



## **Scope of the Pending Initial Statement of Reasons (ISOR)**

It is of critical importance that ARB accurately analyze and scope the impacts of this fleet regulation. We believe many businesses are likely to have vehicles subject to this rulemaking by virtue of reducing the GVWR to 8500 lbs.

The transition of multiple sectors of the economies vehicles in the next 23 years to black box technologies is completely unprecedented. It is much more than a continuation of the previous truck and bus rule. As written, it appears this rule contemplates requiring businesses to transition the entire vehicle economy from its current combustion technology base by 2045. Accurately analyzing and scoping this transition will help ensure that elected policy makers are accurately informed so they can make decisions about how they may or may not decide to mitigate cost impacts.

Businesses are not just being asked to change vehicle technology but fueling infrastructure and energy technology. In most cases the vehicles we might be able to purchase aren't even on the market. They are effectively "black box" technologies that do not exist. Yet, within the next two decades we will be required to transition our vehicle and fueling infrastructure to these unknown technologies. Yes, we know what Battery Electric (BE) is but what will the vehicle that meets our work requirements look like? How will it be configured? How will it be charged with what infrastructure, energy, and space needs? These are unknowns that need to be scoped analyzed and projected.

While the Clean Air Act allows the use of new unknown technology, often referred to as "black box" technology, for projections in implementation plans, ARB here is writing black box technology into a regulation of the working economy. Accurately analyzing impacts because of these unknowns will be extremely difficult. Lacking real costs for technology, economic thresholds and safety triggers must be included to protect the economy. One concern is this rule creates a monopoly for the first provider of any technology and removes cost as a feasibility criterion by doing so.

In considering economic impacts we believe it is very important we use a current post-COVID economic baseline. Significant cost increases have entered the economy. With annual inflation tipping the scales at 8.6% and the PPI for some sectors including ours outpacing that cost projection is important.

We also have concerns that the choice of the \$50 million economic threshold could expose mid-sized construction firms to an inability to compete with smaller construction firms on numerous smaller local projects. These companies directly compete with firms who will be under this economic threshold, yet they will be required to buy new vehicles and invest in new infrastructure while the other firms won't. How the \$50 million dollar threshold impacts

economic competition is an important issue. These firms provide high paying jobs for skilled workforces lacking college educations. Tipping the competitive scale to smaller companies who may provide less benefits for these workforces could also be an impact to both those workforces and employers. ARB must use the State's data resources to analyze such competitive issues due to the potential impacts that could be created and set a threshold based on analysis. Why is \$50 million the right number?

In addition, ARB should provide estimates of land area and permit costs for charging infrastructure(s) to support the transition caused by this regulation. Are such areas going to fit into existing business footprints or are we likely to see remote charging and increased travel to accommodate remote charging? Two decades is not a significant amount of time to permit large scale change in California, and in most cases, we don't know what vehicles or fuels to contemplate building out to support.

It is also important that ARB speak forcefully in the ISOR on the importance of streamlining permitting for these transitions. We would also point out that facilitating permits helps reduce costs and delays, and while ARB cannot directly provide benefits, the analysis can note the importance of incentives to facilitating the changes needed and reducing costs and impacts on the economy and consumers.

Now is the time for ARB and policymakers to think about what vehicles they don't want to be subject to the charging limitations of battery electric (BE) technology. We strongly believe that vehicles which support construction operations have unique challenges of supporting remote and emergency construction operations, often where electrical infrastructure does not exist. The ability to mobilize and recover from disasters which disrupt our grid should not go unconsidered. Are there capacities we want to maintain in our economy to promote disaster resilience? ARB and the state expect increased natural disasters, our grid is already being destabilized by wildfires attributed to climate change and significant portions are exposed to disruption by such hazards. In addition, we have earthquakes. The California economy cannot be waylaid by a construction fleet that cannot respond to remove debris and restore such services, nor can we be dependent on out of state vehicles to come and help. The time is now to send that message to fleets and manufacturers. How will battery electric be able to meet these needs?

We have called out many issues and costs above that should be analyzed and considered by ARB to ensure any rule adopted is both understandable, and that decisionmakers were able to consider appropriate mitigation. It will also facilitate businesses trying to come to an understanding of what they will need to do to comply so they can plan investments.

This rule proposes to restructure the vehicle use of multiple significant sectors of the economy and doing it concurrently without mitigating costs or facilitating permitting in any way would be a significant mistake. We strongly believe ARB's analysis must help focus policymakers on the economic scope of the challenge facing businesses employees and consumers, as well as a strong analysis of the environmental impacts being caused by this rule.

Thank you for the consideration of these thoughts.