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PERSPECTIVE

Robotaxi to SFO?

We're definitely not in Kansas anymore! Click your Waymo One app and take a ride to the future.

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We're definitely not in Kansas anymore! Click your Waymo One app and take a ride to the future.

On Aug. 10, in a milestone decision, the California Public Utilities Commission (CPUC), the state's regulator for self-driving taxis (colloquially, "robotaxis") authorized Cruise LLC and Waymo LLC, two industry-leading autonomous vehicle (AV) technology companies, to significantly expand their robotaxi services in California. Specifically, both companies are now authorized to provide and collect fares for 24/7, fully-driverless taxi service throughout San Francisco, with a caveat that safety and other restrictions could follow as necessary. (Previously, both companies' commercial operations had additional restrictions by geography, time, in Cruise's case, and a safety driver requirement in Waymo's case.) The CPUC's decision is a significant development for the autonomous vehicles industry and one of the clearest indications that government is ready to encourage the public to adopt the technology.

The details: AV technology in California is regulated by both the California Department of Motor Vehicles (DMV) and the CPUC. The two agencies generally work collaboratively. Both have issued separate AV regulations that complement each other. Under California's au-



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tonomous vehicles regulations, there are generally two-tiers of permits: (1) testing and (2) deployment. A "testing" permit from the DMV allows an AV company to conduct autonomous operations on public roads in the state, while a "testing" permit from the CPUC allows AV companies to conduct such testing operations while transporting non-employee members of the public. In general, the DMV's permits are a prerequisite to obtaining a similar permit from the CPUC. A

"deployment" permit is required before a company may conduct commercial AV activities in the state. The DMV version of the deployment permit allows AV companies to receive compensation for commercial services such as AV goods or food delivery. The CPUC deployment permit is required to receive compensation for transporting members of the public.

Obtaining a Deployment Permit from either regulator requires a convincing demonstration by AV

companies of a strong history of safety and sophistication in the testing of their technology and operations. For example, AV companies must certify to the regulators that their technology has certain technical capabilities such as the ability to achieve a minimal risk condition (MRC) in the event there is a system failure (e.g., safely slowing down and pulling over to the side of the road), and specific operational infrastructure and technology, such as remote operators

to monitor their full AV fleet during public operations and maneuver the vehicle if required. AV companies must maintain and share with the DMV and CPUC copious data regarding testing and passenger service, record technology malfunctions and their cause, and report certain testing incidents. In addition, both California regulators expect frequent and transparent communication, including prompt and transparent responses to any inquiries. The CPUC considered approximately 40 responses and comments to Cruise and Waymo's applications, including holding hours long public hearings, and took over eight months total before it issued its recent decision permitting deployment.

The decision: The CPUC's decision is significant. San Francisco is an enormous market for taxi and ride-hailing services. It is the perfect, if still controversial, laboratory for Waymo and Cruise to prove the commercial viability of

their technology. Other AV companies that are interested in entering into or expanding their operations in the California market now have a roadmap and legal precedent to plan their own strategies. Perhaps more significantly, other jurisdictions, including internationally, will have a precedent to follow to regulate and commercially deploy AV robotaxis in their own territories.

The CPUC's recent decision is not the end of the road. The CPUC indicated that both companies remain subject to new limitations if required for public safety. Opposition to robotaxis remains strong in San Francisco. City Officials, who also filed oppositions to Cruise and Waymo's initial December 2022 applications, sought a stay of the CPUC decision on Aug. 17, 2023. On Aug. 18, 2023, following an incident where a driverless Cruise vehicle collided with a firetruck, the DMV ordered the company to immediately reduce its robotaxi

fleet by 50%. Yet on Aug. 21, Waymo launched its commercial driverless service in San Francisco, inviting journalists from the New York Times to report on the experience. The Times reported that

their Waymo robotaxi rides were "so smooth [that] the novelty began to wear off, turning a trip to the future into just another journey across town..."

Robotaxi to SFO anyone?

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