San Diego Chapter Incorporated
The Voice of Construction

October 11th, 2022

Clerk's Office
California Air Resources Board (CARB)
1001 I Street
Sacramento, CA 95814

Submitted via:
1. electronically: https://ww2.arb.ca.gov/applications/public-comments
2. US Postal Service

RE: **Comments on Advanced Clean Fleets Regulation**

Dear Chair Randolph, Vice Chair Berg, and CARB Board Members,

On behalf of the Associated General Contractors (AGC) of San Diego, we are submitting comments to the California Air Resources Board (CARB) in response to Advanced Clean Fleets Regulation, specifically regarding the High Priority Fleet requirements.

AGC of San Diego is one of the largest construction industry associations in the nation as it consists of over 1000 companies that build infrastructure and commercial projects throughout California and all over the nation. Our members provide large scale construction services and many of them own or operate with 50 or more vehicles in their fleets, or they have $50 million or more in revenue, which will put them in the cross hairs of this proposed regulatory action. The construction industry is vital to the success of California, the proposed Advanced Clean Fleets regulation will put this industry at great risk.

AGC of San Diego appreciates the opportunities to participate in CARB's regulatory process by submitting a comment letter to advocate on behalf of the construction industry. Our comments are as follows.

The Regulation is Too Broad to Be a Regulation
The proposed regulation is far too broad in scope. For example, it requires the Public Utilities Commission and many private utility companies to take actions involving billions of dollars and as of now, unknown environmental impacts to ensure grid readiness to accommodate the massive

increase in electrical capacity required by the proposed ACF regulation. This would seem to cry out for multiple pieces of legislation to cause such a massive action, and not just a regulation approved by an air quality regulator.

Another example would be that it also requires unknown future actions by the Department of Toxic Substance Control to regulate a large new stream of toxic waste. This would be the used batteries of unknown quantities and toxicities generated because of this regulation. This again would seem to be the purview of the Legislature not an air resources regulator.

Random Selection Criteria for Private Priority Fleets

AGC of San Diego supports comments sent from the California Legislature, specifically, that we are concerned with the selection criteria based the number of vehicles or the amount in annual revenues without any distinction on the types of businesses that can feasibly accomplish this endeavor, let alone economically manage the requirement. This will result in many businesses being at a competitive disadvantage to those fleets that do not meet the selection criteria of this regulation and do not have the burden of replacing vehicles within their fleet. We question the legality of this approach to single out large companies that provide construction services or service construction businesses simply based upon revenue or number of vehicles.

The Infrastructure Construction Delay Extension

The infrastructure construction delay extension is not long enough to be beneficial. The draft language of the extension provides a one-year extension if one experiences construction delays beyond their control on a project to purchase zero-emission vehicles (ZEVs) and install ZEV charging or fueling stations.

First, some ZEVs, such as electric forklifts and their charging stations need to be contained under a roof which may require an addition of a roof-covered space dependent upon plans, permits, and construction. That process alone may take *several years* from design to installation. Installing charging stations can easily take up to 2 years including plan design, plan check, utility company backlog in completing necessary power upgrades, and delays in getting the actual charging stations. Second, companies with multiple electric forklift replacements and on-road vehicle replacements may require more power coming into the facility. This increased need for power would require more internal electrical infrastructure within the facility to accommodate the charging stations, thereby needing more time to meet these demands. Third, proper utility infrastructure and DC charger access for heavy duty vehicles are barely existent within the state because hard wired, high voltage, and high amperage electrical power is not available.

Due to supply chain demand issues, manufacturers cannot meet the increase in demand for the ZEVs thereby resulting in backlogs. Since this extension is meant for both the purchase of ZEVs and installing charging stations, it appears that CARB expects the contractor to both obtain the ZEV *and* install charging stations within a one-year time frame. AGC of San Diego urges CARB tor re-examine the feasibility of all timelines imbedded in this regulation which are fanciful and unsupported by actual expert lead studies.

Infrastructure First—Then Regulations
Governor Gavin Newsom signed a Proclamation of a State of Emergency starting August 31, 2022, and lasting until September 7, 2022 allowing the use of back-up generators to reduce the strain of the electrical grid due to another extreme heat event.

Pacific Gas & Electric issued numerous "flex alerts" requesting residents and businesses to conserve power during peak times to protect against blackouts. Although there was some success in preventing rolling blackouts, there were still thousands of people who lost electricity in Silicone Valley and southern and inland areas of the San Francisco Bay Area, according to the USA Today article, "California avoids rolling blackouts amid record-breaking heat wave; State issues another 'flex alert". This demonstrates the need to have carefully thought-out regulations that take California's current resources into consideration, as opposed to initiating a regulation that is not practical.

A further demonstration that California does not have the electrical resources to meet current demand is that California is already importing approximately 30% of its power needs. Since California cannot meet the current electrical demand, how will the state meet the future demand when the ACF regulation will only increase the demand for daily charging? All in all, AGC of San Diego urges the PUC to upgrade the electrical grid *as soon as possible* so that energy can reliably get to consumers that would make this regulation obtainable. Then CARB may consider this regulation ***at that time***. It is optimal to have the electricity available *before* implementing such regulations.

