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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Establish Polices, Processes, and Rules Regarding Autonomous Vehicle Passenger Transportation Service	Rulemaking 25-08-013 (Filed August 28, 2025)

OPENING COMMENTS OF THE ALLIANCE FOR AUTOMOTIVE INNOVATION IN RESPONSE TO THE ORDER INSTITUTING RULEMAKING TO ESTABLISH POLICES, PROCESSES, AND RULES REGARDING AUTONOMOUS VEHICLE PASSENGER TRANSPORTATION SERVICE

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I. Introduction

The Alliance for Automotive Innovation ("Auto Innovators") respectfully submits these comments to the California Public Utilities Commission (the "Commission") in response to the Order Instituting Rulemaking to Establish Policies, Processes, and Rules regarding Autonomous Vehicle Passenger Transportation Service (R.25-08-013). Auto Innovators is filing this comment on October 31, 2025, pursuant to Administrative Law Judge Robert M. Mason III's September 22, 2025, email ruling granting a two-week extension to "anyone … who intends to file comments," thereby establishing October 31, 2025, as the new deadline for opening comments.

We commend the Commission's efforts to advance the safe, equitable, and transparent deployment of autonomous vehicle (AV) technologies in California. However, we are concerned that a potential expansion of Commission jurisdiction with respect to vehicles equipped with Level 2 advanced driver assistance systems (ADAS) and privately owned vehicles equipped with automated driving systems (ADS) may frustrate the existing regulatory regime, create significant compliance challenges for regulated entities, and undermine transportation access and innovation in the state. We also urge the Commission to explicitly accommodate emerging business models and partnerships.

II. Background

Auto Innovators represents the full auto industry, including the manufacturers producing most vehicles sold in the U.S., equipment suppliers, battery producers, semiconductor makers, technology companies, and autonomous vehicle developers. Our mission is to work with policymakers to realize a cleaner, safer, and smarter transportation future and to maintain U.S. competitiveness in cutting-edge automotive technology. Representing approximately 5 percent of the country's GDP, responsible for supporting nearly 10 million jobs, and driving $1 trillion in annual economic activity, the automotive industry is the nation's largest manufacturing sector.

The Commission's current regulatory proceedings will directly impact the U.S. AV industry's ability to provide more equitable mobility solutions to California residents, expand product and service offerings, and compete internationally. We ask that the Commission develop regulations that provide efficient, transparent, and predictable industry oversight while protecting passengers and improving California's roadway safety. To do so, it is imperative that the Commission coordinates with the California Department of Motor Vehicles (DMV), which is also in the process of updating its AV testing and deployment regulations. As detailed in our comments below, we urge the Commission to: (1) ensure full regulatory and procedural alignment with the DMV, particularly around vehicle safety and performance requirements; (2) defer to the DMV regarding any regulations that would impact ADAS or privately owned ADS-equipped vehicles; (3) explicitly accommodate evolving partnership models by allowing non-original equipment manufacturer third parties to own and operate AV fleets; and (4) maintain the existing roles and responsibilities of operators and platforms relative to original equipment manufacturers (OEMs) or private owners, while allowing flexibility for fulfilling certain program obligations within new ownership and partnership models.

III. Comments

A. The Commission Should Ensure Full Regulatory and Procedural Alignment with the California Department of Motor Vehicles.

The Commission's commercial AV licensing regime is conditioned upon the DMV's existing, and soon-to-be revised, regulatory framework for AV testing and deployment. We strongly encourage the Commission to monitor and evaluate the outcome of DMV's current AV rulemaking before proceeding with aspects of this rulemaking that overlap with DMV's jurisdiction, namely the licensing, permitting, reporting, and operational requirements for privately owned vehicles equipped with Level 3, Level 4, and Level 5 ADS.[1] The regulation of ADAS should be excluded from the scope of this regulatory proceeding.

The Department has been engaged in rulemaking to update its current AV testing and deployment regulations for over a year.[2] DMV has solicited multiple rounds of public input, and has been advised of significant legal and policy questions, many of which will also be relevant to the Commission's rulemaking efforts. For example, interested parties have provided feedback on how to appropriately regulate privately owned vehicles while protecting consumer privacy; how to coordinate and streamline reporting requirements and cadence across state and federal agencies; considerations for engaging with law enforcement; challenges with state-mandated vehicle equipment requirements; and how to create a predictable and durable regulatory regime while maintaining flexibility to support innovation in a quickly evolving industry. Each of these issues must be appropriately addressed. We urge the Commission to wait for the DMV to finalize its current AV testing and deployment rules, as the revised regulations will set the new baseline

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[1] *See*: Title 13 Cal. Code Regs. 13, §§227.00 et seq. & 228.00 et seq.

