



South Coast Air Quality Management District

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November 8, 2021

Richard Corey
Executive Officer
California Air Resources Board
1001 "I" Street,
Sacramento, CA 95814

Re: Comments on Proposed FY 2021-22 Funding Plan for Clean Transportation Incentives & Carl Moyer Program Changes

Dear Mr. Corey,

Thank you for the opportunity to comment on CARB's Proposed FY 2021-22 Funding Plan for Clean Transportation Incentives & Carl Moyer Program Changes. This comment letter is a follow-up to our previous letter dated August 18, 2021. We fully support CARB's efforts to update the Carl Moyer Program (CMP), as the current program is simply not effective in achieving surplus emission reductions from on-road vehicles. CARB's efforts to update the cost-effectiveness (CE) limit is a step in the right direction and supported by the South Coast AQMD staff. However, additional changes are needed to make the proposed CE limits effective in providing incentives for on-road trucks within the CMP. As you know, on-road trucks are a significant criteria and toxic emission source category within our air Basin, but since 2017, we have only funded 64 on-road trucks. We have been working with CAPCOA and had regular meetings with CARB staff since 2019 to institute workable changes for on-road trucks. To date, no changes have been made. With the upcoming Truck and Bus rule compliance deadline, delays in truck deliveries due to high demand and supply chain issues, and the time required to advertise and administer the program, the proposed CE change is "too little, too late". These delays have resulted in many lost opportunities to reduce emissions from on-road trucks since owners are simply purchasing any available, compliant, low-cost diesel truck to meet the upcoming Truck and Bus deadline of December 31, 2022.

In addition, within the 2021 California Budget (SB 129), \$45M has been allocated specifically for 0.02g low NO_x trucks (near-zero emissions or NZE) to be administered through the Moyer program. Given CARB's proposal, the timely expenditure of these funds will not be possible unless additional changes are made.

The recommended changes to the Carl Moyer Program are listed below, along with our comment on the proposed incentives pertaining to Commercial Lawn and Garden as described within the proposed Funding Plan.

Proposed Increase to Cost Effectiveness is Hampered by Fleet Size Caps

The fleet size caps in the guidelines effectively reduce the incentive amount for most fleets. Under these fleet size caps, most fleets will not be able to qualify for a sufficient incentive and certainly not qualify for the maximum incentive amounts proposed by CARB. The fleet size cap for fleets with over 10 trucks is set at 50% of eligible costs, excluding taxes and fees. So, a fleet with over 10 trucks would only qualify for a maximum incentive of \$90,000 for a Class 8 NZE truck (based on the average truck cost at \$180,000, excluding taxes and fees). This incentive level is not sufficient and is well below the actual incremental cost between a used compliant diesel (approximately \$60,000) and a new low NOx truck. For a zero-emission (ZE) truck, this fleet would only qualify for approximately \$200,000, which is far below the \$410,000 incentive level being proposed.

The fleet size caps are a deterrent for fleets to apply and are unnecessary given other criteria and safeguards in the CMP Guidelines. These include caps on the maximum incentive amounts and a minimum 15% cost-share by the applicants. An alternative option to removing the fleet size cap altogether is to increase the percentage from 50% to 85% of eligible costs, with the inclusion of taxes and fees. This will ensure the truck replacement project remains cost-effective and the 15% cost-share is provided by the applicant. The taxes and fees associated with purchasing a NZE or ZE truck are significant, roughly 20% of the purchase price. The current guidelines for on-road vehicles do not allow the inclusion of taxes and fees as eligible costs, however, the guidelines for the other source categories (e.g., off-road vehicles, marine equipment) in the CMP do allow taxes and fees to count toward eligible costs.

Significant Delivery Delays and Compliance Deadlines

The global supply chain disruptions are causing significant delays in truck deliveries and are not expected to improve soon. Currently, all major OEMs have stopped taking orders for NZE and ZE trucks and deliveries are expected until 2023. A mechanism must be added to accommodate these delays or all engine model year (EMY) 2007-09 diesel trucks will be replaced with used diesel trucks, as these will be the only available alternative to comply with the upcoming Truck and Bus deadline. Unless fleets can continue to operate their existing trucks beyond the compliance deadline of January 1, 2023, when the new vehicles are delivered, most fleet owners will not move forward in applying for Moyer or pursuing an existing award. Truck owners simply cannot be without their livelihood while waiting for the new truck to arrive.