Not Economical for Private Companies
Another concern of the Advanced Clean Fleets regulation is the imposed cost of the ZEVs for businesses. Expert studies say that the purchase costs for a battery-electric tractor truck range from about $200,000 to $800,000. Additionally, costs tend to increase with increased driving range as a function of total battery capacity. In comparison, new trucks with internal combustion engines tend to cost between $99,000 - $200,000 from low-end to high-end.

In other words, the ZEV trucks will be 2 – 4 times more than non-ZEV trucks. Not only are the purchase costs more, but battery costs are also expected to rise in the coming years due to scarce resources. For a fleet of fifty vehicles that means that the company will have to invest $6.5 million on average for required electric vehicle purchases from 2025-2028. While selling their present vehicles at a steep discount across one of California's borders.

Many businesses may not be able to survive, let alone thrive, due to these associated costs.

While the proposed ACF requires vehicle fleets to convert / phase in ZEVs essentially starting in 2024, CARB has not provided any funding options that will allow our industry partners to obtain supplemental funding to reach compliance with ACF mandates. Moreover, CARB has yet to identify potential revenue sources that can serve as funding options to assist industry partners, along with local governments and special districts, to reach ACF compliance. Additionally, the availability of ZEVs both in various classifications and quantity is unclear. As a result, industry partners may have significant issues obtaining the required ZEVs to remain compliant with ACF or worse, specific ZEVs may not be manufactured / available to be ordered by industry partners.

A DC Network Is Not Available
A DC charging network for these vehicles envisioned by the proposed ACF does not exist today anywhere let alone in California. Some charging stations are now available for passenger vehicles, however a DC charger would need many hours to charge these large vehicles which is impractical for most business operations.

First of all there has not been an agency identified in state government to take the lead in studying the feasibility of such a network. Nor has any agency been identified to take the lead on completing a CEQA environmental report for the estimated 500,000 charging stations needed. Nor has any funding been identified for these 500,000 stations to make these regulations feasible. Again, ***infrastructure first—then regulations.***

Company Infrastructure Costs Ignored by CARB
Given the size of our fleets and the types of vehicles our industry uses, the company owned infrastructure alone will be cost-prohibitive. Quotes provided to our companies for a single standard 200 kW DC charger runs between $100K to $150K depending upon the quantity and features, and the lead time is at least 30 weeks. The costs staff presented in the ISOR are well below these amounts. Both the cost and lead times will only get worse as the larger demand for electric vehicle replacements from this regulation occur.

We do not prescribe to the estimated lower costs for these vehicles and infrastructure over time that staff has presented to your Board. The supply chain issues make it evident the costs will increase, not decrease. Of course, the cost for the charger does not include the cost for the electrical upgrades needed to get the megawatts of power to each of our many facilities for the many vehicles we will need to charge nightly. We already know from experience it takes easily up to 2 years or more to get charging stations installed including plan design, plan check, utility company backlog in completing necessary power upgrades, and in delays in getting the actual charging stations.

Privately held companies do not have the financial resources to replace large fleets and install cost-prohibitive charging systems and electrical infrastructure upgrades while also trying to maintain their day to day businesses. We cannot just raise our rates like those in the public sector. This holds even truer with the economic downturn we are currently experiencing that is leading to a recession.

Additionally, there are no DC charging stations at the many remote construction sites in California that are out on dirt construction sites and in remote off-road sites. Given the nature of these remote sites, such stations are not even feasible without the self-defeating use of a portable diesel generator to power the DC charging station.

Technological Feasibility of One-to-One Replacements
We request that CARB form a panel of experts to work with stakeholders to more accurately determine the cost and availability of the construction industry specific vehicles needed to comply with the ACF regulations. Including the technological feasibility of manufacturing vehicles that will have the same capacity and power of those vehicles being replaced, and that

can be replaced on a one-to-one basis. We look forward to that report that CARB must accomplish before deciding on the proposed ACF regulations.

Conclusion
The existing regulations for on-road trucks represent a decade long partnership between the trucking, construction, and other industries with CARB. These industries have spent billions of dollars buying newer and cleaner trucks on an agreed schedule. The partnership was based on known and available newer and cleaner engines. The proposed ACF regulations seem to abandon that partnership.

There are numerous issues that need to be resolved within the Advanced Clean Fleets regulation. AGC of San Diego urges the California Air Resources Board (CARB) to postpone the adoption of this regulation until the above-mentioned issues are resolved. AGC of San Diego appreciates the opportunity to comment on the proposed Advanced Clean Fleets Regulation and we look forward to working with CARB staff to share our member's valuable input to implement zero-emission regulations that are effective and beneficial to all Californians.

If you have any questions regarding the comments, please contact Mike McManus (Director of Engineering Construction & Industry Relations at 858-248-0228, email: mmcmanus@agcsd.org .

Sincerely,

J.M. McManus

Mike McManus
Director Engineering Construction & Industry Relations
AGC San Diego
6212 Ferris Square
San Diego, CA 92121