



November 6, 2023

Deputy Executive Officer  
California Air Resources Board (CARB)  
1001 I Street  
Sacramento, CA 95814

**RE: Comments on Fiscal Year 2023-24 Funding Plan for Clean Transportation Incentives**

Dear Dr. Vergis,

BYD | RIDE appreciates the opportunity to submit comments regarding the proposed Fiscal Year 2023-24 Funding Plan. We want to pass on our thanks and gratitude to the CARB staff and leadership on this proposed Plan and on the agency's broader efforts to support the mass adoption of zero-emission technology in the California market and addressing the growing imperatives around our climate, air quality, and environmental equity.

We applaud that even in a constrained budgetary period, CARB is continuing forward with an ambitious Plan that will further propel an already growing market in medium- and heavy-duty (MDHD) zero emission vehicles (ZEVs), as well as directing a higher percentage of funding into priority communities in the State. As the leader in MDHD electric vehicle technology, BYD is ready and eager to work alongside CARB to achieve the State's critical climate goals. The intention behind this letter is to provide information for the Board to factor in when considering this Plan as well as to implore CARB to take actions that move the State towards faster deployment of ZEVs.

**BYD | RIDE – An Industry Driver in California**

Ours is a global company that is revolutionizing zero-emission technology across all MDHD markets, including both buses and trucks. Our Lancaster manufacturing facility has been operating since 2013, and it has expanded now to a 550,000-square foot, green technology hub with hundreds of union employees. As currently outfitted, the Lancaster facility is capable of producing 1,500 MDH ZEVs per year, and will be ready to do so as the market continues to grow and calls for that level of output. Soon, BYD will be transformed into RIDE, an American spinoff. RIDE, which stands for Real Innovation Delivered with Excellence, will take over much of the BYD transit and school

bus market. BYD Motors, will continue to serve the drayage truck and off-road markets. With that in mind, we comment here as BYD | RIDE

### **Further Support is Needed to Advance the Electrification of School Bus Fleets**

It is encouraging to see CARB and the State prioritizing funding for ZEV school buses. We believe that it is critical to act now to accelerate the clean transition of school bus fleets for the well-being of both the State and its children. It is clear from CARB's proposal to allocate \$375 million specifically for the purchase of zero emission school buses that staff also recognize the importance of decarbonizing this sector.

We support this significant financial contribution CARB staff is proposing, but there is a troubling trend we've encountered that could undermine this and other efforts underway in addressing the transition of the State's school bus fleets. Currently, 50 % of California School districts that qualified to participate in programs like the HVIP electric school bus funding are dropping out because they cannot afford the upfront cost of what is supposed to be a free electric school bus. Many point to the burden of state sales taxes that can easily add \$40,000 or more to a purchase making large-scale adoption, in areas where the buses are needed most, cost prohibitive. The high upfront cost can be daunting - especially for small, disadvantaged, or rural school districts that are disproportionately impacted by climate change. This delta could be even greater if considering soft costs like scrappage, documentation, inflation, and others. If this pattern continues, the state's climate goal of having 100 percent of electric school buses sold throughout California by 2035 could be in jeopardy.

If sales taxes are eliminated from school bus purchases, districts can save as much as \$40,000 per bus - savings that can be put toward teachers and the classroom. Such a proposal would add a very modest \$26 million to the overall state budget. It is the best plan to get electric school buses on the road as soon as possible. We ask that CARB consider increasing financial support or elimination of the sales tax burden on all electric school bus incentive programs to advance the transition to electric buses for the most vulnerable school districts and populations.

### **The Importance of Private Fleets for Accelerating Adoption**

We strongly support the proposal to delay the private fleet size requirement until January 2025. We are encouraged that CARB sought stakeholder feedback at this critical inflection point in the MDHD market and recognized the important part that private fleets will play in propelling the decarbonization of the transportation sector. Given the State's ambitious climate goals and public health imperatives, especially in

communities most affected by air pollution from carbon emissions and particulate aerosols, we would encourage CARB staff to consider extending incentives for private fleets for future funding plans beyond 2025 until cost parity in the MDHD market is reached. We believe that supporting any fleet or operator who is ready to upgrade to ZEVs will avoid unnecessary constraints in the market and will achieve the most rapid deployment of MDHD ZEVs possible.

### **Elimination of the Soft Cap - A Needed Step, but an Imprecise Substitute**

We support the CARB staff proposal to remove the rolling soft cap. We appreciate CARB's recognition that the market is growing and accordingly, OEMs like BYD and others have expanded manufacturing capabilities that now exceed the outmoded soft cap limits set in previous funding plans. The elimination of the rolling soft cap will give the industry the necessary runway to accelerate production and deployment of ZEV buses and trucks to meet the growing demand in the MDHD market.

However, we do have a concern around the manufacturer performance review to be instituted in lieu of the soft cap. Our first-hand experience in the market, along with most MDHD manufacturers, is that a backlog in EV deliveries often stems from a lack of charging infrastructure readiness on the fleet purchaser's end whether due to build out, supply chain issues, or energization delays. This is an issue that is out of the hands of the OEM, but contributes nonetheless to a bottleneck of vouchers on the manufacturer's side. We ask CARB to consider this matter and potential alternatives that can address the wide array of issues that may lead to a backlog of vouchers. Overall, we are supportive of the proposed changes to the soft cap and believe this will only help to accelerate the deployment of MDHD ZEVs, and the associated benefits from this.

### **CORE is an Integral Program to Achieve Climate Goals and Needs the Necessary Support**

It is clear from how quickly the Clean Off-Road Equipment Voucher Incentive Project (CORE) has been oversubscribed in past funding years that there is a strong need in the off-road vehicle market for this kind of support. This is an essential program to achieve the State's long term decarbonization vision, and we are concerned that the reduced funding for CORE as well as the removal of Yard Tractors could greatly undermine this objective. The off-road vehicle sector is still dominated by high polluting diesel powered equipment and converting these technologies to e-fleets consistently drains the scant available funding much quicker than other programs. Where possible, CARB should consider directing more funds to the CORE program to help accelerate deployment of ZEVs in areas like ports and freight hubs, where these high diesel

pollutants affect the most vulnerable communities. The continuation of CORE voucher eligibility for ZEVs like Yard Tractors that operate at these shipping centers would provide immense health and environmental benefits to the disadvantaged populations.

We also ask the CARB Board to consider removing or adjusting the small fleet purchaser requirement for CORE eligibility and increasing the school bus voucher cap for HVIP. The most efficient way to promote the adoption of off-road technologies like electric Yard Tractors and school buses is to allow large fleet purchasers to expand their e-fleet so the markets can achieve an economy of scale and bolster a used EV market on a quicker timeline. If not possible for this current funding plan proposal, then we ask staff to consider this matter when the CORE and HVIP programs are re-evaluated next cycle.

We want to reiterate again our recognition of the hard work CARB staff has put into this meaningful funding plan and give our appreciation for the opportunity to voice our support and concerns. Please do not hesitate to contact me should you have questions or wish to discuss further.

Sincerely,

Steven Gao

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