October 17, 2022

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Submitted Electronically to zevfleet@arb.ca.gov and informal comment docket

Dear Sirs:

NAFA Fleet Management Association is pleased to submit comments on the draft regulatory language for the Advanced Clean Fleets (ACF) Regulation released by the California Air Resources Board (CARB).

NAFA has more than 3,000 individual fleet manager members from corporations, universities, government agencies (federal, state, and local), utilities, and other entities that use vehicles in their operations. NAFA Members control more than 4.6 million vehicles and manage assets in excess of $92 billion (USD). Collectively, these vehicles travel more than 84-billion miles each year.

NAFA is also supported by more than 1,000 Associate Members who represent companies that support fleet managers in their profession. Associate Members include vehicle manufacturers, leasing companies, aftermarket equipment suppliers, telematics firms, service providers, and others.

A significant number of NAFA members are responsible for managing fleets located or operating in California and are also members of NAFA’s California Chapters – the Pacific Southwest Chapter and the Norcal-Northern Nevada Chapter.

On October 29th, 2021, NAFA submitted comments on the draft regulatory language for the ACF regulation that included multiple recommendations in various areas that were designed to create pathways to fleet compliance. These recommendations were realistic, reasonable, and within the spirit of California’s goals for decarbonization milestones.

NAFA supports the Governor’s vision to accelerate the transition to electric vehicles as part of the State’s strategy for sustainability and reduction of vehicle emissions. There are real-world factors, however, that have yet to be addressed for transitioning private and public fleets toward full electrification. These factors continue to be the cost of acquiring EVs, availability and expenses related to recharging infrastructure, and validated mission-suitable vehicle availability. Additionally public fleet compliance in the regulation as drafted will likely result in the unintended adverse impacts to public safety infrastructure.

Fleet electrification strategies must thoroughly assess the cost, operational suitability, and availability of electric vehicles (EVs). Fleet electrification strategies must consider proven technology that is both comparable in range and duty cycle, as well job performance  before mandating them. In its current form, the ACF proposal continues to omit essential pathways for fleet compliance and should  be revised to address areas of concern prior to becoming enforceable.

Below we will discuss five key areas of concern, their existing barriers to compliance, their current adverse effects to public and high priority fleets, and NAFA’s recommended solutions to alleviate these concerns to create the essential compliance pathways.

**Infrastructure Availability –**

Concern/Problem -  The availability of sufficient infrastructure to support fleet electrification efforts continues to be a significant barrier and is a main area of concern. Fleet managers have relayed feedback to NAFA staff that their local utility providers either, do not have sufficient grid capacity to power their main depot locations without the installation of new power substations, their locations are not feasible to construct new infrastructure due to construction restrictions with the land itself, or that locations will conflict with other ongoing infrastructure electrification upgrade projects and their main electric power lines are already at or beyond capacity. Currently, CARB staff have not shared ACT One Time Reporting information except as an aggregated publicly available dataset with emphasis on air district areas versus local utility jurisdictions. Without this information utility providers are waiting for fleets to approach them and request individual task projects without any sort of coordinated and informed long term targeted infrastructure development.

Adverse Effect – The lack of sufficient infrastructure will directly impact a fleets’ ability to meet this proposed regulations’ compliance timelines. Utilities are unable to accommodate fleet requests for installation of depot charging at scale. Utilities are requiring fleets to make long term planning solutions that adversely affect a fleets’ ability to meet proposed regulatory compliance timelines.

Proposed Solution - Fleet managers in both Public and High Priority fleets have communicated to NAFA staff that the lack of data being shared with local utilities is a missed opportunity to ensure that future infrastructure is available and sufficient to support critical areas of their fleet operations. NAFA suggests that CARB use data collected from the ACT One Time Reporting requirement to educate local and regional utility providers which will allow for faster planning and development of core support infrastructure substations and power channels. NAFA believes that CARB staff should be tasked at facilitating the transmission of this information to  regional utilities on behalf of the reporting fleets.

