



May 26, 2022

Dear CARB

Thank you for the workshop of May 6, 2022, giving us the opportunity to provide input to the proposed Advanced Clean Fleet regulations for drayage trucks.

We have several suggestions to make, and then provide some line-edits.

1) Include truck-as-a-service, leasing, and similar models

Though ~75% of the drayage fleet are independent owner-operators, and the HVIP program has given out about 1000 vouchers for drayage trucks so far, almost none have gone to them. Why? For many, even a successful voucher request does not bring the total cost of a new vehicle down to a level that they are able to finance. And the lack of sufficient charging infrastructure is a further dealbreaking barrier.

Given the cost of new ZEV trucks, the complexities of the multiple incentive programs, the challenge of building and managing new fueling services, and the evident market failure of straight HVIP vouchers to be accessed by Small Fleets under current administrative practices, we believe that rolling up all the incentives and capital and operating costs into long-term financing, and providing drivers with a simple all-in ZEV option that is at parity or less than the total cost of operation of their current diesel rigs will be a successful model - and this is what Forum Mobility provides. CARB has acknowledged the need for such with the initiation of the new Independent Small eFleets (ISEF) program. We believe that similar models will be a crucial path to effectively access ZEVs solutions for the bulk of the fleet and should be incorporated into the DNA of this and future rule development.

To this end, we suggest that CARB define a new category - call it Truck Service Provider (TSP), or something like that - and incorporate it into this and upcoming regulations. The differentiating characteristic of a Truck Service Provider is that it may own trucks, but the principal focus of business is to provide a comprehensive solution including vehicles, chargers and services to drivers or LMCs. Some additional suggestions to help define the category: a TSP provides a fixed fee monthly offer of three years or more (or whatever number necessary to be protective of drivers) inclusive of both vehicle and necessary charging infrastructure. The TSP shall provide warranties corresponding to the term of the contract. The TSP delivers the value proposition net of incentives including but not limited to LCFS, HVIP, and other relevant incentives. And to make sure TSPs have a business truly aligned with and invested in drayage solutions, we suggest that TSPs be required to hold a DOT number.

2) Include signing up for a truck-as-a-service and similar models as a valid reason for an extension.

We support the provisions giving an extension due to delays in vehicle delivery to operators that have a binding purchase agreement for a ZEV truck. We request that similar treatment be given to Truck Service Providers and similar models, such as leasing, as well.

This will better facilitate a transition straight to ZEVs, rather than force an intermediary investment in newer, slightly cleaner diesels - a costly investment that does not maximize either cost or emissions benefits.

Class 8 diesel truck costs are up - 58% year-over-year, by one analysis, and that's only going to get worse¹. This is a very difficult situation for small fleet owners in an already tight economic position. At the same time, a recent CARB analysis shows that replacing old diesels with ZEVs rather than methane or newer diesels provides the most air quality benefits, and at the least cost². The state should be doing everything possible to help the drayage fleet transition directly to ZEV, and skip an intermediary investment in cleaner-but-still-dirty newer diesel.

3) Also include delays in infrastructure as valid reason for extension

Building out sufficient charging infrastructure to meet the 100% ZEV goal for drayage is a monumental undertaking, fraught with many challenges, and should be considered a valid reason for seeking an extension.

Given that each BEV truck needs to charge overnight at a rate of 75kW to meet the duty cycle needs for drayage, we calculate that California needs in excess 2.4 GW worth of charging infrastructure and associated land (in the thousands of acres) to serve drayage trucks.

The challenge in building that infrastructure is enormous and doing so in the timeframe needed is a huge endeavor. Success depends on finding locations with sufficient hosting capacity (or go through multi-year system upgrade process), but also sufficient parcel size, correct zoning, near trucking routes, and with good entrance and egress. The overlays of each of those circles makes for a depressingly tight Venn diagram. Utility upgrades, permitting, and supply chain issues with charging equipment can all lead to unanticipated delays. Accordingly, we suggest that for drayage operators that sign up for Trucking Service Providers, certain types of delays in building charging infrastructure be allowed as a valid reason for an extension.

4) The proposed extension window will already be closed before the regulation is final

The draft regulations propose that extensions be given for covered entities if "ZEVs [are] ordered at least one year prior to the next compliance date." The regulation is due to come into effect January 1, 2024, meaning that covered entities would have to make their purchase by

¹ <https://www.freightwaves.com/news/freight-pullback-isnt-making-used-class-8-trucks-any-cheaper>

²

https://ww2.arb.ca.gov/sites/default/files/2022-04/CARB%20-%20End%20of%20Useful%20Life%20Scenarios%20-%20STWD%20Summary_ADA.pdf

January 1, 2023 to meet the extension window. However, given the timelines for the draft to become final, it is unlikely that the draft rule will become final before that date. Consider modifying the extension window so that covered entities have a chance to respond after the regulation becomes final.

5) Line edits

As per the above, we recommend the following line edits (and perhaps more, conforming):

Section E (page 11) must be amended to include a binding agreement with a truck leasing or truck-as-service provider as a similarly acceptable reason for an extension.

Section E.1: Recommend this modification “Owners of drayage trucks seeking extension due to a delay in ZEV delivery or a delay in charging infrastructure must submit a purchase agreement or a written and binding contract with a Truck Service Provider showing that a ZEV was ordered by Drayage Truck Owner or Truck Service Provider one year ahead of the relevant compliance deadline.”

Section E.1.b: amend the following to “The purchase agreement must identify that a specific ZEV or ZE power train was purchased, or contracted with a Truck Service Provider.”

Add Section E.1.e. “If infrastructure is delayed due to utility, permitting, or equipment delays a Truck Service Provider may submit on behalf of a Drayage Truck Owner a request for extension.”

Many thanks for the opportunity to provide advance input to these important regulations. We’d be happy to discuss in further detail at any time. I may be reached at abrowning@forummobility.com and 510.520.0630.

Yours,

Adam Browning
Boardmember for Forum Mobility