March 31, 2021

Tony Brasil
1001 I Street
P.O. Box 2815
Sacramento, CA 95812

Re: Support and Comments on the Advanced Clean Truck Rule

To Tony Brasil and Advanced Clean Fleets Staff:

San Diego Gas & Electric Company ("SDG&E") appreciates the opportunity to comment on the proposed Advanced Clean Fleets ("ACF") rule. We offer our support for the rule and respectfully offer recommendations and request clarifications to make the rule stronger.

THE ACF RULE IS A NECESSARY, LANDMARK ACTION TO MEET STATE CLIMATE AND AIR QUALITY GOALS

The state of California has set climate and air quality goals, informed by scientists, to reduce and combat the effects of greenhouse gas emissions ("GHG") and pollutants. Organizations of all kinds have undertaken extensive measures to contribute to achieving these goals.

To meet the state goals for GHG emissions and air quality, we must address the transportation sector as well, which accounts for the greatest share of GHG emissions and pollution in the state today. The medium- and heavy-duty ("MDHD") vehicles sector contributes substantially more GHGs and pollutants than light-duty ("LD") vehicles on a vehicle-by-vehicle basis. Thus, the ACF rule is a landmark effort to lead the transition of MDHD vehicles to zero-emission vehicles ("ZEV").

CARB staff from the Transportation and Clean Technology Branch unveiled a draft regulatory pathway to achieve a successful transition to ZEVs at workshops on March 2, 2021 and March 4, 2021. SDG&E understands there will be active discussions and potential revisions throughout the regulation development process. SDG&E stands as a resource and collaborator through this process. Most importantly, SDG&E supports the general direction and goal of the ACF rule and acknowledges the need for its approach to meet state goals.

SDG&E IS READY AND ABLE TO SUPPORT THE INFRASTRUCTURE NEEDS REQUIRED BY THE ACF RULE

Successful implementation of the ACF rule hinges on installation of refueling infrastructure to support the transition to ZEVs. SDG&E is duly aware of this infrastructure need and wants to affirm to CARB that we stand ready to execute our role as an infrastructure provider. For decades, California has built and maintained one of the world's most advanced network of energy infrastructure. We have successfully responded to new demand of all types for decades. The transition to ZEVs, similar to all meaningful transitions, will require planning and coordination between charging station vendors, vehicle OEMs, fleet operators, policy makers, and utilities, but it should not be seen as an insurmountable hurdle. Our message to CARB is that SDG&E is focused and prepared to fill our role, as we have for decades.

Specifically, SDG&E has a Senate Bill 350 ("SB 350") MDHD-specific program, called Power Your Drive *for* Fleets, approved and ready to provide infrastructure to support MDHD electrification. This MDHD program will support thousands of Class 2-8 vehicles, offering not just the infrastructure to defray the upfront costs, but also services for project management, engineering, and construction for

infrastructure up to the charging station stub-up. This program is launched and has already begun providing infrastructure for fleets. Further, SDG&E has developed an MDHD-specific rate designed to benefit fleet operators on their charging related electricity costs.

It is important that CARB and utilities continue to engage, as described below, and continue educating regulated entities on the infrastructure process. However, most of all, SDG&E emphasizes that we are ready and able to support the ACF rule in a timely manner.

WE RECOMMEND CONTINUED AND INCREASED COORDINATION BETWEEN CARB AND ITS COUNTERPART AGENCIES AND UTILITIES

Supporting the ACF rule is dependent on a successful rollout of supporting infrastructure. While SDG&E stands ready with customer-friendly infrastructure programs via SB 350, these programs are not designed to carry the entire market. Instead, they are meant to help catalyze the market. Infrastructure will also be installed via governmental agencies (e.g. CEC) and by the regulated entities engaging through our standard New Service Request process. The fact that multiple complementary infrastructure pathways exists is neither a barrier nor redundant. However, it underscores the importance of heightened collaboration with utilities, CARB, CPUC and CEC.

As discovered through the development of the Advanced Clean Trucks ("ACT") regulation, supporting infrastructure for ZEVs can take months to years to deploy, depending on the specific requirements, complexity, and size of the deployment. It is critical to ensure our key stakeholders, including the CPUC and CEC, understand these requirements. Therefore, we ask that continued collaboration and coordination by CARB be maintained with (1) the utilities, to ensure there is an accurate understanding of infrastructure processes and (2) the CPUC and CEC, to ensure up-to-date and accurate information about this regulation and the associated infrastructure needs are understood. Specifically related to SB 350 programs, it is important for utilities and the CPUC to understand how much utility support will be needed to support the ACT and ACF. With this information, utilities can perform the necessary planning to navigate the CPUC's application process for relevant SB 350 infrastructure programs, innovative rates, and marketing, education and outreach support.

CONTINUED LEADERSHIP FROM CARB IN CONCERT WITH THE ACF RULE IS VITAL TO MEETING STATE GOALS AND A SUCCESSFUL ACF RULE IMPLEMENTATION

As CARB continues leading the state in the transition to ZEVs, it is imperative to continue developing a comprehensive system of complementary regulations to ensure the success of the ACF rule. The MDHD market is still dependent on the well-crafted incentives offered by CARB, like HVIP. Further, as mentioned above, collaboration with the CEC will allow the CEC to optimize its own MDHD incentive efforts. Without sustaining such incentive programs, there will be serious risk to achieving the ACF rule.

