July 11, 2022

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:

On October 29, 2021, the National Motor Freight Traffic Association, Inc. ("NMFTA") submitted comments in response to a request from the California Air Resource Board ("CARB") for public feedback on its potential draft regulatory language for the proposed Advanced Clean Fleets Regulation ("ACF Regulation"). We recently learned that CARB issued a revised version of the ACF Regulation in May of 2022 and again invited the public to comment. In reviewing the newly revised ACF Regulation, NMFTA noted that none of its earlier comments, which were limited in number and focused on particular characteristics of its member motor carriers' operations, were evident in any changes to the draft ACF Regulation. Accordingly, NMFTA is taking this opportunity to resubmit its concerns regarding the substantial adverse impact the ACF Regulation is likely to have on its members.

As noted in NMFTA's earlier comments, the NMFTA is a nonprofit membership organization primarily representing motor carriers specializing in the movement of less-than-truckload quantities of freight ("LTL"). NMFTA's LTL carrier members transport freight shipments ranging from 150 to 10,000 pounds using a 'hub and spoke' system with terminals scattered throughout their service area, which could be a region or the entire United States, and sometimes including Canada and Mexico. Freight tendered by 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 is consolidated onto trailers with other freight heading in interstate commerce on the way to its final destination. This long-haul portion of the freight movement is typically accomplished using day cab or sleeper cab tractor-trailer combinations (ACF Regulation, Groups 2 and 3) that travel hundreds of miles daily throughout the United States and neighboring countries. Industry estimates range from 329 to 500 average miles per day, though daily mileage is often a good deal higher if the truck is driving primarily on interstate highways. This mileage far exceeds the capacity of any existing battery for the zero-emission vehicles ("ZEV") required by the ACF Regulation, even with extended range technology.

All the vehicles used in these LTL operations are owned, operated, or directed by NMFTA's member carriers, who commonly have 50 or more covered trucks 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 who, to the extent that they operate in California, will have to meet the ZEV phased-in percentage milestone requirements established by the ACF Regulation. Of critical importance, 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 of our member carriers located in and operating primarily in other states simply because their trucks occasionally enter California while providing long-haul interstate freight transportation services. Because of the effect the ACF Regulation would likely have on their operations, NMFTA's member carriers are vitally concerned about the scope of the proposed Regulation, which was unchanged in the recently published revised ACF Regulation.

## I. The ACF Regulation will prevent LTL carriers from efficiently and effectively structuring their interstate operations.

The ACF Regulation not only mandates significant costly additions of ZEVs to fleets that operate primarily outside of California but requires carriers with even the most minimal California operations to adjust their delivery schedules in all states to incorporate the time required for regular recharging of their long-haul trucks, which could take several hours out of a daily work schedule. Alternatively, carriers could switch cargo from their diesel-powered vehicles to ZEV trucks when they reach the California border. But this too would reduce the available driving time. In both cases, the result would be significantly reduced productivity and increased costs even for carriers without any meaningful California nexus. In short, given the long-haul interstate nature and scope of most LTL carrier operations, the ACF Regulation would interfere with the ability of these carriers to structure their operations efficiently and effectively.

These 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 ACF Regulation takes effect. Further withdrawals would be particularly harmful because of already existing capacity shortages. Carriers who continue serving California would likely raise prices for shipments to, from, and through the state. Indeed, many LTL carriers have already imposed California surcharges, surcharges that certainly are passed through to California consumers.

Therefore, NMFTA would ask, as it did in its original comments, that CARB exclude from the scope of the ACF Regulation those heavy-duty trucks that rarely enters California. Specifically, CARB should more seriously consider adding to the list of criteria for applicability of the ACF Regulation, as set forth in Section 2015(a), some stated percentage of overall miles that a fleet must drive in California before the ACF requirements would kick in. In other words, identify a minimum percent of the total miles driven annually by a qualifying fleet that must be in California. Alternatively, the criteria could simply require more than a specified number of California miles to be driven by a fleet before the ACF requirements would apply.

## 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 that comprise the greatest part of their truck fleets. Fleets of day cab and sleeper cab tractors (ACF Regulation, Groups 2 and 3) engaged in long-haul operations will be more difficult to convert to electric than fleets of smaller box trucks, vans, and yard tractors (ACF Regulation, Group 1). This is because the current battery range is less than the daily miles commonly traveled by long-haul drivers (estimated at 329 to 500 daily miles, or more) and because adequate public charging stations and other infrastructure needed by these vehicles simply does not exist. Indeed, the lack of the essential technology and infrastructure could make it virtually impossible for these LTL carriers to meet the daily mileage needs of their truck operations with ZEVs.

CARB clearly recognized these issues in its initial statement of reasons on the proposed ACF Regulation and reflected these facts in its drafts by proposing lengthier timeframes for Group 2 and 3 vehicles to comply with the various milestones. CARB also created a "Daily Mileage Exemption" that a fleet owner could apply for under the current Section 2015.2(e)(2) and 2015.3(b), which allows a fleet owner to demonstrate that additional ZEVs cannot, consistent with the daily mileage needs of the trucks in their fleet, be used. Nevertheless, it is not apparent from developments now in progress either that the current milestones are realistic or that the Daily Mileage Exemption is adequate to help LTL carriers given the condition that 10 percent of a California fleet must already consist of ZEVs before this Exemption can be requested for additional trucks in a fleet.

For these reasons, NMFTA asks that current ZEV milestones be limited to trucks more suitable for electrification, namely those box trucks, vans, and yard tractors in Group 1. Fleets primarily composed of Group 2 and 3 vehicles (day cab and sleeper cab tractors) should not be incorporated into the ACF Regulation until the essential technology and infrastructure becomes available. In the interim, NMFTA would welcome incentives for the switch to electric vehicles, that would encourage their purchase as the technology and infrastructure improves.

NMFTA would also ask, because virtually all LTL fleet owners would qualify for the Daily Mileage Exemption due to their long-haul operations, absent the requirement that ZEVs comprise 10 percent the fleet before the Exemption can be requested, that this percentage requirement be eliminated. Only by doing that will CARB ensure the Exemption will be available to the segment of the industry that most needs it.

NMFTA
National Motor Freight
Traffic Association, Inc.

Thank you for this opportunity to provide comments on the revised draft ACF Regulation. NMFTA would be glad to provide more data if needed by CARB to address these concerns and otherwise work with CARB to make the needed modifications.

Sincerely,

Deborah Ruane Sparks

Deborah Ruane Sparks, Executive Director
National Motor Freight Traffic Association, Inc.