



September 18, 2023

The Honorable Steven S. Cliff, Ph.D.  
Executive Officer  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814  
ATTENTION: Clerk's Office

**RE: Proposed Amendments to the Heavy-Duty Engine and Vehicle Omnibus Regulation**

Dear Dr. Cliff:

On behalf of the American Bus Association (ABA), I am submitting the following comments in response to the California Air Resources Board's (CARB) Notice of Public Comment Period on Proposed Amendments to the Heavy-Duty Engine and Vehicle Omnibus Regulation (Omnibus regulation), posted on August 1, 2023 (Notice). In brief, ABA urges that CARB grant a short-term exemption from the certification standards of the Omnibus regulation for bus/motorcoach engines, covering MY 2024-MY 2026, to address a hardship for motorcoach operators in California. ABA also fully supports CARB's proposed amendments aligning the Omnibus regulation emission standards with the U.S. Environmental Protection Agency's (EPA's) Clean Trucks Plan NOx rule beginning in MY 2027 and the new inducement schedules for motorcoaches, but believes the amendments to the legacy engine provisions are insufficient to meet the needs of motorcoach manufacturers, creating a hardship for California motorcoach operators.

The ABA is a non-profit industry national trade association representing private bus and motorcoach fleet operators, vehicle manufacturers, and suppliers, in addition to tour/travel entities, destination marketing organizations and convention and visitors' bureaus. Our members provide critical transportation services supporting employment, education, recreation, emergency response and defense activities within the state of California and throughout the country. The motorcoach industry is also the leading public transportation mode serving the needs of rural and underprivileged communities, in a safe and economical manner. Private motorcoach operators are key partners with the other modal operations, including public transits, Amtrak and airlines, ensuring a robust national transportation network is accessible to all.

As an initial point, ABA supports the goal of emissions reduction within the transportation sector. Motorcoach operations, by design, are one of the most environmentally responsible modes of transportation. A bus/motorcoach can take up to 50 personal vehicles off the road, providing both congestion relief and emissions reduction. Also, with the advent of cleaner burning fuels and advancement in emissions technology through the years, motorcoach fleets have increasingly become

more efficient and effective in reducing the industry's carbon footprint.<sup>1</sup> The motorcoach industry is proud of these efforts and supportive of pursuing continued advancements to address climate change concerns, including the pursuit of zero-emission vehicles (ZEVs). However, the industry is concerned that, due to its size, motorcoach operations and fleets are often overlooked or inappropriately aggregated with other motor carriers, in CARB's overall approach to accelerate a large-scale transition to ZEVs. Instead, the focus and outreach has largely been targeted toward freight-carrying vehicles or trucks and has not taken into account the benefits motorcoach fleets contribute to the climate change fight, or the unique challenges the motorcoach industry faces to achieve a ZEV transition.

California is home to one of the largest concentrations of motorcoach operations with over 220 registered interstate fleet operations.<sup>2</sup> These operations represent roughly 3,000 vehicles on the roadways and are largely composed of small fleet, family-owned businesses. The COVID-19 Pandemic saw nearly 40% of California's motorcoach operators close their business permanently or cease interstate operations. Over 50% of the pre-pandemic motorcoach driver pool has left the industry. Despite these hurdles, the motorcoach industry continues to provide over \$1.3 billion annually in economic benefits to the state of California,<sup>3</sup> while providing essential transportation services for California's diverse population.

California motorcoach operators are entirely dependent on the vehicle manufacturers and the engine manufacturers, in terms of ensuring their fleet vehicles comply with federal and/or California air quality regulations and standards. With CARB's adoption of the Omnibus regulation in 2021, motorcoach operators had every expectation these respective manufacturers, collectively, would remain in a position to meet industry fleet needs. However, as the time approached for application of the Omnibus regulation's more stringent NOx and particulate matter standards to apply to MY 2024 heavy duty engines used in bus/motorcoach vehicles, it became clear this was not the case. The motorcoach manufacturers learned from their engine suppliers that the technology was not yet available to produce heavy-duty engines compliant with the Omnibus standards and began communicating this concern to motorcoach fleet operators in mid-2023.

Earlier in the year, understanding engine manufacturers were in on-going discussions with CARB to address a potential engine supply crisis, and with the finalization of the EPA Clean Trucks Plan NOx rule in January, motorcoach manufacturers were hopeful for a resolution. This hope was bolstered with the announcement of the agreement in late June between CARB and various engine manufacturers (Agreement). Unfortunately, motorcoach operators have since learned that although the Agreement provides much welcomed relief in the form of CARB aligning with EPA's new standards for the MY periods of 2027 and beyond, it does not sufficiently address the MY 2024-MY 2026 engine supply issue for the motorcoach industry. In fact, as reported from engine manufacturing stakeholders involved in the Agreement negotiations, motorcoach vehicles were not even considered – the discussions centered on trucks.

