



November 08, 2021

The Honorable Liane Randolph
Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Chair Randolph,

The California Natural Gas Vehicle Coalition (CNGVC) respectfully submits the following comments regarding the proposed modifications to the Carl Moyer Program (CMP) being considered as part of the Proposed Fiscal Year 2021-22 Funding Plan for Clean Transportation Incentives.

CNGVC is a coalition of natural gas vehicle and engine manufacturers, utilities, fuel providers and fleet operators that support the broad adoption of low NOx heavy-duty trucks fueled by renewable natural gas (RNG). The combination of RNG and low NOx engines provide near-term reductions in short-lived climate pollutants (SLCPs), air toxics, and NOx that offer direct air quality and public health benefits.

The CMP has a long history of successful deployment of lower emission technologies into communities for both on-road and off-road applications. CNGVC believes the CMP is a critical and necessary tool for achieving immediate, near-term reductions in a cost-effective manner and is hopeful it will be reauthorized by the State Legislature.

As has been highlighted in various forums over the past few years, the current CMP requirements, criteria, and limitations have resulted in a program that is not attractive to fleets. **And, unfortunately, the modifications proposed today still do not address the primary and outstanding issues that hinder and prevent on-road fleet participation in the program.** Consequently, the failure to comprehensively fix this issue through these changes will result in little to no displacement of on-road heavy-duty (HD) diesel trucks – the #1 source of NOx emissions in the extreme non-attainment districts of the South Coast Air Quality Management District (SCAQMD) and the San Joaquin Valley Air Pollution Control District (SJVAPCD) – and the status quo will remain.

Proposed Modifications Will Not Fix Programmatic Issues in Budget Allocation

Earlier this year, the Governor and State Legislature approved \$45 million in the State's FY 21-22 budget to expediate the deployment of **commercially available**, on-road low NOx HD vehicles. *If*

CARB moves forward with this proposed modification to only partially fix the reasons why on-road fleets are not able or willing to participate in the program, the SCAQMD has predicted that it will not be able to use the appropriation to deploy on-road low NOx HD trucks! This is an unnecessary and avoidable consequence that could easily be remedied if only the Board would act in the best interest of public health.

There is significant demand for effective and reliable incentives for low NOx trucks. With the following fixes identified below, it would be possible to immediately use the \$45 million for its intended purpose – and monies already allocated to the CMP – to expeditiously deploy commercially available low NOx HD trucks in the State’s extreme non-attainment areas:

1. **Remove the 50% cap for larger fleets** and change it to no more than 80 percent of vehicle cost for fleets of any size;
2. **Increase the cost-effectiveness threshold to \$300,000/ton** for projects utilizing an engine certified to 0.02 g/bhp-hr NOx; and
3. **Approve the manufacturer’s delay extension for all projects under this funding** for all new low NOx trucks ordered by 9/1/2022 and allow the fleet to continue operating their EMY 2007-2009 diesel truck(s) until the new low NOx truck(s) are delivered.

Low NOx natural gas engines (defined as 0.02 g/bhp-hr NOx certified) are at minimum 90% cleaner than a comparable diesel engine. Additionally in 2020, natural gas dispensed in California as a transportation fuel was “carbon negative” as determined by CARB’s Low Carbon Fuel Standards Program. Given the urgent need to reduce short lived greenhouse gases, this fact should be embraced, promoted and supported by CARB through expedited deployment of low NOx HD vehicles.

CNGVC believes that these improvements will result in a greater uptake in the use of low NOx trucks that California so desperately needs to achieve greater near-term emission reductions and the desired improvements in public health. Enacting these changes will ensure the rapid deployment of the budget allocation. Both the 2023 ozone deadline and our current climate crisis demand our every effort to reduce NOx emissions and SLCPs.

Proposed Modifications Will Not Address Persistent Issues for On-Road Fleets Usability

For years now, numerous industry stakeholders, the California Air Pollution Control Officers Association (known as CAPCOA) and several local air districts have repeatedly submitted recommendations to staff on what constitutes effective modifications to CMP. Unfortunately, these recommendations have been mostly ignored or rejected.

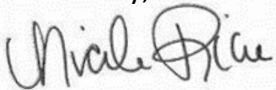
For example, starting 1/1/2023, you will no longer be able to use CMP funds to replace on-road diesel trucks. The CMP requires the replacement of a pre-2010 engine truck but the soon-to-be-enacted Truck and Bus Rule will eliminate the use of all pre-2010 trucks starting January 2023. To keep the CMP relevant beyond that timeframe, CARB must embark on larger programmatic changes to fix the model year issue and address the other outstanding issues. This could ensure that CMP continues to effectively mitigate harmful diesel emissions in the State.

Additionally, it is noteworthy to share that in the Fall of 2019, senior staff at CARB committed to industry stakeholders that they would make effective modifications to the CMP when they announced the eliminate of low NOx trucks under the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP). Low NOx trucks were moved into CMP for the express purpose of continuing incentives for this technology. Disappointingly, this commitment was not kept. In fact, after nearly two years of appeals, regrettably, there hasn't been one single modification made until now. **And, to our surprise and frustration, the proposed changes still do not reflect the promise made nor does it comprehensively address the many significant deficiencies within the program.** Even now, our requests over the past several weeks for something more substantive have fallen on deaf ears. And, we fear that if adopted, the changes will be used once again to falsely imply that there is a lack of interest in low NOx technology when the market indicates otherwise (i.e., fleets like UPS, Amazon, etc., prefer low NOx trucks powered by RNG).

Modifying the CMP in a way that actually solves the current issues is critical to preventing the purchase of new diesel or even "newer" yet used diesel trucks, especially when done to achieve compliance under the Truck and Bus Rule. To establish a system that allows such action would run contrary to the heart and spirit of AB 32. CNGVC member companies strongly support taking immediate and effective actions towards helping to avert catastrophic global climate change.

We welcome the opportunity to discuss our solutions further, as well as other more comprehensive changes. Feel free to contact me at nicolerice@cngvc.org to continue this conversation.

Sincerely,

A handwritten signature in dark ink, appearing to read "Nicole Rice", is positioned above the typed name.

Nicole Rice, President
California Natural Gas Vehicle Coalition

cc: CARB Board Members
Jamie Callahan (Jamie.callahan@arb.ca.gov)