November 14, 2022

California Air Resources Board

1001 I Street

Sacramento, CA 95814

Chair Randolph and Members of the Board:

I am writing to express my concerns regarding the provisions related to the Hybrid and Zero Emission Truck and Bus Voucher Incentive Program (HVIP) that are included in the Fiscal Year 2022-23 Funding Plan for Clean Transportation Incentives, currently pending before you. Dependable Highway Express is committed to transitioning to Zero Emission Vehicles (ZEVs), recognizing the environmental and public health impacts, both local and global, of our fleet operations. However, there is currently very limited experience utilizing ZEVs in the medium and heavy-duty (MD/HD) context given the relatively small number and type of vehicles that are commercially available for purchase, the comparatively higher upfront cost of ZEVs, and the widely recognized challenges that charging poses. CARB has generally recognized these issues and sought to prime the market via programs like HVIP, which expressly attempts to overcome these various challenges by providing incentives that serve to partially offset the various, cost, technology, and operational risks that entities assume in taking early action to incorporate ZEVs into their fleets. I am deeply appreciative of CARB’s historical support for initial investments in these vehicles. This support is critical in motivating fleet operators, regardless of size, to invest in ZEVs in these early days of the ZEV transition.

Unfortunately, the draft Funding Plan, de facto cuts larger fleets, defined as those with more than 500 vehicles, out of the program by imposing a set of conditions that will dramatically limit the ability of these fleets to utilize HVIP funding. The condition that is particularly problematic is the bulk purchase requirement, pursuant to which a fleet operator will only receive HVIP incentives for battery electric vehicle (BEV) purchases in excess 30 vehicles (fuel cell vehicles are exempt). Notably, this condition is uniquely applied to larger fleets. The practical reality is that this requirement creates an unreasonable barrier to large fleet operators and serve to effectively eliminate them from the program. Rather than serving to accelerate or increase their investment in ZEVs, this condition, by eliminating a valuable source of funding support, will instead reduce the ability and appetite of larger fleets to do so.

Like any fleet operator, larger fleets need to gain some initial experience with ZEVs before making wholesale commitments to what is very much an emerging and largely untested technology. The bulk purchase requirement sets an unrealistic bar to accessing HVIP incentives. Very few fleet operators, if any, will be able or willing to purchase 30 vehicles in order to be able to utilize HVIP incentives in light of the substantial costs and risks this entails and the dramatically reduced value of the incentive on a per vehicle basis when the initial set of non-incentivized vehicles are factored in.

For the forgoing reason we respectfully ask that CARB eliminate this condition uniquely applied to fleets with more than 500 vehicles. We fully recognize the need to transition to ZEVs in the years ahead and are willing to work in partnership with the state to make those investments. However, given the substantial costs and risks ZEVs currently engender, programs like HVIP remain an essential driver, even for the largest fleets, of early-stage interest and investment in this critically important but still emerging technology.



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