the Commission should consider those comments and then move forward with a Proposed Decision putting the new implementation schedule into effect.