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Re: Northern California Power Agency's Comments on California Air Resources Board's Advanced Clean Fleets Staff Proposal

The Northern California Power Agency ("NCPA") respectfully submits these comments to the California Air Resources Board ("CARB") regarding the Advanced Clean Fleets ("ACF") regulatory proposal, as presented during the staff workshops held on March 2, 2021, and March 4, 2021.

NCPA was established in 1968 by a consortium of locally owned electric utilities to make joint investments in energy resources that would ensure an affordable, reliable, and clean supply of electricity for customers in its member communities. NCPA members include municipalities, a rural electric cooperative, and other publicly owned entities for which the not-for-profit agency provides such services as the generation, purchase, aggregation, scheduling, and management of electrical energy. NCPA Members are: the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, Shasta Lake, and Ukiah, Plumas-Sierra Rural Electric Cooperative, Port of Oakland, San Francisco Bay Area Rapid Transit District, and Truckee Donner Public Utility District – collectively serving nearly 700,000 electric consumers in Central and Northern California.

NCPA supports CARB's goal of diversifying California's transportation fuels and significantly reducing greenhouse gas ("GHG") emissions from the transportation sector in furtherance of the state's climate change goals. NCPA Members are committed to supporting the needs of our communities as California transitions to zero-emission vehicles ("ZEV"). However, this regulatory proposal will have a considerable impact on public fleets, and must not endanger the critical role that utility fleets play in ensuring safe and reliable electricity services.

NCPA is a signatory to the Specialty Vehicle Fleet Coalition comment letter submitted on April 2, 2021.[1] In addition to the positions expressed in that letter, NCPA provides the following comments on the proposed rules for public fleets:

[1] See *Coalition Comments on the March 2nd and 4th, Advanced Clean Fleets Workshops*, at 20-acf-comments-ws-VCdRJwNnAjIDbAhp.pdf (ca.gov)

I. EXEMPTIONS

NCPA supports the inclusion of an exemption process for public fleets in the staff proposal, but recommends the following modifications:

A. Utility Vehicles that Provide Emergency Support Must Be Exempt

In the current proposal, the ACF rule would not apply to emergency vehicles as designated in section 165 of the Vehicle Code. NCPA believes that excluding emergency vehicles is reasonable and necessary, but the definition should be broadened to include utility vehicles that serve an emergency response function.

Resiliency and reliability of the electric grid are of critical important in California, especially in light of the state's electrification goals, and the increasing risk of wildfires. Each and every year we see multiple power outages, due to actual wildfire events or public safety power shut-off events, often for a duration of multiple days. Generating facilities will not be reliable resources unless the vehicles they rely upon are able to respond during emergencies. When disasters occur, utility fleets can be dispatched to repair vital infrastructure at a moment's notice, and having quick, reliable, and replenishable fueling options are a critical necessity. While mobile charging and other technological advancements may be available sometime in the future, utility vehicles providing emergency response functions cannot risk being unavailable during a catastrophic event. For example, utility crews assisting with wildfire response must have certainty that their vehicles will be able to operate reliably and without refueling issues, potentially for extended periods of time and while needing to respond to incidents in multiple locations.

There are NCPA facilities and NCPA Member territories located in areas with extreme temperatures, that often coincide with catastrophic events. For example, the City of Redding has experienced recent wildfire incidents during the summer months, and summer peak temperatures hover around 110 degrees, which would significantly impact the battery range of heavy-duty ZEVs operating during emergencies. Conversely, Redding has also recently experienced severe snowstorms that have caused multiple days of outages, with lows well below freezing, which puts a strain on the battery systems and reduces ZEV range during emergency events.

In addition to local emergencies and power outages, NCPA and NCPA Members may also be called upon to provide mutual aid to other utilities in the state or across the country. In mutual aid scenarios, ZEV charging or fueling infrastructure simply may not be available for alternative-fueled vehicles. Additionally, it may be extremely difficult to transport ZEVs distant locations due to heavier weights or lack of infrastructure. NCPA urges CARB staff to include utility vehicles providing these emergency services as exempt from the proposed requirements.

B. Requirements for low-population counties should be phased-in

NCPA supports the proposed three-year exemption for low-population counties, which would include both NCPA facilities as well as several NCPA Member Agencies. The regulatory proposal should clarify that the entire requirement for public fleets is delayed by a three-year period. For example, based on the current staff proposal, public fleets in low-population counties should be required to only procure 50% ZEV for model years 2027-2029, and only be required to meet the

100% requirement for model-years of 2030 or newer. The additional delay and phase-in of the ZEV requirement is necessary for these counties in light of the complicated and costly introduction of new vehicle technologies and infrastructure in rural and remote terrains.

