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Honorable Steven S. Cliff, Ph.D.

Executive Officer

California Air Resources Board

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This letter is submitted on behalf of Municipal Maintenance Equipment ("MME") to identify a critical chassis shortage for State and Local Government Agencies, brought on by conflicts between Advanced Clean Fleet ("ACF"), Advanced Clean Truck ("ACT") and the Heavy-Duty Omnibus Regulation ("Omnibus").

California fleets that are tasked with maintaining and repairing critical infrastructure and the California dealers that supply them are gravely affected by the confluence of ACT/ACF/Omnibus. These fleets include public customers like Caltrans, City of San Francisco, City of Los Angeles, Sacramento Area Sewer District and private customers like PG&E and SoCal Edison with countless others not mentioned. We are not represented by a lobby or high-priced attorneys; we are working class CA citizens trying to play by the rules. For this reason, we humbly request CARB's attention and action on this most serious situation.

ACF allows government owned fleets protected by Assembly Bill 1594 to purchase ICE driven trucks and equipment when ZEV's are not available in the market or when the ZEV's that are available are not suitable for required duty cycles. These ICE purchases are required to meet current CA emissions standards. Unfortunately, ACF does nothing to ensure a supply of these ICE vehicles, and instead it relies on OEM's to supply 2024 CA Omnibus compliant ICE vehicles where needed using a credit system which is detailed in ACT. ACT requires that beginning with model year 2024 Chassis manufacturers begin selling ZEV's. Based upon the volume of ZEV's sold, credits will be issued for ICE's which are then allocated by the OEM's to their distribution network or existing customer base. This is where the problem begins....Not enough ZEV's are being sold by CA dealers and dealers outside of California that support secondary manufacturers are not required by any federal regulation to sell ZEV's and are selling very limited quantities. OEM's are allocating credits strategically, however they are not allocating credits consistent with historic purchases which is disproportionately affecting customers outside California that deliver finished goods into California. Additional credits are available for purchase, but OEM's are not

required to purchase these credit's and it is well known that many are choosing not to purchase credits citing their right to make "business decisions". Further complicating the issue is the fact that OEM's control where ICE credits are allocated. There is no guarantee that consumers who purchase ZEV's will also have access to ICE's when required, and there is little to no transparency from OEM's as to where the credits are going. While OEM's may be acting within the Clean Truck Partnership MOU we question whether or not CARB anticipated these undesirable effects.

We have also been made aware of multiple situations in which dealer groups are pushing down ACT purchase requirement ratios, in effect forcing customers to purchase ZEV's in order to gain access to ICE chassis, including those critical vehicles protected by AB 1594. On it's face, ACF and ACT allow for the sale of ICE's when they are used for critical infrastructure purposes. In reality, ACF and ACT create an artificial shortage situation which is allowing OEM's to drive prices higher and leave critical infrastructure customers holding the bag. I would argue the spirit and intent of CARB in signing the Clean Truck Partnership was to ensure a positive transition for fleets to ZEV's while minimizing risks to health, safety and public services by allowing ICE's when required. The Clean Truck Partnership has given OEM's a binding document that cannot be re-negotiated allowing them to act with little to no regard for the collateral damage being experienced by dealers, end users and the communities they support.

The language for CARB's heavy duty Omnibus regulation is still in review. If CARB would consider carving out the critical infrastructure equipment category that is protected by AB 1594 from the proposed Omnibus regulation and allow these vehicles to operate at current Federal Diesel standards, instead of the aggressive 2024 standard, this would ensure a secure supply of ICE's in this most critical area. Alternately, if this is not addressed in the Omnibus regulation, significant amendment to ACT or ACT would be required to solve this problem. To date, CARB staff in the ACT/ACF sections have expressed that changes to these regulations that are not carbon neutral will not be adopted/approved. Unfortunately, time is of the essence and ICE vehicles for production at the end of 2024 are being ordered RIGHT NOW. The industry has already begun experiencing the symptoms of this shortage and machine purchase levels in 2023-2024 will dramatically miss forecasts and market expectations.

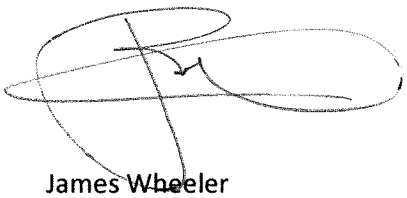
Another unintended consequence of the confluence between ACF/ACT/Omnibus is historic price increases. We have been told by CARB personnel that the credit offsets should increase chassis prices by $12,000-$14,000 per unit. When coupled with a typical 3%-5% model year increase we expect to see a $20,000-$25,000 increase for a Class 8 diesel chassis. We have received recent quotations showing a $60,000 increase year over year. Supply and Demand controls market pricing and it is clear the demand

for ICE units is far outpacing the supply. While this may seem like a motivator for consumers to transition to ZEV's, it is a budget killer for customers who need to purchase ICE's to operate critical infrastructure equipment. These costs are simply going to be pushed down on consumers in the form of rate and goods price increases which will further reduce consumers' buying power in an already historic inflationary period.

To make this tangible, agencies that need to purchase sewer cleaners, street sweepers, refuse trucks and other critical pieces of equipment to maintain their infrastructure will not be able to acquire these vehicles at the rate required to maintain service levels. An informal survey of over 20 chassis dealers and secondary manufacturers, covering multiple industries, suggests that 30% of historical supply is currently available, meaning only 1 of every 3 units required can be supplied. Immediate and acute risks to public health and safety include: on highway motor vehicle accidents, contaminated drinking water, pollution of rivers and creeks, sewer overflows in major city centers, rodent/vermin infestation, inaccessible public right of ways and associated safety concerns, wildfire, flooding, damage to the fiber optic network and other major underground utilities.

CARB's mission to clean up diesel emissions is necessary and critically important to the future of our population. Municipal Maintenance Equipment Inc. agrees with this mission. With this said, to paraphrase Dr. Steve Cliff in his NHTSA Senate Confirmation hearing, "we believe it is the board's responsibility to optimize safety while allowing for innovation". Municipalities and the contractors that support their citizens cannot safely maintain and service infrastructure without functioning equipment. Without some amendment CARB's mission to reduce emissions will create major safety liabilities across multiple industries, throughout the state of California.

Respectfully Submitted,



James Wheeler

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