

**STATE OF CALIFORNIA**  
**AIR RESOURCES BOARD**

**Public Meeting to Consider Approving )**  
**California’s Beneficiary Mitigation Plan )**  
**for the Volkswagen Environmental )**  
**Mitigation Trust (vwmititrust18) )**

**Meeting Date:**  
**May 25, 2018**

**COMMENTS OF THE**  
**TRUCK AND ENGINE MANUFACTURERS ASSOCIATION**

The Truck and Engine Manufacturers Association (“EMA”) hereby submits comments on the California Air Resources Board’s (“CARB’s”) *Proposed Beneficiary Mitigation Plan for the Volkswagen Environmental Mitigation Trust* (“Mitigation Plan”). EMA is the trade association that represents the world’s leading manufacturers of heavy-duty engines and medium- and heavy-duty commercial vehicles (*i.e.*, greater than 10,000 pounds gross vehicle weight rating, or “GVWR”). In addition to producing conventionally-powered commercial vehicles, EMA member companies are developing and bringing to market the medium- and heavy-duty zero-emission vehicle technologies that are a focus of the Mitigation Plan. Accordingly, EMA and its member companies have a direct and significant stake in CARB’s efforts to establish a self-sustaining market for zero-emission commercial vehicles in California.

CARB is the Lead Agency in charge of distributing California’s \$423 million allocation of the national Environmental Mitigation Trust that was established under the two Consent Decrees approved by the United States District Court, Northern District of California, on October 25, 2016, and May 17, 2017. Appendix D of the first Consent Decree provided ten eligible actions to mitigate the excess NO<sub>x</sub> emissions that were the subject of the class action lawsuits settled with the Consent Decrees. Among those eligible actions, the Mitigation Plan would fund a number of zero-emission heavy-duty vehicle categories, including: transit, school, and shuttle buses; Class 8 freight trucks (*i.e.*, greater than 33,000 pounds GVWR); and port drayage trucks. We support that funding.

Separate from the Appendix D Environmental Mitigation Trust funding, Appendix C of the first Consent Decree stipulates the investment of \$800 million in California over a ten-year period to support the increased availability and use of zero-emission vehicles. While we also support that funding, we note that it currently is exclusively being directed at infrastructure, education, and access activities to support the increased adoption of zero-emission technologies for light-duty passenger vehicles.

We fully endorse the efforts to increase the availability and use of zero-emission passenger cars with funds from the Consent Decrees, including vehicle purchase incentives and investments in electric charging infrastructure. However, we would like to point out the lack of

broad-based and sustained funding to support the deployment of zero-emission commercial vehicles. In addition to the high cost to purchase medium- and heavy-duty zero-emission vehicles due to the new fuel-cell electric or battery-electric technologies, they also will require a network of hydrogen fueling facilities and/or electric charging stations that can accommodate heavy-duty vehicles. Neither infrastructure exists today in California. We are pleased that under the Mitigation Plan zero-emission infrastructure is an allowable expenditure for the eligible heavy-duty vehicle funding; however, that funding would only apply to the select vehicle categories identified in the proposed plan. Additionally, the funding is limited to 75 percent of the total cost of the zero-emission vehicle, with a maximum of \$200,000 per vehicle. We believe the proposed funding will fall far short of what will be needed to establish a self-sustaining zero-emission commercial vehicle market, and the Mitigation Plan even acknowledges that the funding is not intended to fully offset the costs of the necessary infrastructure.

While the Mitigation Plan proposes the limited funding for select categories of heavy-duty vehicles, CARB is developing the Advanced Clean Trucks (ACT) rule to require that manufacturers sell significant quantities of zero-emission medium- and heavy-duty vehicles. Specifically, the ACT rule would broadly mandate the sales of vocational vehicles in Classes 2B and larger (*i.e.*, greater than 8,500 pounds GVWR), including pickup trucks, vans, parcel delivery trucks, construction trucks, refuse trucks, and highway tractors. However, the mandate alone will not establish a self-sustaining market for zero-emission commercial vehicles in California. Establishing such a market actually demands addressing three crucial elements: (i) available products, (ii) enough fleets willing and able to purchase the products, and (iii) the recharging/refueling infrastructure needed to support the products. The proposed ACT rule currently only considers the first element. At the same time, the Mitigation Plan fails to fully incentivize the purchase of the broad categories and significant quantities of zero-emission vehicles that manufacturers would have to sell under the ACT rule, and it does not allocate sufficient funding for the infrastructure needed to refuel or recharge them.

We believe that CARB must address the disconnect between a hard sales mandate for zero-emission commercial vehicles and the limited funding available to incentivize the purchase of the vehicles, and even less sufficient funding for the massive investments in infrastructure needed to support the vehicles. Anything less than a holistic approach that includes the sale and purchase of vehicles, and building the necessary infrastructure to support them, will very likely doom the goal of establishing a self-sustaining market of medium- and heavy-duty zero-emission vehicles in California.

If you have any questions, or if there is any additional information we could provide, please do not hesitate to contact Timothy Blubaugh at [tblubaugh@emamamil.org](mailto:tblubaugh@emamamil.org).

Respectfully submitted,

TRUCK AND ENGINE  
MANUFACTURERS ASSOCIATION