



March 31, 2021

Liane Randolph, Chair
California Air Resources Board
1001 "I" Street
Sacramento, CA 95814
Submitted via: zevfleet@arb.ca.gov

RE: Advanced Clean Fleets Proposed Regulation – March 2nd and 4th Workshops

Dear Chair Randolph and Members of the Board,

On behalf of the individual organizations listed below, thank you for the opportunity to provide comment on the proposed Advanced Clean Fleets (ACF) regulation, as presented at the March 2nd and March 4th workshops. We strongly support the goal of the ACF regulation to achieve “a zero-emission truck and bus California fleet by 2045 everywhere feasible and significantly earlier for certain market segments such as last mile delivery and drayage applications.”¹

This regulation is critical to achieving Governor Newsom’s Executive Order N-79-20, as well as regional goals for zero emissions public and private deployments and emissions reductions, including those set by the San Pedro Bay Ports’ Clean Air Action Plan and the targets set by the [Transportation Electrification Partnership](#) (TEP), of which we are individual members. In the 2028 Zero Emissions Roadmap, TEP has set the following relevant targets for LA County:

- 60% of all medium-duty delivery trucks to be battery-electric by 2028,
- 40% of all heavy-duty short-haul and drayage trucks to be zero emissions by 2028,
- 5% of all heavy-duty long-haul trucks to be zero emissions by 2028.

We, the signatories of this letter,² appreciate the effort undertaken to prepare the proposed regulation, and we offer the following comments and recommendations to strengthen the rule:

1. Lower the threshold for fleet size when defining High Priority fleets

The proposed threshold, requiring a fleet to have at least 50 vehicles or \$50M in revenue to be determined High Priority, leaves too many vehicles unregulated by the rule. By CARB’s own account, the rule as structured would only regulate 37% of Class 4-7 trucks, and less than 15% of Class 2b and 3 trucks by 2045³. Fleets of 30 or 40 trucks are highly important to transition to zero emissions to reach state goals, but the rule as stated provides no regulatory mechanism requiring these fleets to ever adopt zero emissions vehicles. Additionally, fleets just over this threshold may not have a difficult time rearranging their operational or corporate structure reduce their fleet size or operations to fall below the 50 vehicle or \$50M in revenue threshold. Lowering the

¹ <https://ww2.arb.ca.gov/our-work/programs/advanced-clean-fleets>, accessed 3/15/21.

² These comments and recommendations are from the organizations signed below and not the entire membership of the Transportation Electrification Partnership.

³ https://ww2.arb.ca.gov/sites/default/files/2021-03/210302emissions_ADA.pdf, accessed 3/16

threshold to 25 or 30 vehicles will not only result in the transition of more vehicles to zero emission, but also reduce loophole opportunities to evade regulation.

We are cognizant of CARB's desire to create a simple rule that can be adopted across the country, following passage in California. We applaud California's effort to continue its national leadership, while being aware that other regional bodies may not have the resources of CARB. When determining the threshold level for High Priority fleets, CARB should provide analysis on the balance between vehicles covered by the regulation and CARB's resources dedicated to enforcement, understanding that a lower fleet size covered by the regulation will lead to increased enforcement costs. Providing this analysis that explains this trade-off will inform to what degree CARB can lower the threshold while maintaining adequate enforcement.

2. Consider implementing purchase requirements for Drayage fleets to create a secondary market for ZEVs by 2035

While LACI is encouraged by the proposal to allow only ZEVs to be registered in the Port Drayage Registry starting in 2023, drayage fleets could frontload ICE vehicles into the registry before 2023 and then neglect to make additional ZEV purchases until 2035. This would have a chilling effect on investment in public infrastructure, as well as eliminate the possibility of a robust secondary market for ZEVs. Ensuring ample ZEV registrants in 2023-2025 is necessary to provide smaller fleets the ability to purchase used trucks that are turned over to the secondary market after eight to ten years. Without this market, smaller fleets will be muscled out from registry, leading to inequitable access to the drayage industry.

To ensure the intent of this requirement is achieved, we suggest requiring a ZEV fleet composition percentage for larger drayage fleets. For instance, fleets that control (own, subcontract, or broker) more than 50 drayage trucks could be required to have 40% of their port traffic be performed with ZEVs by 2028, aligning with the TEP goal for 40% of short haul and drayage trucks to be zero emissions by 2028. This will ensure steady progress toward state and regional goals for 100% of drayage trucks to be zero emissions by 2035.

3. Tighten requirements for Federal fleets, consider treating with same criteria for Drayage fleets

The current Federal administration has consistently spoken about leading the ZEV revolution in transportation, and the ACF regulation is an essential opportunity to hold the Federal government accountable. Given California and the Federal government's alignment on the need for ZEVs, there should not be another ICE vehicle deployed by the Federal government in California, except for situations where the technology cannot meet the duty cycle. For instance, the United States Postal Service is a prime candidate for electrification, and the State of California should structure the ACF regulation to ensure the entirety of the USPS fleet is comprised of ZEVs as soon as possible.

