



The California Caterpillar Dealers

April 25, 2023

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento, California 95814

Subject: Off-Road Regulation Amendments: 15 – Day Comments

Dear Chair Randolph and CARB Board Members,

The undersigned California Caterpillar dealers appreciate the opportunity to provide comments to this proposed regulation.

Our concerns include the use of renewable diesel in rental fleets, the deadline for use of renewable diesel by 1/1/2024, and the proposed timing of the Tier 3 and Tier 4 Interim purchase bans.

Mandate for Renewable Diesel Fuel in Rental Fleets Problematic

First, our dealerships, as well as many other rental companies, regularly rent to agricultural customers. Because they do not have a requirement for using renewable diesel, the tanks on the machines when returned to us will have standard diesel. We cannot just drain the tank and refill with renewable for the next rental. That would make the diesel unusable and a potential for being a hazardous waste, and certainly not practical or cost-effective for a rental company. The best we can do is top off the tank with renewable diesel and send it back out. This same concern would apply to rentals we make to out of state renters, to fleets that are 100% T4F, or to fleets in NOx attainment areas that are not mandated to use renewable diesel. Further, we rent to third party rental companies (re-rents) that may also rent to any of the above renters. We certainly do not want to be in an enforcement situation due to the return of a machine with standard diesel that we need to send back out on rent. As required in the amendments, we will add a note to our rental agreement stating end users need to comply with section 2449.1(f) (as applicable) as our means of protection from enforcement.

Second, if we are mandated to send out rentals with renewable diesel and they end up in areas where the weather will be an issue, the machine may not operate properly. Again, even if we knew in advance, it is impractical to assume we could change out the fuel prior to delivery. We only have one tank on each of our rental sites and it would be required to have renewable fuel under the provisions of this proposed regulation. To complicate this, often times customers will pick up the machines from will-calls, or rent from a 3rd party rental company re-renting our machine. In this case we have no idea whether or not the machine will end up in a location that has cold weather.

Given both concerns stated above, we suggest excluding rental companies from the requirement for use of renewable diesel. If not a total exclusion, perhaps you could consider exempting rental fleets that have 90% Tier 4 Final machines or more in their fleet.

Mandate for Renewable Fuel By 1/1/2024 Must Be Moved Further Out

As mentioned in our November 7, 2022 letter to the Board, we are concerned that by the time the regulation is approved by the Office of Administrative Law (OAL) and a waiver is issued by EPA that the 1/1/2024 mandate for use of renewable R99 or R100 diesel will not provide fleets enough time to get lined up with a supplier. Further, such a short timeline will mean everybody will be approaching vendors of this fuel with well less than a year to meet compliance. This will be virtually impossible. Not only will this drive up the cost of the fuel when the nearly 13,000 off-road fleets subject to DOORS with nearly 200,000 off-road machines will be seeking to purchase this fuel all at once, but many of these fleets have current diesel contracts that extend out more than a year making such a change costly, if not infeasible. Many of these fleets, like our dealerships, have multiple sites across the state which will need more time for the adjustment. Further, with this mandate being a little over a year away, we are quite doubtful such demand can be met. We believe CARB should allow more time for the adjustment by moving the mandate to at least 1/1/2026 and in the time between now and then fleets should be able to acquire incentives for earlier use of this fuel.

Tier 3 Ban by 1/1/2024 Needs to Be Extended; Tier 4 Interim Ban Removed

Given the late release of the 15-days regulation and the timing that is expected to occur with an OAL approval and an EPA waiver, we suggest the Tier 3 ban be extended out to at least 1/1/2025. Additionally, as stated in our November 7, 2022 letter to the Governing Board, Tier 4 Interim machines must not be banned from purchase at all. The current NOx fleet average is based upon fleets meeting a final fleet average equivalent to Tier 4 Interim, so machines with this certification level must not be eliminated as a purchase option.

We respectfully ask the Governing Board to consider further direction to staff to:

1. Remove the requirement for rental fleets to use renewable diesel in their machines given the potential complications of a machine ending up in a cold location and malfunctioning, and given the fact several of the end users (e.g. agricultural and NOx attainment fleets) will already be returning the machines with standard diesel anyway. As indicated above, the exemption could be based upon a rental fleet having at least 90% of their fleet as Tier 4 Final.
2. Extend the deadline to at least 1/1/2026 for use of renewable fuel given the expected timing of an OAL approval and EPA waiver will be far too close to 1/1/2024 and will not allow fleets to adequately respond to the mandate.

3. Extend the deadline for the Tier 3 ban to 1/1/2025 given the expected timing of an OAL approval and EPA waiver will be far too close to 1/1/2024. Additionally, as stated above, Tier 4 Interim machines must not be banned at all.

If you have any questions or you require additional information, you may contact Bob Shepherd at 562-463-6013.

Sincerely,

The California Caterpillar Dealers



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