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**STATEMENT**  
**BEFORE THE: California Air Resources Board**  
**Advanced Clean Fleets**  
**October 27, 2022**  
**James Fahy, Senior Regulatory Affairs Specialist**

Good Morning/Afternoon,

I'm James Fahy with Mercedes-Benz Research & Development North America. Mercedes-Benz plans to be carbon neutral by 2039, and all of our vehicles will be electrified by the end of the decade, wherever market conditions allow.

Mercedes-Benz applauds CARB's efforts to champion the ZEV market and the staff's time and hard work in developing its ZEV program. CARB's work with Advanced Clean Trucks, ACC II, and now Advanced Clean Fleets will require unprecedented levels of investment in every facet of the auto industry from the supply chain to manufacturing to consumers and fleet operators.

Therefore, we firmly believe that complementary measures are needed – California and the Section 177 states need to ensure adequate infrastructure and incentives are made available while continuing to work on outreach activities.

Mercedes-Benz supports CARB's incentive programs, such as the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, to make the deployment of ZEV 2b and 3 medium duty vehicles more affordable to fleet operators. However, as CARB has shared during HVIP meetings, this program is heavily over-subscribed and very often funding is rapidly depleted after voucher requests are opened. As operators work to electrify their fleets, particularly for last mile delivery operation and vocational use, cost and availability of new EVs remain a major concern for end purchasers.

In addition to the fleet operators' total cost of ownership concerns, we believe that further support from CARB is needed in three areas:

1. Development of networks of charging infrastructure and charging programs for medium and heavy duty vehicles. While charging infrastructure is expanding for light-duty EVs, additional attention is needed for commercial fleets and operators.

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2. Alignment of minimum all-electric range requirements, to match requirements with customer and fleet operator needs. CARB's own data gathered from the Advanced Clean Truck Large Entity Report reveals that the vast majority of cargo vans, like our Mercedes-Benz Sprinter van, travel less than 100 miles per day for last-mile package delivery or vocational use. Requiring range capabilities in excess of customer demand could artificially increase costs without providing meaningful benefit to operators.
3. Clarification that manufacturer test fleets are not subject to these rules. Mercedes-Benz internal manufacturer test fleets would currently fall under the provisions of ACF, as Mercedes-Benz "owns, operates, or directs 50 or more vehicles" and has "\$50 million or more in total gross annual revenue." We believe that a manufacturer test fleet exemption is appropriate and necessary for manufacturer development work to continue.

We believe it is critically important to continue the efforts already started in California to work with a broad range of stakeholders – including, but not limited to, all levels of government, utilities, dealers, builders, and fleet operators. Continued collaboration, partnerships, and ongoing efforts are needed to ensure the EV market grows to the point where every customer chooses to buy or lease an electric vehicle, whether in California or anywhere else in the United States.

That concludes my remarks. Thank you again for your leadership and the opportunity to testify today.