SDG&E IS COMMITTED TO TRANSITIONING OUR FLEET TO ZERO-EMISSION

In 2020, SDG&E achieved a transition of 100% of our passenger vehicles to run on alternative-fuels and was awarded CALSTART's Sustainable Fleet accreditation. Further, as part of our Sustainability Strategy released in Fall 2020, SDG&E committed to operate a 100% zero-emission fleet by 2040, with a milestone goal of transitioning 100% of our light-duty fleet and 30% of our overall fleet to ZEV by 2030. This commitment is important and we see our commitment as aligned with CARB staff's direction in the ACF.

SDG&E RESPECTULLY SUBMITS THE BELOW SUGGESTIONS AND CLARRIFICATION REQUESTS

Clarifying Vehicle Categories

SDG&E strongly recommends that CARB staff develop clearly defined and accurate vehicle categories in the ACF rule. Specifically, SDG&E suggests that vehicle category definitions align with CARB's Advanced Clean Trucks ("ACT") regulation, which followed the weight class defined by the U.S. Department of Transportation and developed more specific categorizations for body type. The vehicle category definitions in the ACT also determined the definitions underlying the one-time Fleet Large Entity Reporting. It is therefore critical that the vehicle category definitions in the ACF rule are congruent with the ACT.

Setting a Proper Distinction between "Work Truck" and "Specialized"

SDG&E is particularly concerned about how "Work Truck" and "Specialized" vehicles will be handled in the ACF (Slide 49 of Advanced Clean Fleets Regulation Workshop, March 2 and March 4, CARB). As presented, there is ambiguity about how different vehicles could be categorized. SDG&E is concerned that certain specialty equipment in our utility fleet, including aerial bucket-trucks, aerial material handler-trucks, cranes, digger derricks, and vehicles requiring power take-off (PTO) devices to operate mounted equipment, fall within a grey area between the "Work Truck" and "Specialized" categories. SDG&E asks CARB to categorize these pieces of equipment as "Specialized, as these vehicles perform unique duty cycles that require tremendous customization in engineering and design.

Setting Mindful Exemptions for Vehicles that Perform Critical Safety, Emergency, and Response Functions

One of the core and increasing functions SDG&E performs includes functions related to public safety, emergency, disaster response, and other similar crisis-related functions. These functions are critical and have tremendous influence on the reliability and safety SDG&E provides to our service territory and interconnected territories. Given this, SDG&E respectfully requests that CARB staff consider exemptions specifically related to vehicles that perform such critical functions. SDG&E is very willing and eager to coordinate with staff regarding these key vehicles. SDG&E also stands ready to work with CARB, engine manufacturers, and other stakeholders to deploy supporting infrastructure and field test ZEVs that serve these public and emergency functions to proactively prepare for ZEV functions.

Important Considerations for Creating Exemptions

SDG&E recommends that the timeline of the vehicle procurement processes be considered as a qualifying exemption in the ACF. The procurement process for MDHD vehicles requires significant time to plan, design and build. This is particularly true for specialty vehicles, such as those described above. SDG&E therefore recommends that the ACF consider the date on which a vehicle is ordered when determining a regulatory exemption. For example, if a fleet orders a vehicle that requires a 2-year lead time from order to delivery, the fleet should not be penalized if the manufacturer takes longer than 2 years to deliver. Also, if there is not a vehicle available for order with enough time for planning, design, and build prior to a regulatory deadline, the fleet should not be penalized for a late delivery.

SDG&E also asks CARB staff to provide guidance on how to demonstrate the applicability of regulation exemptions, particularly related to the availability of a ZEV for a fleet's need. This request for clarification stems from staff's Advanced Clean Fleets Regulation Workshop presentation, on March 2nd and March 4th which states that the fleet "Must show no ZEV or NZEV is commercially available." SDG&E requests stronger clarity about how to demonstrate the lack of commercial availability.

Consideration of Engine Hours in Addition to Vehicle Miles Traveled
CARB should consider gathering data on engine hours for vehicles instead of only vehicle miles traveled. Many MDHD vehicles, including the specialty utility vehicles listed above, require significant power for more than just driving to and from a job site, but also to perform for specialty operations while at the work site. Therefore, these vehicles have significant energy requirements that fleets must meet, in addition to the energy requirements to drive the vehicles. By considering engine hours, CARB staff can perform more accurate analysis around market readiness related to battery sizes and vehicle build challenges, as well as appropriate charging infrastructure planning.

Use the Same Definition and Timeline for Near ZEV Vehicles as the ACT
For consistency and clarity, SDG&E recommends that the ACF adopt the same regulatory definition and timeline of NZEV as adopted in the ACT. This should include allowing an NZEV to qualify for credit generation until at least model year 2035.

SDG&E stands ready to support the goals and clean air requirements of California and CARB. We therefore offer general support of the ACF rule, with the noted modifications.

Sincerely,

Jaron Weston
Clean Transportation Policy Manager