[2] California Department of Motor Vehicles, *Proposed AV Testing and Deployment Regulations*, https://www.dmv.ca.gov/portal/vehicle-industry-services/autonomous-vehicles/california-autonomous-vehicle-regulations/previous-regulation-proposals-and-drafts/.

for how privately-owned ADS-equipped vehicles are licensed and regulated in California. Once finalized, the Commission should defer to DMV on issues within its jurisdiction, particularly those relating to vehicle performance.

In addition to the timing issues outlined above, we are concerned that the Commission's proposed decision would create a departure from the current regulatory regime. Any attempt to expand the Commission's jurisdiction to cover vehicles with Level 2 ADAS features, and privately-owned vehicles equipped with automated driving systems, would introduce new regulatory complexities and potential misalignment with the state's primary vehicle regulator. Commission oversight should fully align with DMV rules. The Commission should (1) defer to the DMV on technical and safety reporting matters; (2) align reporting schedules and content such that a single submission may satisfy both DMV and Commission requirements; and (3) avoid creating new categories of permits or duplicative data collection where existing DMV processes suffice. If, contrary to our recommendation, the Commission contemplates a distinct permit category for personally owned AVs, it must allow for fleet-level or operator-level compliance rather than requiring action from each individual owner.

In summary, given the interconnectedness of the Commission's and DMV's regulatory regimes, the Commission should wait for DMV to finalize its rulemaking before contemplating or addressing issues within DMV's jurisdiction. When regulating, the Commission should defer to DMV, ensure maximum alignment and coordination, and embrace centralized reporting obligations and inter-agency information sharing wherever possible.

B. The Commission Should Defer to the California Department of Motor Vehicles regarding the Regulation of ADAS and ADS-Equipped Privately Owned Vehicles.

2.1.2 The Commission Should Not Regulate Vehicles Equipped with Level 2 Advanced Driver Assistance Systems (ADAS).

Auto Innovators strongly opposes any expansion of Commission oversight to include vehicles equipped with Level 2 ADAS. Such oversight would be unprecedented and beyond the scope of the Commission's AV regulatory jurisdiction. Level 2 systems are designed to *assist* an active driver with acceleration, braking, and steering while the driver remains fully engaged and responsible for the driving task. As the Commission acknowledges in its OIR, "Level 2 vehicles are not considered autonomous in the [SAE] taxonomy" and are "not eligible for or required to seek a DMV AV permit." Because the Commission's AV permitting program is "conditioned upon holding the relevant DMV AV permit,"[3] Level 2 vehicles should be fully excluded from Commission oversight or licensing requirements.

In addition, the Commission should not impose new limitations on the use of ADAS features in passenger service. Imposing new regulatory requirements for Level 2 technologies would not only create confusion and unnecessary regulatory burden without clear benefits but could also deter the development and adoption of advanced safety features that have the potential to improve passenger safety and reduce crashes. Given that the driver maintains full responsibility for vehicle control, existing regulations for transportation network company (TNC) and Transportation Carrier Portal (TCP) drivers are sufficient to ensure passenger safety.

If a driver is using a personally owned vehicle, service providers should not be responsible for providing additional safety information or training regarding these features. Similarly, TNCs and TCPs should not bear responsibility to educate passengers about ADAS

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[3] California Public Utilities Commission, *Order Instituting Rulemaking to Establish Polices, Processes, and Rules Regarding Autonomous Vehicle Passenger Transportation Service*, Pg. 6.

features or obtain passenger consent before drivers are able to use them. Features differ across vehicle makes and models, so the driver is best positioned to understand their vehicle's functionality and utilize ADAS features appropriately while staying fully engaged in the driving task.

Should the Commission like to better understand the prevalence of incidents concerning Level 2 vehicles, we recommend referencing data collected by the National Highway Traffic Safety Administration (NHTSA) under its *Standing General Order on Crash Reporting* (SGO), which provides information on crashes involving Level 2 vehicles that result in fatalities, hospital-treated injuries, or that impact vulnerable road users.[4]

2.1.3 *The Commission Should Defer to the DMV in the Regulation of Privately Owned Vehicles Equipped with Level 3 Automated Driving Systems (ADS).*

Auto Innovators also opposes any expansion of Commission oversight to include privately owned vehicles that are equipped with Level 3 automated driving systems. Level 3 systems provide conditional automation but still require a licensed human driver to be in the driver's seat and ready to assume full control of the vehicle when prompted. Auto Innovators opposes any expansion of reporting by private owners of Level 3 vehicles. If privately owned Level 3 vehicles are used for the commercial transport of passengers, commercial operators (e.g., a TNC or charter-party carrier) should be subject to oversight, not individual vehicle owners or manufacturers. Commercial operators are best positioned to provide liability coverage, submit incident reports, and file Passenger Safety Plans. Imposing new permitting or reporting obligations on manufacturers or individual vehicle owners would be impractical, inconsistent with existing law, and unenforceable.

