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VIA E-MAIL

October 21, 2019

The Honorable Mary Nichols
Chairman, California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Proposed FY 2019-20 Funding Plan

Dear Ms. Nichols:

On behalf of Agility Fuel Solutions ("Agility"), I am writing in regard to the draft Low Carbon Transportation Investments and Air Quality Improvement Program Funding Plan ("Funding Plan") the California Air Resources Board ("CARB") released to the public on September 20, 2019. Specifically, I am writing to share concerns Agility has with the Funding Plan's approach to the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project ("HVIP") as respects low NOx vehicles. As described in further detail below, Agility respectfully requests certain, narrowly tailored modifications to the Funding Plan that will facilitate continued innovation and healthy competition within the clean energy marketplace in California.

Agility stands alongside CARB's ambitious air quality and climate change goals, and its efforts to promote emerging technologies, advance commercial viability through pilot deployment programs and catalyze further technological development by the private sector. Further, Agility recognizes the effort CARB staff has put into developing the Funding Plan and applauds CARB's efforts to consider stakeholder input to reach a compromise solution that ultimately will help achieve clean air in California.

Agility is the leading global provider of highly engineered and cost-effective clean fuel solutions for medium- and heavy-duty commercial vehicles. Agility is "clean energy neutral" and believes there is no one-size-fits-all clean energy solution. Accordingly, Agility's products include natural gas, hydrogen, and battery electric energy storage and delivery systems, Type 4 composite natural gas cylinders, propane and natural gas engine fuel systems, and propane dispensers. Given its broad clean fuel portfolio, Agility occupies a unique position within the clean energy industry. As such, Agility's perspective is useful to provide context regarding the Funding Plan's proposal to eliminate HVIP funding for heavy duty low NOx vehicles.

1. Electric vehicle programs are expanding but limited through FY 2020

Agility understands and fully supports the HVIP purpose: to incentivize manufacturers to produce zero-emission vehicles and send the signal that zero-emission vehicle advancement is a key priority. While Agility agrees that technologies that have been sufficiently commercialized should “graduate” from HVIP, it is important to note that HVIP’s core purpose is to support the *long-term transition* to zero-emission vehicles. While electric vehicle (“EV”) programs are progressing at an exceedingly fast pace, these programs will remain limited through FY 2020.

Agility has developed its own EV program and is hugely optimistic about future developments; however, at this time, the EV program is still in early stages and is not nearly as established as its natural gas counterpart. By the end of 2020, Agility estimates it will have fielded approximately 41 class 7 and 8 commercial vehicles, 28 of which are battery packs and 13 of which will be complete vehicles including battery packs. While impressive, these numbers do not reflect an EV program with sufficient magnitude to achieve immediate emission reductions. Although Agility is enthusiastic about its EV program’s continued success, we are concerned that by excluding heavy duty low NOx vehicles from HVIP, CARB will hinder near-term air quality improvements.

Agility is keenly aware of the state of the marketplace: natural gas fuel systems for heavy-duty commercial vehicles are available, cost-effective, safe and reliable. Indeed, Agility has over two decades of experience with natural gas fuel systems and storage. Yet, heavy-duty natural gas commercial vehicles comprise only a small percentage of trucks on the road. Without a doubt, if HVIP eliminates funding for heavy duty low NOx vehicles, that number within California will only decrease. Based on Agility’s experience, it is clear that without HVIP funding for technology that is accessible, safe and reliable, fleets and their customers will simply revert to the status quo: diesel. Agility therefore encourage CARB to continue the clean energy momentum and adopt an approach to HVIP that balances emerging clean air technologies.

2. Agility requests certain narrow changes to proposed HVIP funding

Agility has adopted a multidisciplinary approach to clean energy. While Agility’s focus has historically been natural gas, Agility quickly adapted to the ever-changing clean-energy marketplace, introducing propane, hydrogen, and electric fuel solutions at a record-breaking pace. Today, Agility maintains its place as an industry leader because it recognizes the benefit of healthy competition within each clean energy domain.

Agility supports the Funding Plan, including the extension of HVIP funding to applicants (with both 8.9L and 11.9L engines) currently on the waitlist through October 24, 2019. This is an important component of the Funding Plan that is critical to Agility and its customers. However, Agility requests certain compromises to allow a smooth and effective transition to zero-emission vehicles. Specifically, Agility suggests: (a) extending HVIP funding to 11.9L engines, provided applicants agree to an in-state renewable fuel sourcing requirement; and (b) adjusting the Carl Moyer Memorial Air Quality Standards Program (“Carl Moyer”) to better support

vehicles that “graduate” from the HVIP program. Agility believes the combination of these changes reflects a fair and effective Funding Plan the clean air community can stand behind.

A. Include low NOx vehicles with 11.9L engines using in-state sourced renewable fuel within HVIP

Agility understands that as costs decline and technologies become sufficiently commercialized, incentives may phase out. This is simply not the case with low NOx vehicles with 11.9L engines. Agility estimates that, for Agility customers alone, the decision to exclude 11.9L engines from HVIP would impact approximately 400 trucks in FY 2020; these customers are likely (and have indicated to Agility) that they would purchase diesel engines if HVIP funding is not available. Further, heavy-duty low NOx vehicles using renewable fuels provide a clear pathway to solving the problems of greenhouse gas emissions and high NOx levels. Accordingly, Agility requests that CARB extend HVIP funding to 11.9L engines, provided that applicants agree to contract with in-state renewable fuel sources. While Agility is concerned about potential supply limitations, an appropriate compromise would be to require applicants to guarantee to have an in-state renewable fuel source be operational within three years. The benefits of this proposal are two-fold: it promotes the development of the California renewable fuel market, while also encouraging industry stakeholders to expand their natural gas capabilities.

B. Adjust Carl Moyer process and requirements

Agility recognizes that as technologies mature, it may become necessary to “graduate” them from HVIP into other programs. If CARB elects to do so with 8.9L engines, these vehicles should have other workable options. As it stands, once heavy-duty low NOx vehicles “graduate” from HVIP, access to Carl Moyer is uncertain because of several obstacles. Thus, Agility requests the following changes to Carl Moyer: (i) add an option to purchase trucks with low NOx engines without requiring scrappage; and (ii) expand eligibility to include model year 2010 and newer engines as eligible scrap vehicles. With these changes, Agility believes the Funding Plan and HVIP provide workable compromises to clean fuel fleets statewide.

Agility appreciates your consideration of the foregoing comments and suggestions. We are happy to discuss any issue further or answer any questions. We look forward to working collaboratively with CARB to achieve an HVIP program that meets California’s dynamic needs.

Best regards,

A handwritten signature in blue ink, reading "Ashley Remillard".

Ashley Remillard
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