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Richard Corey  
Executive Officer  
California Air Resources Board  
P.O. Box 2815  
Sacramento, CA 95812

**RE: Comments on the Discussion Draft of the Fiscal Year 2020-2021 Funding for the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) Funding Plan**

Dear Mr. Corey:

Thank you for the opportunity to comment on the Fiscal Year 2020-2021 HVIP Funding Plan (Funding Plan). Incentive programs benefitting from the Funding Plan such as the Hybrid and Zero-Emission Voucher Incentive Program (HVIP) have been critical in advancing new technologies to full commercialization. Southern California Gas Company (SoCalGas) supports the recommendations made by the Natural Gas Vehicle Coalition in its comment letter including the recommendation to not exclude Low NOx engines meeting the Optional Low NOx Standard of 0.02 grams of NOx per brake horsepower hour (g/bhp-hr). We would like to offer the additional comments outlined below.

**A 0.01 g/bhp-hr engine or engine standard does not exist**

The Funding Plan proposes to remove the 0.02 g/bhp-hr engine from HVIP and replacing it with engines that meets or exceeds a 0.01 g/bhp-hr emission level. The 0.01 g/bhp-hr emission level is proposed in the Omnibus Regulation as a future Optional Low NOx standard. However, this regulation has not yet been finalized. In addition, there are currently no commercially available engines that can meet the 0.01g/bhp-hr standard. It can take multiple years to complete the certification process. The 0.02 g/bhp-hr engine would be replaced in HVIP by an engine that does not exist. We recommend that the 0.02 g/bhp-hr engine remain in the program until a certified, commercially available 0.01 g/bhp-hr engine becomes available.

**Funding only zero tailpipe emission technologies does not make this program accessible for small companies**

Staff is proposing to transition HVIP to an almost exclusively zero-tailpipe emission program by recommending the removal of the 0.02 g/bhp-hr engine and replacing it with a non-existent 0.01 g/bhp-hr engine. This, in effect, will exclude many small companies from participating in HVIP. This is because zero-tailpipe emission vehicles are inextricably tied to infrastructure. An applicant would have to

purchase and install infrastructure for each vehicle funded by HVIP, which is a significant cost in addition to purchasing a more expensive new truck. This may work well for some larger, well capitalized companies. However, smaller companies, particularly owner operators do not have the capital to purchase or real estate to install infrastructure such as hydrogen dispensers or electric chargers, and thus will not be able to participate. Essentially, this makes HVIP a program for only large trucking companies. Smaller trucking companies and owner-operators will not have access to a point of sale voucher program like HVIP and will be moved to programs such as Carl Moyer that require scrappage and take 18 to 24 months to process. Small companies and owner-operators need access to a voucher program to get cleaner trucks without additional infrastructure and unreasonable wait times.

The 0.02 g/bhp-hr engine is 90% cleaner than current acceptable NOx standards, cleaner than grid electricity for both criteria and greenhouse gas emissions today. If the .02 g/bhp-hr engine is driven by renewable natural gas from a SoCalGas public station, the result will be carbon negative not just neutral which is critically needed for decreasing emissions quickly. By eliminating it from HVIP, the net result would be less program participation, lower net emissions reductions when according the 2018 Intergovernmental Panel on Climate Change the next ten years are critical to avoid the worst climate impacts. We recommend that the 0.02 g/bhp-hr engine remain in the program to give small companies the same grant options as large companies, and to maximize emissions reductions.

#### **Low Nox trucks are critical for meeting attainment**

The state has imminent attainment deadlines in 2023 in the South Coast and 2024 and 2025 in the San Joaquin Valley. Both districts are relying heavily on the turnover of heavy-duty trucks, primarily through incentives, to meet attainment or face sanctions or other penalties by the federal government.

In 2018, CARB approved the State Implementation Plan Supplement for the San Joaquin Valley. In the Supplement, CARB commits to incentivize the turnover of 33,000 heavy-duty trucks in the San Joaquin Valley. The Supplement Measure: Accelerated Turnover of Trucks and Buses requires the turnover of diesel trucks, through incentives, that meet or exceed “an optional low-NOx standard until implementation of a new federal low-NOx standard begins.” Removing the 0.02 g/bhp-hr engine from HVIP would significantly damage the region’s ability to reach the amount of turnover.

Additionally, the South Coast Air Quality Management District Air Quality Management Plan (AQMP), which was approved by CARB, heavily relies upon low NOx trucks to meet attainment and therefore relies upon meaningful vehicle incentives for low NOx trucks to achieve said deployment. Specifically, the AQMP depends heavily on incentives and specifically calls out HVIP in measure MOB-7 and MOB-8 (Accelerated Retirement of Older On-Road Heavy-Duty Vehicles) by stating:

“The incentive programs will place the highest priority on on-road vehicles that meet the cleanest optional NOx emission standard and provide their service to the above facilities in the region and have gross vehicle weight ratings of 26,001 lbs or greater.” (AQMP p. IV-A-157)

In order to meet attainment, we recommend that the 0.02 g/bhp-hr remain in HVIP.

Thank you again for the opportunity to comment on the Funding Plan. We hope to work with staff on making the necessary changes to make incentive programs effective and successful.

If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to be 'KM' or similar initials, written in a cursive style.

Kevin Maggay  
Energy and Environmental Affairs