**Vehicle Availability  and Costs impacts** –

Concern/Problem -  Fleet managers continue to battle historically low vehicle availability, extraordinarily long extended lead times, and unprecedented inflation that have grossly impacted the costs associated with the purchase of new vehicles and electric vehicle charging hardware. These impacts have yet to be included in the proposed regulations fiscal impact analysis reports. The Consumer Price Index has increased 13% Year-over-Year (YoY), and at a rate of 9.4% YoY for vehicles[[1]](#footnote-1). CARB staff’s report on total cost of ownership has provided a very limited table of 11 vehicle examples of an extremely limited function type which is not indicative of the makeup of class 2b-8 work trucks class operating in California. Additionally, these base vehicle cost estimates are based on 2021 information sourced from; “Base gasoline and diesel new vehicle prices are based on averages of prices taken from manufacturers’ websites and online truck marketplaces such as TruckPaper and Commercial Truck Trader”2. In order to calculate the forecasted costs of ZEV vehicles, CARB staff, using these outdated base costs, have identified that “The cost of battery storage is the largest contributing factor associated with the price of BEVs” but are “assuming Class 2b-3 vehicles will follow light-duty battery prices with a 2-year delay”2 and “is using Bloomberg price projections as the basis for these battery price projections.”2 NAFA representative fleet managers would like to emphasize that CARB staff have not provided a reference to this Bloomberg price projection as cited and cannot be reviewed or validated for accuracy; and that CARB staff have not included in their analysis the methodology or reference used to calculate the forecasted future costs of Class 4-8 trucks. This cost analysis approach is flawed in its entirety and is not accurately estimating the costs of ZEV vehicles. Fleet managers have agreed that because of this methodology, and the lack of references to portray accurate vehicle price assumptions which have not been sufficiently updated, CARB staff are misleading board members and the public with the existing SRIA document.

 Adverse Effect – The CARB Board and the Public are being misled to believe that upfront costs to businesses and government agencies are substantially less than reality. This combined with the unprecedented cost increases al fleets are now facing, the cost of compliance with this rule creates an unreasonable mandate for business, municipalities, and public agencies, alike to comply.

Proposed Solution - CARB needs to provide the Board, and the public with an appropriately revised and updated SRIA document for additional Department of Finance Review that communicates the true current upfront cost impacts to fleets and the annual upfront costs over course of the 25-year regulatory plan so that businesses and government entities can properly communicate to their stakeholders and residents the true economic impacts that this regulation will require.

**Commercial Availability** –

Concern/Problem – CARB staff have proposed a commercially available determination method in this regulation that is evaluating a vehicle based on the limited factors of GVWR, range, and body type. These factors do not ensure that vehicles identified as commercially available can perform the same tasks as their I.C.E. counterparts, do not include an evaluation of incremental cost over I.C.E. counterparts, and do not include factors that ensure vehicle types are not limited to single manufacturer or suppliers.

Adverse Effect – These factors, if not included in the determination of commercially available will result in fleet managers being required to purchase two vehicles to do the job of one I.C.E counterpart or will result in elevated price premiums unfairly burdening agencies seeking compliance with this regulation and will result in limited competition where public agencies are unable to determine competitive prices were achieved.

Proposed Solution – The definitions for commercial vehicle availability need to be redefined, and factors for evaluation need to include; reference to a maximum % of incremental cost over an ICE counterparts, minimum duty cycle requirements based on a vehicles designed functionality over its ICE counterpart, have been evaluated and tested by at least one California based fleet to meet these functionality standards, and can be freely and openly competed by more than one single manufacturer or supplier.  These functionality requirements should be developed in collaboration with California fleet managers since CARB staff are not experts in the field of fleet management and will only hinder fleet adoption of inappropriately identified commercially available ZEV’s.

**Timeline to compliance Revision** –

Concern/Problem -  Public and High Priority fleets have been meeting with CARB staff for nearly two years during the development of this proposed regulation. In this two-year period, the timeline of compliance and enforcement of this regulation has remained the same. This has effectively reduced the amount of time fleets will have to comply with this regulation, if it is adopted, and will create a difficult and possibly insurmountable burden for compliance.

Adverse Effect – Fleet managers budget for replacement vehicles at a fixed point typically, and at minimum, 1 year in advance of requests for capital funding. These budgets and plans for capital infrastructure costs require additional time to implement and approve to meet stakeholder and taxpayer obligations.

Proposed Solution - NAFA staff, in discussion with a variety of California Fleet Managers, have identified that a 3-year period from final approval by the office of legal review should allow for a sufficient planning window that funding for both public and high priority fleets can be allocated effectively and allow for collaboration with local utilities in siting, identifying, funding, and permitting major infrastructure projects needed to support compliance with this regulation.