C. CARB's Exemption Process Should Be Expeditious

NCPA supports the regulatory proposal's inclusion of an exemption process for public fleet vehicles that cannot be replaced with currently available technologies. The proposed rule should clearly state that purchasing a ZEV replacement is not required if the ZEVs currently available for purchase do not meet the fleet's needs.

NCPA recommends that exemptions for public fleet purchases be provided based on the determination of the public agency, in order to provide certainty and ease the administrative burden on all parties. A technical infeasibility exemption process must not infringe on a public fleet managers' assessment of the necessary technical specifications for its fleet(s), and must not require utilities to procure vehicles do not meet the specifics needs of the fleet or are not a 1:1 replacement.

The procurement process for public fleets is often lengthy, and the exemption process must not hinder a public fleet's ability to have a fully resourced fleet that can respond to a variety of operational scenarios. NCPA recommends that CARB's exemption process review be completed within two weeks of an exemption claim. Furthermore, exemption submittals should be allowed up to twelve months prior to the purchase, to account for the lengthy purchasing process for public fleets.

D. Costs Should Be Considered

Publicly-owned electric utility (POU) rates are set by the local governing board, and POUs may have limited abilities to raise rates and adjust their budgets through local government approval processes, especially for the first years of the proposed ACF requirements. As public entities, there is often a thorough public process to approve changes to rates and/or fees. There will likely be a significant premium for purchasing ZEVs, as well as a need to significantly modify facility infrastructure and fleet yards to ensure the necessary fueling infrastructure in in place; these costs will ultimately be passed along to customers. The duty-cycles for some public fleet vehicles will be less conducive and cost-effective for ZEV replacement, and there is not yet enough information to understand the total cost of ownership for ZEV specialty vehicles.

The exemption process should take into consideration capital and/or fiscal challenges, and the life cycle cost-effectiveness of ZEVs, as possible criteria for public fleet exemptions.

II. TIMELINE AND PROCUREMENT REQUIREMENTS

The proposed start date and ramp-up to 100% ZEVs for public fleets is aggressive and unlikely to be possible for some fleets. Public fleets are already starting to plan and budget for purchases that may include 2024 model year vehicles. It is extremely difficult to plan and budget for purchases of vehicles without knowing what technology mix will be available or used.

A. Purchase Requirements for Public Fleets

The requirements for public fleets should be delayed, and restructured as a more gradual ramp. Additional time is needed for researching the technologies available, infrastructure planning, staff training, and budgeting – and the planning process can only truly begin once ZEV types are available that can meet operational needs. Installing infrastructure early enough to meet the proposed

implementation timelines will be a considerable uplift, particularly when considering public entities with various service locations and multiple facilities. The amount of time it takes for public entities for planning, council approvals, public bid processes, and equipment delivery to install and energize charging infrastructure is extensive.

Incorporating new and untested technologies into public fleets will take several years, and the vehicles may not operate as expected. Fleet managers will need additional time to incorporate lessons learned from emerging technologies in order to ensure that the fleet as a whole can still fulfil its needs. The proposed timeline will intensify the planning challenges and increase the costs associated with transitioning public fleets to ZEVs.

B. Purchase Order Date Should be Considered

NCPA supports basing the purchase requirement on the fleet's normal replacement schedule, and not forcing unnecessary and costly replacements. However, vehicle replacements normally take 1-2 years to be fulfilled, and sometimes longer for new ZEV technologies. Fleet managers often do not know which model year is being purchased when submitting a purchase order. The proposed purchase requirement should instead be on either the model year or the year of the purchase order, whichever is earlier.

C. Clarification on Requirement Calculation

The proposed regulations should allow public fleets to determine how the 50% purchase requirement is implemented. For example, public fleets may have more than one "fleet" for different types of services, and there may be significant planning challenges as each fleet may be separately managed according to its individual operational needs, management structure, physical location, budgeting process and/or duty-cycles.

III. CONCLUSION

NCPA appreciates your consideration of these comments, and we look forward to working together with staff on this regulatory proceeding. Please contact me at (916)781-4293 or emily.lemei@ncpa.com if you have any questions.

Respectfully submitted,

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