

DAIMLER TRUCK

North America

April 7th, 2023

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

Re: Comments on 15 Day Notice of the Advanced Clean Fleets (ACF) Regulation and 2036 100% ZEV Sales requirement

Daimler Truck North America (DTNA) submits the following comments in response to the Notice of Public Availability of Modified Text published by the California Air Resources Board (CARB) March 23, 2023.

DTNA is fully committed to supporting the emerging zero-emission vehicle (ZEV) market; we expect these technologies to play a significant part in the future of commercial transportation, and know they are a vital contributor to lowering NOx and GHG emissions. DTNA is investing heavily in the development of electric vehicles, and has ambitions for large market penetration. We currently offer battery electric school buses, walk-in van chassis (Class 4), as well as heavy-duty (Class 8) trucks for sale, and we are preparing for the market introduction of an all-electric medium-duty (Class 6/7) truck. Additionally, DTNA has significant experience in the market, garnered from providing an advanced demonstration fleet of electric trucks to commercial truck fleets in the U.S., primarily California, and Canada. Lastly, DTNA built the first-of-its-kind heavy-duty truck charging facility on Swan Island in Portland, developed specifically for use with the types of zero-emission vehicles affected by this rule. Consequently, DTNA has a significant interest in CARB's rulemaking and aims to ensure that the CARB implements an effective and well-considered set of rules.

Proposed 100% ZEV Sales Mandate in 2036

CARB should consider off-ramps and alternatives tied to the state of the available infrastructure.

In the proposed rulemaking, CARB intends to sunset the existing Advanced Clean Trucks rule and replace it with a 100% sales requirement for 2036 and later. DTNA has set a target to sell 100% zero-emissions vehicles by 2039, but we believe that CARB's proposed rulemaking does not consider that there may be certain applications that are not ready for electrification, and that infrastructure might not be ready. The goals of the program cannot be achieved if vehicles aren't purchased due to issues beyond the control of the OEM.

Advanced Clean Fleet Provisions

DTNA appreciates the inclusion of the "test fleet" definition and exemption in the latest revision of the High Priority and Federal Fleets regulation.

DTNA thanks CARB staff for hearing feedback during the stakeholder engagement process and incorporating the test fleet definition and exemption in the latest draft language. These manufacturer-owned vehicles have not been "sold" in the traditional sense and are not operated in commerce as a "fleet". Manufacturers are not capable of balancing their test, demonstration, or trade show fleet makeup in terms of ZEV quantity. Development needs and product cycles dictate the size and composition of test fleets, and DTNA appreciates CARB's accommodation of this unique need so that manufacturers may continue to bring to market the cleanest, most reliable products possible.

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DTNA has previously commented on the needed harmonization between the Advanced Clean Fleet Plan and Advanced Clean Trucks regulation.

DTNA believes that, to be successful, any program to electrify the state's fleets must not be limited to only a manufacturer sales mandate. Instead, the state must create a variety of programs that will ensure supply, support demand, create a positive business case for purchasers, and ensure stability and predictability for manufacturers and fleets alike. To that end, DTNA supports CARB's programs such as the Low Carbon Fuel Standard, Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), and other efforts designed to ensure demand and adequate infrastructure.

The ACF rule, as proposed, will spark demand for ZEVs, but DTNA believes there are some areas of the rule that deserve further attention to better complement the ACT rule, outlined in comments submitted prior to the October 27, 2022 Public Hearing to Consider Proposed Advanced Clean Fleets Regulation.

Infrastructure hurdles threaten the ACT and ACF rules:

DTNA recommends CARB reevaluate the ACT and ACF rules in the future based on the state of available infrastructure.

California's proposed adoption of ZEVs within the ACT and ACF rules should more fully consider the infrastructure challenges associated with these vehicles. DTNA estimates the additional simultaneous connected load for ZEVs sold under the ACT rule from 2024 through 2035 to be approximately 6,800 MW. This estimate does not include the additional ACF volumes forecasted by CARB Staff, and highlights the magnitude of the challenge in achieving the current ACT targets. DTNA is prepared to share vehicle data and forecasts with all utilities to support load forecasting, and has been participating in transportation electrification discussions with CEC and CPUC. Pulling the 100% ZEV sales mandate ahead to 2036 will present an even larger challenge for California's utilities, who are not regulated under ACT or ACF, and are already struggling to respond to today's fleet demand in a timely manner.

While charging infrastructure is expanding in California, much of it is not accessible or practical for commercial fleets. Where fleets are willing to install their own charging infrastructure, the electrical grid is often not up to par, and installation can take years to complete, as recognized by the Site Electrification Delay extension included in the latest draft ACF language of up to five years. No such extension is available for manufacturers facing cancelled or delayed orders under the ACT regulation. Fleets who do not own their own depots or refueling infrastructure in California, including out-of-state fleets and in-state fleets who rely on retail fueling today, are additionally challenged by the lack of available public charging infrastructure suitable for medium- and heavy-duty vehicles.

Significant hydrogen infrastructure to support such trucks is even further removed. Without adequate infrastructure in place, even with a sales mandate in place, ZEVs will sit idle while their conventionally powered counterparts perform the operations of a commercial fleet, negating the emissions benefits of CARB's rules while increasing their cost.

DTNA believes CARB should further incentivize and streamline the creation of the necessary infrastructure to support such ZEVs, and should create off-ramps within the ACT and ACF rules, to reduce the obligations under each rule if adequate infrastructure is not present.

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Conclusion

DTNA looks forward to working collaboratively with CARB to promote heavy-duty ZEVs through incentive-based programs and the development of the necessary refueling and recharging infrastructure and funding mechanisms to enable their adoption.

We appreciate your consideration of our comments and concerns.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dan Potter", with a stylized flourish extending to the right.

Dan Potter

Manager, Compliance and Regulatory Affairs
Daimler Truck North America