

TOYOTA
TOYOTA MOTOR NORTH AMERICA, INC.
Product Regulatory Affairs
1630 W. 186th Street, Gardena, CA 90248

May 28, 2020

Chairwoman Mary Nichols and Members of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Re: 30-Day Comment for Proposed Modification to Advance Clean Truck Regulation

Dear Chair Nichols and Members of the Board:

Toyota Motor North America appreciates the opportunity to provide comments with respect to California's Advance Clean Truck (ACT) Regulation. Toyota comments are specific to staff's proposed modification of Advance Clean Truck regulation.

Section 1963 (e) Low Volume Exemption

CARB staff modified language of low volume exemption from:

- (e) *Low Volume Exemption.* Manufacturers that never exceed 500 annual average sales of Class 2b and greater vehicles in California for the three prior model years are exempt from the requirements of sections 1963 through 1963.5.
- to
- (e) *Low Volume Exemption.* Each model year, starting in 2024, manufacturers that never do not exceed 500 annual average annual sales of on-road vehicles produced and delivered for sale in Class 2b and greater vehicles in California for the three prior model years are exempt from the requirements of sections 1963

By striking out "Class 2b and greater vehicles", it can be interpreted that many light duty vehicle OEMS will be regulated under Advance Clean Truck regulation even if they would be qualified as low volume manufacturer under the original description. CARB does not offer explanation as to why "Class 2b and greater vehicles" description was struck from the modified proposal. Toyota request reinstatement of "Class 2b and greater vehicles" into description of low volume exemption.

Renumbered Section 1963.1 (b) Table A-2 Weight Class Modifier

CARB staff states increase of class 2b-3 weight class modifier from 0.6 to 0.8. Reasoning provided by staff are:

- Relative high proportion of vehicles purchased for personal use and smaller fleets purchasing pick-up and vans.
- Smaller fleets will have additional challenges adopting electric vehicles.

In Attachment C (Updated Cost Benefit Analysis, page 10), staff acknowledges personal use application will mean the need for longer-range class 2b-3 vehicles. Furthermore, by 2035, ACT requires 55% of class 2b-3 sales to be ZEV which would require significant personal use buyers to acquire class 2b-3 vehicles.

Current credit structure proposal (at 0.8) does not provide incentives for OEMs to develop and produce vehicles to address the need of personal use buyers. OEMs can earn the same amount of credits by offering 150-mile ZEV vs. offering 300-mile ZEV.

Toyota recommends adding “bonus” credit structure within weight-class modifier in which OEMs are provided incentives to develop and provide longer range vehicles. From light-duty ZEV market assessments, we are aware that one of the important factors for consumers is longer range availability.

Section 1963.2 (a) ZEV Credit Calculation

Staff has proposed adding language that ZEV credits are earned when new on-road vehicle is sold to ultimate purchaser in California (or place-in-service). Ultimate purchaser (place-in-service) requirement will create unintended burden for CARB and its credit reporting mechanism given the proposed five-year expiration of credits. For example, in an ideal setting, 2024MY ZEVs are all sold by December 31, 2024 and OEMs can bank these credits as 2024MY credits by March 2025.

However, if OEMs are unable to place-in-service their ZEVs by Dec 31, 2024, the credit reporting mechanism must allow the flexibility for OEMs to report 2024MY ZEVs to be reported in March 2026 or March 2027.

In addition, there needs to be modification five-year expiration of credits rule that allows OEMs to be given full five years from the date the ZEV was placed-in-service vs. current model year designation.

In closing, Toyota requests these changes be considered as part of final rulemaking of Advance Clean Truck regulation. Toyota is willing and interested in having further dialogue with staff on our comments. For further questions, please contact Glenn Choe, Principal Engineer, at glenn.choe@toyota.com or 502-542-9078. Thank you.

Sincerely,



Fred Turatti
General Manager Environmental Regulation
Product Regulatory Affairs