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September 19, 2019 | Submitted Electronically

Mr. Jack Kitowski, Division Chief
Mr. Paul Arneja, Air Resources Engineer
Mr. Craig Duehring, Manager
Mobile Source Control Division
California Air Resources Board
1001 I Street
Sacramento, CA 95812

RE: BICEP Network Informal Comments on Proposed Advanced Clean Trucks (ACT) Regulation

Dear Mr. Kitowski, Mr. Duehring, and Mr. Arneja,

I am writing to you on behalf of the Ceres BICEP (Business for Innovative Climate and Energy Policy) Network – a coalition of 55 major employers and manufacturers across the United States. As a representative of this network, many of whom have operations and facilities in California, I would like to: (1) express our strong support for the proposed Advanced Clean Truck (ACT) regulation; (2) urge you to strengthen the rule by speeding up the timelines and scope of ACT targets and articulating your timeline for 100% zero-emissions across truck categories; and (3) encourage you to accelerate the development and implementation of the planned fleet rule.

The ACT rule is an important climate and clean air policy. Transportation is responsible for over 50 percent of California's greenhouse gas (GHG) emissions (including petroleum refineries and oil production emissions).[i] While overall GHG emissions are decreasing in California, transportation emissions are rising.[ii] Heavy-duty trucks, which are mostly diesel-fueled, are responsible for 8.4% of total GHG emissions[iii] and are the largest source of smog-forming oxides of nitrogen (NOx) in California, emitting nearly 40 percent of the state's diesel particulate matter. Diesel particulate matter alone is responsible for about 70 percent of air toxin-related cancer risk. These burdens disproportionately impact the communities that live closest to freight hubs and transportation corridors. By accelerating the electrification of medium- and heavy-duty trucks, the ACT rule will reduce the transportation sector's considerable climate and public health impacts--within California and beyond.

Half of Fortune 500 companies to set targets to reduce emissions and/or invest in clean technologies.[iv] For major companies, transportation is both a significant cost center and a major aspect of their carbon footprint--within their own operations as well as in their up and downstream value chains. Companies can save up to one thousand dollars per year per vehicle in fuel costs by transitioning to EVs while reducing the risks associated with fossil fuel cost and supply volatility.[v] Beyond fuel, EVs have significantly lower maintenance costs compared to internal combustion engine vehicles, reducing repair related down-time and increasing vehicle safety. These savings benefit not just the bottom line, but also benefit commuting employees and visiting customers. Major employers such as IKEA, HP Inc., and Unilever have joined campaigns like EV100 to publicly outline their commitments to install workplace or retail EV charging stations, offer EV incentives to their employees, and/or electrify their fleets.

As a technology-forcing program, the ACT rule will be essential for addressing some of the primary challenges highlighted by major companies with an interest in fleet electrification:

- Limited EV model availability and high up-front costs--especially for medium- and heavy-duty vehicles. This rule would push manufacturers to increase model availability to meet the needs of private and public fleets and encourage economies of scale that will help bring down costs.
- Lack of transparency or control over leased, rented and/or up/downstream transportation. Although companies may see reducing GHGs and costs from transportation as an economic imperative, they often have limited ability to find electric options among leasing options or to encourage their supply chain to take advantage of fleet electrification. This rule will help transform the market, something our companies cannot do on their own.

While the current proposed rule is a step in the right direction, we have a vanishingly small window in which to avoid the worst impacts of climate change. With this rule, CARB will set the bar for bold approaches to accelerate medium- and heavy-duty electrification for the rest of the country. Given the current climate imperative and the growing demand from businesses for more EV model availability, we strongly encourage CARB to set more ambitious targets than currently proposed. Specifically:

- Do not exempt pickup truck sales (Class 2B to 3) from the 2024 timeline. Many companies, especially utilities, use pick-ups in their day to day operations. They are eager to electrify this part of their fleet but are limited by the lack of EV models for this classification.
- Increase the yearly and final percentage sales goals (2024-2030). In the current proposal, the final 2030 goals are not high enough to shift the sector at the pace and scale needed to meet company and state GHG reduction goals.
- Set overarching and weight/vehicle class specific timelines for 100% zero emissions. Clarity around the timing of 100% ZEVs for medium- and heavy duty will allow our companies to better develop long-term GHG reduction and clean technology investment plans.

In addition to strengthening the ACT rule, we also urge CARB to move quickly on developing and implementing regulations for fleet adoption of medium- and heavy-duty ZEVs. We and our company stakeholders look forward to participating in the development of this rule so that it supports acceleration of electrification that is both ambitious and feasible. This rule will be especially valuable for companies working to reduce their scope 3 emissions from transportation and logistics operations. With regard to the fleet reporting aspect of the ACT rule, we encourage you to:

- Make the final aggregate data public, to support broader analysis on making a cost-effective transition to electrification and increase awareness about the current medium- and heavy-duty fleet landscape.
- Include questions on fuel type and extent of investment in on-site fueling infrastructure as this information impacts the overall cost and potential timing of transitioning to electric.

On behalf of the BICEP network, we commend CARB's leadership on developing a groundbreaking proposal to accelerate the electrification of the medium- and heavy-duty vehicle sector and urge you to further strengthen the rule. Increasing the ambition of the ACT targets, creating clarity around 100% ZEV goals for the sector, and moving quickly on the planned fleet rule will send a clear market signal across value chains. Combined with the forthcoming fleet rule, this regulatory package will enable companies to plan for long-term investments in clean vehicles, enabling them to meet both their climate and financial goals.

Thank you for your time and consideration. Please do not hesitate to reach out with any questions.

Sincerely,

Anne L. Kelly
On behalf of Business for Innovative Climate and Energy Policy (BICEP)
Vice President Government Relations

The Ceres BICEP Network comprises influential companies advocating for stronger climate and clean energy policies at the state and federal level in the U.S. For more information on the Ceres BICEP Network, visit www.ceres.org/BICEP.

[i] CARB; 2016 GGH Inventory Trends;
https://ww3.arb.ca.gov/cc/inventory/pubs/reports/2000_2016/ghg_inventory_trends_00-16.pdf
[ii] ibid.
[iii] GreenCar Congress; 14 August, 2019; https://www.greencarcongress.com/2019/08/20190814-calighg.html
[iv] Ceres; "Power Forward 3.0: How the largest U.S. companies are capturing business value while addressing climate change" April 15, 2017; https://www.ceres.org/resources/reports/power-forward-3
[v] UCS; "Going from Pump to Plug" 2017; https://www.ucsusa.org/clean-vehicles/electric-vehicles/ev-fuel-savings