

May 28, 2020

Chair Mary Nichols and Honorable Board Members

California Air Resources Board (CARB)

1001 I Street

Sacramento, CA 95814

RE: Advanced Clean Truck Rule (ACT)

**SUBJECT:**  **PROPOSED AMENDMENTS TO THE PROPOSED ADVANCED CLEAN TRUCKS REGULATION**

Dear Chair Nichols and Honorable Board Members,

As you are aware, CARB staff has proposed an increase in the percentage of zero-emission (ZEV) vehicle sales in California across all vehicle groups. Specifically, the proposal would require 5% of all Class 7 and Class 8 heavy trucks sold in 2024 to be zero emissions – a revision from the initial 3% plan. The amended requirement for Class 4 and Class 8 straight truck sales would begin at 9% in 2024.

UPS looks forward to deployment of electric trucks in our fleet and generally supports what CARB is trying to accomplish. While these sales mandates would apply to the OEMs, not fleet purchasers, they will shape the zero-emission vehicles available to us in the near-term.

1. As one of the largest commercial fleets in the U.S. we have concerns about the readiness of the medium and heavy duty electric truck industry to meet the accelerated proposed requirements. From our vantage point, UPS does not expect commercial production at scale for Class 5/6 and Class 8 electric trucks in 2020 or 2021. Even the 2022-23 timeline may be optimistic. While there apparently are zero-emission trucks ready for purchase, there is in our view not one California approved zero-emission vehicle that UPS can buy in quantity that will meet our duty cycle and dispatch business models.

UPS needs both Class 5/6 Medium Duty (MDE) and Class 8 heavy duty (HDE) vehicles.  We need an MDE based on a ruggedized chassis/drivetrain, customized for package delivery that operates in a wide range of conditions. These MDEs are a small market segment compared to general consumer auto markets. Due to lower sale volumes and market potential, MDE platform development will lag general consumer EV market development. (Other light duty commercial EV platforms such as “sprinter” type vans cannot meet UPS’ load or duty cycles.) The technology for electric MDE delivery trucks is proven -- with small scale projects and demonstrations, but that is significantly different than full-scale production. On January 29, 2020, UPS announced a commitment to purchase 10,000 medium duty electric delivery vehicles globally over 2020-2024. The COVID pandemic has affected commercial vehicle production and new product development. It is unclear how OEM’s will prioritize capital investments and MDE/HDE platform development. Fortunately, several OEM’s continue to develop MDE platforms, and we are evaluating them. Competition will yield better vehicles for commercial fleets.

We expect that Class 7/8 HDE will lag the development of MDE vehicles. While we have conferred for several years with all the major OEMs for Class 7 and 8 tractors, and were among the first commercial fleets to make substantial pre-orders, the latest information we have is that a leading candidate for a class 8 tractor is delayed until at least the 3rd quarter of 2021. We may not see the commercial availability of long-range HDE tractors until the 2023-24 timeframe.

1. The assurance of electric supply in California is also a concern. Although we have engaged with large utilities who want to partner with us, we are not convinced that the power infrastructure is ready for large scale roll-out of commercial MDE/HDE vehicles. With our current fleet, if we run out of fuel, that is on us. With a large facility of MDEs and HDE, we don’t see the possibility of providing our own back-up power sufficient to replace the grid, even for short periods of time. We are designing back-up power into our planned facilities to enable load shifting for short periods of time, not grid replacement. The proposed timeline for these modified regulations must align to the capabilities of the electric utilities.
2. We suggest that CARB consider an interim back-up strategy in the event of schedule slippage for zero-emissions vehicles: the low-NOx, renewable-natural-gas-(RNG)-powered truck can penetrate the California market sooner while CARB, and we, wait for zero emissions trucks. We submit that certain low NOx, natural gas powered engines in UPS trucks today can rival the NOx and particulate emissions of electric trucks, if grid emissions are taken into account. If these trucks operate on RNG, they yield up to a 90% reduction in lifecycle greenhouse gas emissions, when compared to conventional diesel. We hope that CARB will encourage the use of these trucks, not as a competitor to electric trucks, but as an attractive interim stand-in in their absence. We also endorse the suggestion of the East Bay Clean Cities Coalition to add renewable diesel to the revised section 2012.32 on reporting.[[1]](#footnote-1) We suggest the same for RNG.

UPS remains committed to deploying MDE and HDE trucks in California once these trucks and their necessary electric infrastructure are commercially available and suitable to our needs. We continue to work with OEMs and electric utilities toward that end. Meanwhile, we pursue the interim option of low-NOx natural gas vehicles operating on RNG.

Very best regards,

Michael Kiely

UPS - Senior Vice President

U.S. Government Affairs

mkiely@ups.com

m 202.330.7129

w 202.675.3345

1. Comments of Richard Battersby, East Bay Clean Cities Coalition, toProposed Advanced Clean Trucks (ACT) Regulation (act2019) - 15-1, May 5, 2020 [↑](#footnote-ref-1)