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[4] National Highway Traffic Safety Administration, *Standing General Order On Crash Reporting*, https://www.nhtsa.gov/laws-regulations/standing-general-order-crash-reporting.

2.1.4 *The Commission Should Defer to the DMV in the Regulation of Privately Owned Vehicles Equipped with Level 4 and Level 5 Automated Driving Systems (ADS).*

While the use of personally owned Level 4 and Level 5 vehicles to provide passenger service has yet to arise in the United States, the AV market is quickly evolving. In the event that personally owned Level 4 and Level 5 vehicles become available for commercial partnerships, the same principles outlined above should apply. The DMV should take the lead in regulating these vehicles, the Commission and the DMV should coordinate and even centralize reporting obligations, and most compliance responsibilities should remain with the commercial operator.

C. The Commission Should Explicitly Accommodate New Partnership Models by Allowing Non-OEM Third Parties to Secure a CPUC AV Fleet Permit.

2.1.1 Partnerships Between AV Operators and Other Regulated Carriers

The AV passenger service landscape is quickly evolving. As the Commission acknowledges, new ownership structures and partnerships between OEMs, fleet operators, and TNCs will emerge to meet consumer demand. Currently, the Commission's AV fleet permitting program assumes that the automated vehicle manufacturer will also own and operate the fleet. However, this will not always be the case going forward. While an OEM may choose to operate its own fleet after receiving an AV deployment permit from the DMV, it may also sell those vehicles to fleet operators or private citizens. Fleet operators should be able to obtain their own Commission AV Fleet Permit and connect with passengers through a permitted platform or TNC. We urge the Commission to use this rulemaking as an opportunity to provide greater flexibility for evolving commercial models by explicitly clarifying that non-OEM third parties may secure a Commission AV Fleet Permit. To ensure passenger safety, fleet operators and TNCs should be subject to appropriate Commission oversight, including appropriate operational and safety requirements.

D. The Commission Should Generally Maintain the Existing Responsibilities of Operators and Platforms, while Allowing Flexibility for Fulfilling Certain Program Obligations.

In general, the Commission should maintain the existing division of responsibilities between entities engaged in passenger service. In many cases, the fleet operator or the TNC will be better positioned to fulfill Commission program obligations than the OEM or a private owner. To accommodate the evolving models discussed above, the Commission should facilitate a flexible approach to assigning responsibilities between manufacturers, fleet owners and operators, and TNCs/platforms. For example, it may be appropriate to task platforms with obligations pertaining to customer protection, responding to complaints, and smart phone application requirements. Fleet operators may be best suited to oversee vehicle maintenance, emergency procedures, law enforcement interaction, and in-vehicle support requirements. Other types of obligations, such as remote assistance or providing replacement rides, may be fulfilled by either or both parties. The Commission should allow flexible arrangements for determining which party fulfills CPUC program obligations.

A. Passenger Safety Plans (PSPs)

The responsibility for submitting a PSP should rest with the operator of the service, not with vehicle manufacturers or private vehicle owners. The operator is best positioned to integrate vehicle information with operational practices to provide a comprehensive plan. Requiring duplicative PSP submissions from both manufacturers and operators would add unnecessary complexity without improving public safety.

B. Operational Design Domain (ODD) Disclosures

ODD information is already provided to the DMV as part of its permitting process. If the Commission requires additional information about ODD modifications, it should obtain it from the DMV rather than mandating duplicative submissions. Requiring separate ODD

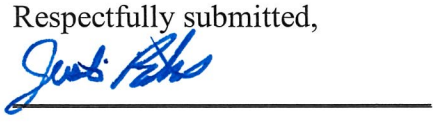
disclosures not only imposes redundant burdens but also raises concerns about unnecessary public dissemination of proprietary technical information.

IV. Conclusion

We respectfully urge the Commission to focus its regulatory efforts on areas within its clear jurisdiction, namely, the regulation of entities engaged in commercial passenger transportation, and to defer to the DMV on technical vehicle safety and operational requirements. Avoiding duplicative or conflicting obligations will best serve the public interest, provide regulatory clarity, and enable innovation while maintaining strong safety protections. Finally, the Commission should exclude Level 2 vehicles from AV-specific obligations, should not impose direct obligations on individual owners of ADS-equipped vehicles, and should focus instead on regulating operators of commercial services. We also recommend that the Commission explicitly accommodate new AV commercialization models, including the permitting of fleets that are not operated by the OEM. The Commission should also allow flexible arrangements for determining which party fulfills Commission program obligations.

Thank you for the opportunity to comment. We look forward to continued engagement with the Commission as it develops policies to support the safe and responsible deployment of AV passenger transportation services in California.

Respectfully submitted,



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