



October 29, 2021

California Air Resources Board
1001 I Street
Sacramento, California 95818

Submitted electronically to zevfleet@arb.ca.gov

Re: NMFTA Comments on the Advanced Clean Fleets Regulation

To whom it may concern:

This letter contains the response of the National Motor Freight Traffic Association, Inc. ("NMFTA") to the request from the California Air Resource Board ("CARB") for public feedback on its potential draft regulatory language and updated cost assumptions for the proposed Advanced Clean Fleets Regulation ("ACF Regulation"). The NMFTA is a nonprofit membership organization headquartered in Alexandria, Virginia, with a membership comprised of approximately 400 motor carriers, primarily specializing in the movement of less-than-truckload quantities of freight ("LTL"). NMFTA promotes the welfare and interest of its members by presenting their positions in relevant judicial, regulatory, and legislative proceedings. NMFTA has been authorized by its State Regulatory Committee to participate in this regulatory proceeding.

NMFTA's LTL carrier members typically transport freight shipments ranging from 150 to 10,000 pounds that are too large for small parcel carriers, like FedEx and UPS, but too small for truckload carriers. To efficiently transport these relatively small shipments of freight, these carriers use 'hub and spoke' operations with large regional hub terminals as well as local terminals scattered throughout their service area, which area most often covers a multi-state region or the entire United States, and sometimes includes portions of Canada and Mexico as well. Freight tendered by multiple shippers is brought to local terminals by pickup and delivery drivers, using box trucks or day cab tractors with trailers attached (ACF Regulation, Groups 1 and 2), and the freight from those incoming vehicles is then consolidated onto trailers with other freight heading in interstate commerce for another terminal on the way to its final destination. This long-haul portion of the freight movement is typically accomplished with day cab or sleeper cab tractor-trailer combinations (ACF Regulation, Groups 2 and 3), that travel many hundreds of miles daily throughout the United States and Canada. Estimates from EPA and ATRI range from 329 to 500 average miles per day, which is far more than the capacity of any existing battery for these electric trucks. See October 29, 2021, comments submitted by the California Trucking Association and American Trucking Associations ("CTA/ATA Comments"), at "High Priority Fleet Requirements", Section 1. LTL carriers sometimes also own yard tractors (ACF Regulation, Group 1) that may be used to move trailers at larger terminals.

All of these vehicles, whether used in the long-haul interstate operations or local pickup and delivery, are owned, operated, or directed by NMFTA's member carriers, who commonly have 50 or more trucks (alone or in combination with other fleets operated under common ownership and control) and/or generate more than \$50 million in gross annual revenue. Consequently, the vast majority of NMFTA's members qualify as "fleet owners" or "controlling parties" under the ACF Regulation (Section 95692(a), (b)(10), and (b)(19)) who, to the extent that they operate in California, will have to meet the ZEV phased-in percentage milestone requirements set out in the ACF Regulation. Importantly, the proposed ACF Regulation will not only affect the operations of NMFTA's member carriers who are domiciled, headquartered, or operate primarily in California, but will directly impact many other member carriers located in other states simply because their trucks enter California while providing long-haul interstate freight transportation services. Accordingly, NMFTA's members are vitally concerned about the scope of the proposed Regulation.

I. Fleet owners with minimal California operations should not be subject to the ACF Regulation.

Given the long-haul interstate nature and scope of LTL carrier operations, the ACF Regulation could interfere with the ability of these carriers to efficiently and effectively structure their operations. The Regulation not only mandates significant costly additions of ZEVs to fleets that operate primarily outside of California, but requires such carriers with minimal California operations to adjust their delivery schedules to incorporate the time required for regular recharging of their trucks, which could take several hours out of a daily work schedule. The result would be significantly reduced productivity and increased costs even for carriers without any substantial California nexus.

These unintended consequences of the ACF Regulation could ultimately reduce available trucks and drivers in California. Some LTL carriers have already pulled out of California due to the state's burdensome regulations, even without the ZEV rule. This trend would likely escalate when this ZEV rule takes effect. Further withdrawals would be particularly harmful because of already existing capacity shortages. Alternatively, carriers who continue serving California could likely raise prices for shipments to and from that state. Indeed, a number of LTL carriers have already imposed California surcharges, surcharges that certainly will be passed through to California consumers.

Therefore, as a preliminary matter, NMFTA would ask that CARB consider adding to the list of criteria for applicability of the ACF Regulation set forth in Section 95692(a) some stated percentage of overall miles that a fleet must drive in California before the ACF requirements would kick in. NMFTA does not, at present, have a specific percentage in mind, but would be glad to work with CARB to develop a reasonable number.

II. CARB should delay imposition of ZEV fleet milestones for Group 2 and 3 vehicles and broaden the Daily Mileage Exemption.

NMFTA questions the feasibility of CARB's proposed milestones for the day cab and sleeper cab tractors (Groups 2 and 3) that comprise the greatest part of their truck fleets. Fleets of day cab and sleeper cab tractors engaged in long-haul operations will be more difficult to convert to electric than smaller box trucks or vans and yard tractors (Group 1), due to both a

battery range that is less than the daily miles commonly traveled by long-haul drivers and by the lack of adequate public charging stations and other infrastructure needed by these vehicles. In short, the lack of technology and infrastructure could make it virtually impossible for these carriers to meet the daily mileage needs of their fleets with ZEVs.

CARB has recognized the current situation and the future uncertainties both in its initial statement of reasons on the proposed regulation, and reflected these facts in the ACF Regulation as drafted by proposing more extended timeframes for Group 2 and 3 vehicles to comply with the various milestones and by creating a “Daily Mileage Exemption” that a fleet owner could apply for under Section 95692.1(d)(2) and 95692.2(b), which allows a fleet owner to demonstrate that additional ZEVs cannot, consistent with the daily mileage needs of the fleet, be added. However, it is not apparent either that the current milestones are realistic or that the Daily Mileage Exemption is adequate given the prior condition that 10 percent of a fleet must already consist of ZEVs before the exemption can be requested.

For these reasons, NMFTA would ask that current ZEV milestones be limited to vehicles more suitable for electrification, namely those box trucks or vans, two-axle buses, and yard tractors in Group 1. Fleets with Group 2 and 3 vehicles should not be incorporated into the ACF Regulation until the essential technology and infrastructure has become available. In the interim, CARB could provide incentives for the switch to electric vehicles. The facts underlying this recommendation are fully detailed in the October 29, 2021, CTA/ATA Comments, at “High Priority Fleet Requirements”, Section 1, which arguments are quite compelling.

NMFTA would further ask, because virtually all LTL fleet owners would qualify for the Daily Mileage Exemption due to their operational characteristics absent the requirement that ZEVs comprise 10 percent the fleet, that the 10 percent requirement be eliminated. Only by doing that, can CARB ensure the exemption will be available as realistically needed. The facts supporting this recommendation, as well as other well-reasoned changes to the Daily Mileage Exemption, as more fully laid out in the CTA/ATA Comments, at “High Priority Fleet Requirements”, Section 3, have the full support of NMFTA.

Thank you for this opportunity to provide comments on the draft ACF Regulation.

Sincerely,



Paul Dugent
Executive Director
National Motor Freight Traffic
Association, Inc.