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April 8, 2021

California Air Resources Board
1001 I Street
Sacramento, CA 95812

**Ref: Western States Trucking Association Comments on Advanced Clean Fleets
Regulatory Proposal (March 2-4, 2021 Workshop Documents)**

Via electronic mail zevfleet@arb.ca.gov

Dear Air Resources Board:

The Western States Trucking Association (WSTA) and CleanFleets.net provide these comments. Our prior comments of December 8, 2019 are incorporated by reference. WSTA is a non-profit organization whose members would be impacted by the ACF proposal. CleanFleets.net has been our endorsed CARB Consultant to the membership for over a decade and has been extensively involved in the CARB zero emission vehicle (ZEV) planning process for trucking since it began in 2016. The ACF proposal presented at the March 2021 workshops would damage the trucking industry in general, and WSTA members specifically, by imposing a new unfunded mandate for which there is inadequate financial resources, infrastructure and electric grid reliability identified by CARB. The comments below are divided into subject areas.

Regulated Entities & Subhaulers

We learned from the March 2021 workshops that ACF contains a "High Priority Fleet Definition" that includes a ZEV phase-in target for an entity that "owns or controls more than 50 vehicles." The ACF proposal states, "subhaulers are for-hire motor carriers who provide transportation services on the behalf of another for-hire motor carrier or broker." The goods movement and construction trucking industries, among others, use subhaulers. If implemented, the proposed ACF would require the combined fleet of the hiring party and that of the subhauler to comply through the purchase of ZEVs. In the forthcoming draft regulation CARB must identify the legal authority under which it is authorized to compel two separate businesses to be treated as one regulated party for the purpose of the ACF.

Cumulative Impacts & Senate Bill 1 Useful Life Applicability

Private diesel fleet owners like WSTA members have transformed and accelerated the procurement of cleaner vehicles to meet CARB mandates stemming from the Year 2000 Diesel Risk Reduction Plan. Many fleets have exceeded CARB or local air district programs or expectations and billions of dollars have been borrowed or bonded to comply with, or exceed, the rules. The bond or loan payments are ongoing for more than just trucks as off-road, portable and material handling equipment replacements

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have occurred simultaneously. Many fleets will be replacing vehicles to comply with the January 1, 2023 deadline in the Truck & Bus Regulation. Senate Bill 1 (Statutes of 2017) defines the useful life of specific trucks. However, the ACF proposal for High Priority Fleets to meet “ZEV targets as a percent of the total fleet” is in conflict with the useful life defined in state law. The forthcoming regulation language must state explicitly that vehicle owners that own vehicles within the useful life period cannot be compelled to replace those vehicles before the statutory timeline as a requirement to meet the “ZEV targets as a percent of the total fleet” noted in the ACF workshop slides.

Technology Readiness

The proof that a commercial vehicle can reliably serve the fleet owner and its customers must be seen “over the road.” WSTA believes that the onus is on CARB and vehicle manufacturers to demonstrate the suitability of ZEV technology by funding, monitoring and broadly reporting on the results and limitations of ZEV across the spectrum of the so-called “beachhead” applications for vocational trucks. Commercial vehicle operators must be able to rely upon vehicles to be profitably used to serve customers. Current ZEVs are not a “one to one” replacement and vehicles operating at their maximum legal weight face a significant weight penalty despite the 2,000 lbs weight allowance of AB 2061. Our understanding is that battery electric vehicles run in excess of 6,000 lbs heavier than their diesel counterparts. This weight penalty will have drastic economic and environmental consequences for a fleet owner that would be forced to phase-in multiple additional ZEVs to make up for the loss of productivity. The workshop concept of “built in exemptions process if needed,” must provide the fleet owner with certainty that the vehicle purchase requirement exemption process is self-executing, guaranteed and permanent until such as time as CARB and the OEMs demonstrate that a ZEV vocational truck can meet the performance of the internal combustion engine truck on a “one to one” basis.

Credit for Early Adopters

WSTA members that deploy any weight class ZEV or natural gas truck in their fleet should derive a “one to one” credit that expires on the final compliance date of the Final Regulation. This is an approach that the CARB Board approved in the Truck & Bus Regulation (see 13CCR, Section 2025 (j)). CARB is aware that natural gas vehicles have been deployed in the construction, utility, and waste collection industries. The evolution of natural gas trucks has taken over 20 years and it is reasonable to assume that ZEV trucks face similar barriers and will take decades to evolve to meet customer requirements. As part of the environmental analysis CARB must consider technologies that reduce near-term emissions. Natural gas trucks with “Low NOx” engines can deliver NOx and greenhouse gas reductions faster than ZEVs and more cost-effectively as there is already significant infrastructure built. CARB must model the environmental benefits of current natural gas trucks between now and 2030 and compare that to the proposed ACF. The attached 2016 technical report relates to heavy duty truck weights, the impact of reduced payload on heavy duty trucks, and the estimated benefits of compressed natural gas (CNG) and renewable natural gas (RNG) in heavy duty trucking. Today’s technology is producing significant reductions of short-term climate

pollutants and CARB must give credit where credit is due for fleets that are investing in CNG and RNG powered vehicles.