We recommend that CARB require Federal fleets to deploy only ZEVs starting in 2023, similar to the structure of the Drayage fleet rulemaking. Some applications may be a poor fit for electrification in the near term, so there can be an exemption process as currently exists in the Public Sector rulemaking. But CARB should focus on ensuring that, especially within Class 2b-4 vehicles, all new Federal vehicles are zero emissions.

4. Only allow Plug-in Hybrid Electric Vehicles (PHEV) to be considered ZEVs under special, clearly defined circumstances

Allowing PHEVs to be considered ZEVs in all weight classes and applications until 2035 will be detrimental to the development of the battery-electric vehicle (BEV) market and potentially lead to a dislocation of supply and demand during the abrupt transition to ZEV required in 2035. The architecture of PHEV is different enough from ZEV that manufacturers may be in a tough position to pivot production capacity and supply chains. Additionally, fleets needing to transition from PHEV to BEV may have underprepared infrastructure to meet their energy needs once they add the significant increase in demand that BEVs will require. Public charging infrastructure planning would suffer as well. Opening the door to fleets and OEMs balancing PHEV deployments while planning for a BEV future is a confusing market signal that does not further the goals of the Governor's Executive Order N 79-20 or the state's emission and pollutant reduction goals.

While there are some applications that may require PHEV based on auxiliary power needs at a work site or emergency readiness, the regulation as stated allows for fleets to deploy PHEV even when a ZEV could meet the duty cycle. Instead of universally allowing PHEV to be considered ZEV until 2035, CARB should develop an exemption process that allows PHEV to be considered ZEV only under specific circumstances, and develop these criteria in close coordination with fleets and OEMs to ensure accuracy.

5. Offer transparency in exemption processes for fleets to eschew ZEV deployments

With CARB's deep experience working with fleets and OEMs, it is understandable that CARB has identified some specific applications and duty cycles where ZEVs may not be feasible in the early stages of the rule. Rather than address these fleet-specific situations on a case-by-case basis, we recommend that CARB develop criteria for public and private fleets to meet before they can be granted an exemption. This will provide transparency for those stakeholders who wish to assess enforcement of the rules, while also providing signals to OEMs for how to develop their product roadmaps to meet all trucking applications with ZEV products.

6. Account for cities implementing zero emission delivery zones when establishing Class 2b-3 deployments and green contracting rules

The Los Angeles Cleantech Incubator (LACI) recently launched a voluntary zero emissions delivery zone in Santa Monica to further understanding of the technological and operational requirements to transition last-mile delivery to zero emissions. As residents of cities increasingly adopt home delivery, and as desire for emissions reductions escalates, providing zero emissions delivery solutions in high-density locations will be increasingly valued, and CARB can take steps to support these deployments. By CARB's own estimates, the ACF regulation as proposed will only require, at most, 20% of Class 2b and 3 vehicles to transition to zero emissions by 2035. Many of these vehicles unaccounted for are a part of smaller fleets operating in city centers. Thus, there are opportunities to further deployments of Class 2b and 3 vehicles by connecting the ACF rule with municipal actions in last mile delivery.

One opportunity would be to cater municipalities' access to the Green Contractor database contemplated as part of the ACF regulation. By providing businesses and municipalities an easy reference for zero emission fleet options, CARB can instill confidence in municipalities implementing zero emission delivery zones, knowing there will be ample options for contractors to perform the work. Additionally, this will incentivize fleets to transition to zero emission even if they are not required to by the rulemaking.

Market participants are preparing for a zero emissions future today, and the Advanced Clean Fleets regulation has the opportunity to set strong market signals that complement manufacturers' plans. In conjunction with CARB, CEC, and the Ports of Los Angeles and Long Beach, LACI released a Request for Information in 2018 that targeted, among other items, planned product roadmaps of major and start-up manufacturers. Results showed more than a dozen medium-and heavy-duty truck models planned for commercial production by 2023. Subsequent press releases by major OEMs, as well as publicized deployments of startup manufacturers, have confirmed these production estimates. This commercial production comes at a time when battery-electric vehicles have beaten cost parity with combustion engines over the lifetime of the vehicle by 13% per mile, as estimated by a recent Lawrence Berkeley National Laboratory and University of California—Los Angeles study⁴.

In conclusion, we thank you for presenting the proposed regulation for stakeholder feedback and recommend that you incorporate the proposals above to ensure that the final version the state on a clear path to achieving state and regional zero emission vehicle deployment goals.

We look forward to working with you to ensure the success of the Advanced Clean Fleets regulation and California's zero emissions transportation future.

Sincerely,

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⁴ Phadke, Khandekar, Abhyankar, Wooley, Rajagopal; "Why Regional and Long-Haul Trucks are Primed for Electrification Now" March 2021, *International Energy Analysis Division Lawrence Berkeley National Laboratory*