Adding to the confusion, the Truck and Bus regulation allows for a manufacturer delay in scrapping if the new truck order has been placed prior to September 2022. The CMP, however, does not allow this same flexibility. We strongly recommend that you allow fleet owners to continue operating their old diesel truck while awaiting delivery of their awarded NZE or ZE truck, otherwise these owners will simply purchase a compliant, used diesel replacement.

Expansion of Eligible Engine Model Year (EMY)

CARB is not proposing to expand the EMYs (2010 or older) that are eligible for replacement. This decision will significantly restrict the funds from being spent in a timely manner and stall progress in achieving needed diesel emission reductions. As stated in the previous section on delivery delays, without changes to the scrapping deadline, there will be no applicants. And as we stated in our previous letter, expanding the universe to include up to EMY 2015 would dramatically increase, up to fourfold, the number of eligible trucks. This would at least allow emissions reductions by going from 0.2 g NO_x diesel trucks to NZE or ZE trucks.

Implement the Remaining CAPCOA Recommendations for Chapter 4

Since 2019, the South Coast AQMD and other Air Districts, working through CAPCOA's Mobile Source & Grants Committee, have identified and recommended updates to the CMP for CARB consideration. These changes, supported by substantive details by the Districts, are necessary to provide adequate incentives along with a more manageable program for fleets to scrap their older diesel trucks and purchase the cleanest available on-road vehicle technologies. These changes received broad support from the CAPCOA Board, Air Districts, and the various stakeholders. We again highly recommend that CARB re-consider the remaining changes that have not been proposed in the upcoming plan.

Incentives for Professional Landscaping Services

South Coast AQMD staff commends and supports CARB's proposal to set aside \$30 million to provide incentives for professional landscaping services in California to purchase zero-emission small off-road equipment. However, CARB's proposal to expand and increase funding towards the Clean Off-Road Equipment Voucher Incentive Project (CORE) to implement incentives for small businesses and sole proprietors providing professional landscaping services, may not serve as the most effective pathway to support the adoption of ZE technologies for small off-road equipment. South Coast AQMD is currently implementing two highly popular lawn and garden programs in the region, the Residential Electric Lawn Mower Rebate Program and the Commercial Lawn & Garden Equipment Incentive & Exchange Program. For nearly 20 years, South Coast AQMD has implemented lawn mower exchange programs that replaces older, gasoline-powered lawn mowers for zero-emission alternatives. To date, nearly 60,000 lawn mowers have been exchanged through our program. Similarly, for over four years, South Coast AQMD has implemented exchange programs for commercial-grade lawn and garden equipment, where over 5,000 gasoline-powered lawn and garden equipment have been exchanged, including leaf blowers, commercial-grade ride-on/walk-behind lawn mowers, trimmers and chainsaws.

Local Air Districts, like South Coast AQMD, have the experience, expertise, administrative infrastructure, and the outreach network to successfully implement and continue the expansion of zero-emission small off-road equipment. We strongly urge CARB's consideration to allow the local Air Districts to implement this program, where the impacts will be immediate and better served, particularly focusing on disadvantaged and low-income communities such as AB 617 communities.

South Coast AQMD staff requests CARB's commitment to begin a 45-day public process to include these changes by no later than December 2021, so that the final programs can be effective starting in first quarter of 2022. Thank you for the opportunity to comment on the FY 2021-22 Funding Plan for Clean Transportation Incentives and CMP Update. We are fully committed and look forward to working closely with your staff to assure the continued success of these incentive programs. If you have any questions or would like to discuss these comments, please contact me at 909-396-3249 or mmiyasato@aqmd.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Miyasato", written in a cursive style.

Matt Miyasato, Ph.D.
Chief Technologist & Deputy Executive Officer