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Clean Energy

The Honorable Mary Nichols
Chair, California Air Resources Board
Post Office Box 2815
Sacramento, CA 95812

March 19, 2018

RE: *Item 18-2-6: Minimize The Community Health Impacts From Large Freight Facilities*

Dear Chair Nichols:

On behalf of Clean Energy, please accept the following comments concerning the informational item on the Board agenda to "Minimize The Community Health Impacts From Large Freight Facilities."

Clean Energy supports the goal to "reduce emissions and community health impacts from large freight facilities, including seaports, railyards, warehouses and distribution centers." However, the current plan "requires equipment to transition to zero emission operations, supplemented with near-zero technology," and "target incentives to equipment capable of zero emissions or zero emission operation in sensitive areas, plus supporting infrastructure."

This picking of winners and losers rather than setting a technology-neutral performance standard will artificially limit the effectiveness of this rule and delay at best urgently needed reductions in NOx and particulate matter.

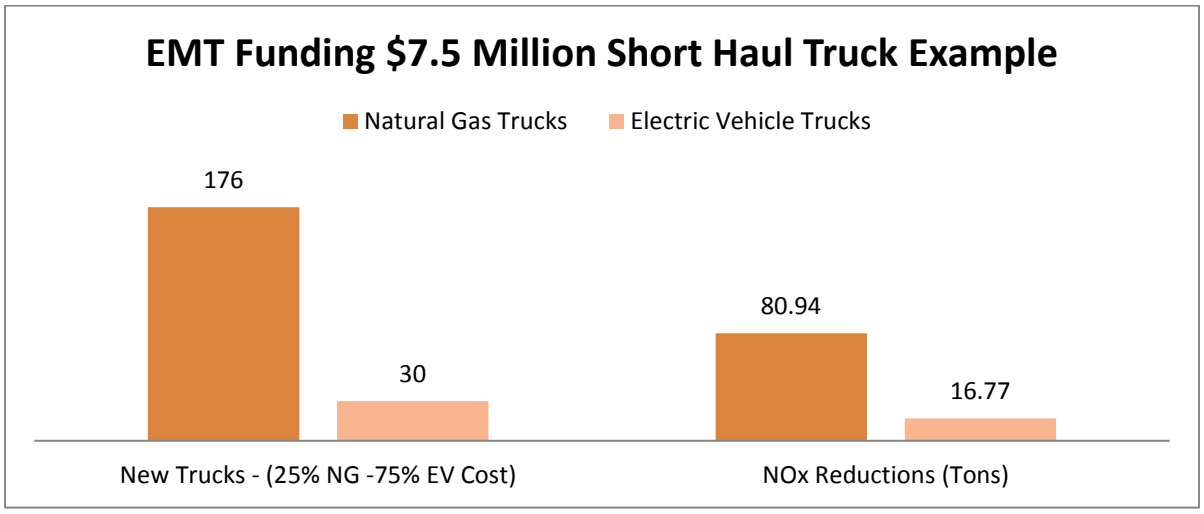
We urge the Board to include near zero technology as part of the final rule via a performance standard, and thus provide greater market certainty and policy signals for near zero engines. Diesel heavy duty trucks are the largest source of smog-forming pollutants in the South Coast and San Joaquin Valley Air Districts, the two most polluted air districts in the United States, and are one of the largest sources of toxic air contaminants.

There isn't an electric heavy duty truck that is commercially available, and according to the CEC and other experts, isn't likely to be for many years. The only way to cut pollution from the dirtiest vehicles on the road – heavy duty diesel trucks – is to replace them with near zero emission trucks. In addition, it is important for ARB to continue adherence to SB 1383, and the use of biomethane as transportation fuel would help meet this requirement.

Cost-effectiveness

It is ARB's duty to maximize the effectiveness of available funding, and the market would do so via a performance standard. Grants should cover the same percentage of the vehicle cost for all alternative fueled vehicles which perform below today's federal NOx emissions standard.

An all-electric medium or heavy duty vehicle can **cost twice the amount** or more of a similar vehicle powered by a 0.02 NOx engine. Funding the more expensive EV and at a greater percentage will result in fewer vehicles being deployed and therefore fewer reductions in NOx emissions. Below is a chart illustrating these points by showing the benefits of a $7.5 million investment in 0.02 NOx vehicles versus that same investment in EVs:



Source: NGVAmerica compiled from Gladstien, Neandross and Associates Game Changer Report Data

Providing a 500% larger incentive (in terms of dollars) for an EV truck which has similar life-cycle NOx emissions as a 0.02 NOx truck would diminish the effectiveness of the proposed rule.

Thank you for considering our views. We are adamant these changes need to be made so that low NOx engines are effectively incentivized as other clean technologies and the state displaces dirty diesel vehicles.

Sincerely,

Ryan Kenny
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Clean Energy

Cc: Board members, California Air Resources Board