**Exemption Revisions** –

Grid Availability Exemption – Fleet compliance in this regulation is directly correlated with a fleets ability to plan for, procure, and install sufficient infrastructure to support ZEV deployments. The ability for fleets to plan for and procure sufficient infrastructure is first and foremost dependent on the availability of electrical power as provided by regional utilities. In situations where Fleets are unable to receive the necessary infrastructure from their utility in time for the proposed compliance dates, NAFA proposes the inclusion of a new Grid Availability Exemption that will provide an extension to compliance based on timelines provided by the regional utility identified as being unable to provide the necessary infrastructure for the fleet seeking compliance.

Emergency Support Vehicles – Public fleet managers operate a small variety of emergency support vehicles that are directly supporting public safety and vital health infrastructure in daily/weekly/monthly emergency responses. These emergency responses are not dissimilar in scope to a declared emergency, however declared emergencies are formal extended duration events requiring a multitude of support vehicles over a greater collective effort. These daily/weekly/monthly emergency response calls are rarely identified by regional or state agencies as a “declared emergency” by the context included in the proposed regulation. Whether a public works department is responding to damaged roadways, sewer spills, or threats to potable water supplies, these emergency support vehicles are as vital in supporting health and public safety as the fire truck or police car that were first on scene. To support these critical public services and minimize any threat to public health and safety, NAFA proposes a revision to the regulation allowing for a limited quantity of emergency support vehicles to be identified by the agency as necessary for responding to a public emergency, as defined by the agency and exempt from the ZEV purchase requirement. The agency would provide the list of exempt vehicles to CARB for limited review. Some examples for emergency support vehicle responses in this context include but are not limited to Sanitary Sewer Overflow(SSO) events defined by the Water Resources Control Board, or threats to public health systems that create dangerous conditions of public property as defined in California government code 835.

**Comments from the Department of Finance**

In addition to NAFA’s comments above, it is important to comment on the Department of Finance’s (DOF)response to CARB standardized regulatory impact assessment (SRIA).

**DOF Comment:** The Standard Regulatory Impact Assessment (SRIA) must include comprehensive estimates of disparate impacts, including on identifiable government entities if some state and local government entities own a larger share of the government fleets and are therefore expected to bear a disproportionate share of the government ownership costs. The SRIA currently reports statewide costs for state and local government but does not discuss fleet costs for disproportionately impacted agencies.

NAFA’s Response: We agree that the SRIA does not discuss fleet costs for disproportionally impacts fleets. CARB’s r to DOF reflects CARB’s staff lack of understanding of California fleets. For example, CARB says in its response to DOF , “Our cost analysis shows that the higher upfront costs are offset by lower expected fuel and maintenance savings that result in lower total cost of ownership.” The SRIA needs to separate upfront costs from total cost of ownership. We also challenge CARB to provide an explanation and appropriate analysis to support this statement, “We expect the change in costs for state and local government fleets would be proportional to the number of vehicles in each fleet. However, larger fleets may have additional cost savings opportunities per vehicle due to their size.”

**DOF Comment:** The SRIA should include a sensitivity analysis to show how impacts may vary if the ACT and the proposed ACF regulations take longer to harmonize or justify the current assumption that the fleets will be able to purchase the required zero-emission vehicles as produced under the ACT.

NAFA’s Response: We agree that the SRIA should include a sensitivity analysis. In its response to the DOF, CARB states that there are “Today, there are already more than 130 different medium- to heavy-duty ZEV models available in all weight class categories.” This statement lacks an analysis of whether those 130 models will be available to California fleets in time for compliance, in duty cycles needed to complete the fleet’s mission and at what cost. CARB also misleads DOF with the statement that “the proposed regulation has been updated since the SRIA to include a number of exemptions or extensions to minimize concerns where certain vehicle configurations may not be available as a ZEV, or if there are extended delays in receiving a ZEV.” CARB misleads DOF by not referencing fleet concerns with these exemptions and exceptions.

Thank you for providing NAFA with the opportunity to comment on the proposed regulatory language. We appreciate your consideration of the impact of the proposed requirements of the Advanced Clean Fleets Regulation on fleet operations in California.

Sincerely,

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Bill Schankel

Chief Executive Officer

NAFA Fleet Management Association

Cc: Bradley Northrup, CAFM. Chair, Pacific Southwest Chapter, NAFA

Jimm Vosburgh, CAFM, Chair, NorCal-Northern Nevada Chapter, NAF

1. <https://www.bls.gov/news.release/cpi.nr0.htm>

   2 https://ww2.arb.ca.gov/sites/default/files/2021-08/210909costdoc\_ADA.pdf [↑](#footnote-ref-1)