



SUBMITTED VIA ELECTRONIC FILING

October 18, 2024

Liane Randolph
Chair, California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Comments on Proposed 15-Day Modifications to Proposed Amendments to the Advanced Clean Trucks Regulation and the Zero-Emission Powertrain Certification Test Procedure – Released October 7, 2024

Dear Chair Randolph,

The California Renewable Transportation Alliance (CRTA) appreciates this opportunity to provide comments on the “Proposed 15-Day Modifications to the Proposed Amendments to the Advanced Clean Trucks Regulation and the Zero-Emission Powertrain Certification Test Procedure” (15-Day Modifications) released on October 7, 2024.

CRTA is a diverse coalition of renewable fuel producers, fleet operators, engine manufacturers, consumers, and utilities who, in long partnership with California, have invested millions of dollars in providing cost-effective, low-carbon fuel options to decarbonized California’s transportation sector and are committed to helping California meet its ambitious climate change goals.

The Advanced Clean Trucks (ACT) regulation aims to achieve two main objectives: 1) reduce criteria pollutants to improve local air quality and public health – especially in overburdened communities – and 2) reduce greenhouse gas (GHG) emissions to combat climate change. As we have stated before, to achieve these goals, it is essential to immediately deploy the cleanest commercially-available and viable vehicle technologies suited to specific duty cycles.

While we support ambitious goals to decarbonize California’s transportation sector, we believe the newly proposed 15-Day Modifications intended to address vehicle availability issues are fundamentally flawed and counterproductive and we urge the Board to reject them. Alternatively, we encourage the Board to adopt the originally proposed ACT amendments, as presented to you at your May 23, 2024 meeting, and to implement our more effective and equitable solution to address vehicle availability presented below.

Problems with October 7, 2024 Proposed 15-Day Modifications to ACT

1. **Increases Costs and Market Instability:** The 15-Day Modifications propose changes in Section 1963.2(e) that would allow “secondary vehicle manufacturers” to trade, sell, or transfer ZEV and Near-Zero-Emission Vehicle (NZEV) credits into the market in addition to OEMs. We have serious concerns that this proposed solution will not only worsen market instability but also substantially drive up the cost of credits.

While the amendments to allow secondary vehicle manufacturers to trade, sell, or transfer ZEV and NZEV credits might offer some targeted relief for vocational applications that utilize secondary body builders, they do not provide a comprehensive solution for the broader market. Balancing access to credits with avoiding negative consequences and supporting ZEV adoption is crucial to achieving intended environmental benefits without compromising market stability and economic viability.

The number of credits is limited due to the decline in ZEV truck sales and the non-fungibility of credits. For example, while tractor credits can be used to offset any deficit under ACT, truck credits can only be used to offset trucks; they cannot be used to offset tractors.

Allowing body companies to purchase credits could lead to them acquiring all the tractor credits, further restricting access to these credits for others. Further, there is nothing to prevent these same companies from using tractor credits to offset trucks. This could further deplete the available credits for combustion tractors. Such a misallocation of credits could exacerbate the current situation more quickly.

Expanding the pool of companies eligible to purchase these limited credits is a minefield that could compromise the entire ACT framework. Economic principles consistently prove that increasing demand for a shrinking supply of goods leads to price gouging and product hoarding, ultimately driving up costs. The same principle applies here and could result in devastating consequences for this emerging market.

Additionally, the lack of a thorough economic assessment means that the broader economic implications of the regulation have not been fully considered. Failure in this aspect threatens California's leadership on this critical issue and could lead other, smaller states into untenable implementation situations, potentially disrupting their goods movement and overall economy.

2. **Ineffective at Expanding Vehicle Availability:** The 15-Day Modifications do not address the core issues within the current ACT framework that is resulting in vehicle shortages. They make several assumptions about credit availability and electric vehicle (EV) truck purchases that are inconsistent with CARB's own data. Further, the amendments leave achievable, near-term emission reductions on the table by overlooking other viable solutions. Allowing vehicles equipped with engines that meet the Low NOx Omnibus standard to temporarily be exempt from generating ACT deficits could provide immediate benefits, including significant near-term emission reductions to improve air quality and alleviation of challenges currently experienced by stakeholders. For these reasons, we offer the following alternative proposal:

Proposed Alternative: Exclude on-road vehicles equipped with engines certified to the 50mg Omnibus NOx standard, without the use of credits, from a manufacturer's annual sales volume for the model years 2024 – 2026. This approach provides a more balanced and realistic pathway to achieving emission reductions while supporting the transition to zero-emission vehicles (ZEV).

Excluding vehicles with Omnibus compliant engines from deficit calculations can lead to immediate reductions in NOx emissions, which are crucial for improving air quality and public health. Additionally, implementing this solution acknowledges the current market realities and balances them with the challenges of rapidly scaling up ZEV deployment and the need to provide fleets with flexibility absent noticeable emission increases.

Currently, fleets unable to purchase combustion trucks are either continuing to operate older diesel trucks or purchasing higher-polluting diesel trucks from the secondary market.

Neither of these options improves near-term air quality for disadvantaged communities. We know that these communities often bear the brunt of pollution and suffer from higher rates of respiratory and cardiovascular issues. Without targeted measures that deliver quick and tangible improvements, these communities will continue to experience poor air quality and its associated health impacts.

It is essential to implement strategies that deliver immediate improvements and ensure cleaner air for those most impacted. This solution ensures that emission reductions are achieved without compromising economic stability or market functionality, supporting a more balanced and realistic transition to zero-emission vehicles.

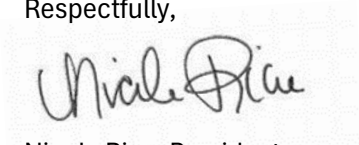
Conclusion

In summary, we strongly urge you and the CARB Board to do the following:

1. **Revert** to the original proposed ACT amendments dated March 26, 2024 that were presented to the Board at the May 23, 2024 meeting and adopt those changes. They are minor and have minimal cost and emissions impacts.
2. **Reject** the newly proposed amendments to expand the ACT credit market to “secondary vehicle manufacturers,” as presented in the October 7, 2024 15-Day Modifications to ACT.
3. Alternatively, **implement** the two-year suspension of the deficit generation under ACT for combustion trucks with engines that meet the 50mg Omnibus NOx standard, without the use of credits, as presented above. This option provides a more comprehensive solution for the broader market, in contrast to the amendments in the 15-Day Modifications intended to address vehicle availability issues. Adopting this alternative approach will allow California to continue to lead the nation in reducing transportation emissions and achieving its climate goals.

We look forward to your response and are available to discuss our concerns in more detail. Feel free to contact me at nicolerice@ca-rta.org to schedule a time.

Respectfully,



Nicole Rice, President
California Renewable Transportation Alliance

cc: CARB Board Members
Dr. Steve Cliff, Executive Officer, CARB
Hazel Miranda, Chief of Staff and Policy Advisor to Chair Randolph, CARB
Lauren Sanchez, Senior Advisor for Climate, Office of the Governor
Jamie Callahan, Deputy Chief of Staff and Senior Counselor on Infrastructure, Office of the Governor
Mr. Grant Mack, Deputy Legislative Secretary, Office of the Governor