ZEV Infrastructure & Grid Reliability Issues

The Advanced Clean Trucks (ACT) Regulation just last year identified that the funding required for new vehicle charging stations will exceed \$9.6 billion. The CARB analysis of the “payback period” for a ZEV fleet owner was rapid due to the avoided cost of purchasing diesel fuel. However, that analysis does not identify how the upfront cost of infrastructure is funded. CARB indicates that Senate Bill 350 funds may provide in the range of \$600 million, however there is still an unfunded and unidentified mandate for the remaining \$9 billion. During the ACT Regulation process the Truck and Engine Manufacturers Association (EMA) informed CARB that charging infrastructure must be in place BEFORE a ZEV truck is manufactured and delivered or it cannot operate. In addition, physical space is needed for the additional vehicles and infrastructure. CARB identifies a “large cost share” from fleet owners and the Governor’s Office details the massive funding and coordination across state agencies and utilities. WSTA demands that the forthcoming ACF Regulation clearly identify the required “cost share” from the regulated fleets and that which is appropriated under SB 350 or other government programs. Furthermore, it is evident that the state’s electricity grid is failing to deliver electricity reliably with today’s load demand. CARB must clearly identify the new sources of electricity to displace the millions of gallons of diesel, LNG and CNG contemplated by the ACF as well as the infrastructure cost and timeline to deliver the additional electricity BEFORE ZEV deployment as the EMA indicated was a pre-condition for their OEM members to develop and deliver ZEVs to California.

Economic Analysis

In the ACT Regulation process, CARB claimed a favorable Total Cost of Ownership that provides for a rapid payback for private infrastructure investments. There is no cashflow model for this or the staggering upfront cost of ZEVs in the face of dwindling customer incentives to purchase ZEVs. Note that the Hybrid Voucher Incentive Program is without sustained funding and there is no support for CARB’s statement that ZEV costs to consumers will be reduced in future years. With no certainty that the upfront incremental cost of ZEVs above a conventional diesel or natural gas truck is available there is little doubt that small businesses will be among the hardest hit with an ACF purchase requirement. WSTA demands that the cost impact to business analysis provide a clear explanation and funding source for the staggering upfront costs of infrastructure and ZEV truck purchases over the life of the ACF purchase requirements. In simple terms, if ZEVs have a favorable Total Cost of Ownership and are “commercially available” then there is no CARB mandate needed as fleet owners on the natural will deploy them without a mandate. The proposed ACF will have no chance of success when inaccurate and incomplete economic and environmental analyses are presented.

Conclusion

The Administrative Procedures Act demands a thorough analysis of the costs to regulated entities and the environmental benefits of the regulatory proposal and any alternatives. WSTA demands this as well. For your consideration of alternatives, we are

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attaching a 2016 technical report relating to heavy duty truck weights, the impact of reduced payload on heavy duty trucks, and the possible benefits of renewable natural gas (RNG) in heavy duty trucking.

The onus is on CARB, the governor, the legislature and electric utility providers to identify the timeline and sources of public funding to accomplish ZEV truck deployment over the proposed ACF phase in period. There is currently no business case, savings or cashflow model presented by any of these entities that maximizes ZEV deployment while ensuring that WSTA members that support goods movement, construction & demolition or waste removal can remain in business if the ACF is adopted by the Board as proposed. On the heels of the controversial, costly and litigated Truck & Bus Regulation should CARB staff and the Board choose to ignore our constructive suggestions it will only serve to leave a bad taste in the mouth of the very entities that CARB needs to "buy in" to what will be the most costly and difficult fleet mandate ever.

We may be reached via electronic mail at LeeBrown@westrk.org and Sean@CleanFleets.net.

Sincerely,



Lee Brown
Executive Director
Western States Trucking Association



Sean Edgar
Director
CleanFleets.net LLC
Endorsed Consultant, Western States Trucking Association

Attachment: Technical Report on the Environmental Benefits of Increased Truck Weights for Natural Gas Trucks Used in the California Solid Waste Industry, May 2016

cc: WSTA Executive Committee
Construction Industry Air Quality Coalition
Ellison Wilson Advocacy, LLC

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