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<sup>1</sup> Updated Comparison of Energy Use and CO<sub>2</sub> Emissions from Different Transportation Modes, <https://www.buses.org/assets/images/uploads/general/2019%20UPDATE%20Comparative%20Fuel%20CO2%20FIN AL-July%202019.pdf>.

<sup>2</sup> Federal Motor Carrier Safety Administration, Analysis & Information, Registration Reports as of August 25, 2023, <https://ai.fmcsa.dot.gov/registrationstatistics/CustomReports>.

<sup>3</sup> Motorcoach Economic Impact Study, <https://www.buses.org/aba-foundation/research-summary/economic-impact>.

As anticipated, CARB is now proposing amendments to the Omnibus regulation in fulfillment of the Agreement. However, per the Notice and CARB's intent, the Agreement and the proposed amendments to the Omnibus regulation simply do not address the impacts to motorcoach fleets, as projected by motorcoach manufacturers. The additional flexibility desired for a smoother transition to the Omnibus regulation standards, via amending the legacy engine provisions, although well intended, does not sufficiently address the needs for motorcoaches, albeit it may for trucks.<sup>4</sup> This is not surprising, as it appears discussions or needs of motorcoach operators were not considered or even raised during the Agreement negotiations. As a result, whether by design or by application, the proposed new legacy engine options negotiated as part of the Agreement do not address the hardship California bus fleet operators face over the next three years.

Bus fleet manufacturers are informing motorcoach operators there will be few to no new vehicles for MY 2024-MY 2026, based on the engine allocations engine manufacturers are providing to them under the proposed new legacy engine options. In other words, the flexibility provided to engine manufacturers under the Agreement does not appear to yield benefits or address the engine supply crisis for motorcoach manufacturers. This comes at a particularly challenging time for motorcoach operators as they struggle to recover from devastating losses caused by the COVID 19 pandemic. **For this reason, and to avoid further delay in addressing the overarching pending engine supply crisis, ABA requests CARB provide additional flexibility to assist California motorcoach operators, by granting a short-term exemption from the Omnibus regulation engine certification standards for heavy-duty engines used in bus/motorcoach vehicles.** ABA further hopes, that in pursuing amendments to the CARB Omnibus Low NOx rule, that they will also incorporate the EPA's motorcoach derate schedule<sup>5</sup> as was included in the EPA Clean Trucks Plan NOx final rule but was not explicitly spelled out in the Omnibus Low NOx rule or the Agreement with the Engine Manufacturers.

### **Motorcoach Vehicle Manufacturers**

As mentioned, the California motorcoach market is one of largest in the country, comprised of over 220 interstate fleet operators and additional intrastate operators. On average, collectively, motorcoach manufacturers annually produce about 200-300 vehicles for the California market; and a 5-year annual market average of about 253 vehicles. During the past several years, due to the pandemic, sales numbers dropped significantly as motorcoach operators put their fleet renewal plans on hold or went out of business entirely. For example, 2021 saw a 50% drop in motorcoach vehicle sales compared to pre-pandemic 2019 and a 30% drop in sales in 2020. As fleet operations have improved, fleet owners have started to again reinvest in their fleets, with 2023 demonstrating the start of a recovery. However, due to the new engine certifications required by the Omnibus regulation for MY 2024, including the proposed amended legacy provisions as per the Agreement, engine manufacturers are providing drastically reduced engine allocations to motorcoach manufacturers. These allocations range from only 1-5 engines for MY 2024, per vehicle manufacturer, and less than these numbers for MY 2025 and MY 2026.

Motorcoach manufacturers now, based on this late notice of these cuts in engine supply, are attempting to salvage the situation by urging California fleet operators to place their orders for new

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<sup>4</sup> [Notice of Public Hearing, "Background and Effect of the Proposed Regulatory Action:"](#), p. 4.

<sup>5</sup> 88 Fed. Reg., pages 4378-4380, published January 24, 2023, <https://www.govinfo.gov/content/pkg/FR-2023-01-24/pdf/2022-27957.pdf>.

motorcoaches by the end of the first quarter of 2024, prior to the MY 2024 Omnibus regulation implementation date. This is problematic for any fleet operator, but particularly for small fleet operators who must now scramble in an effort to prepare and place their order, line up financing, and make the necessary arrangements within their on-going business plans. Alternatively, some motorcoach manufacturers are considering withholding production of equipment for California sales until MY 2027. The possibility of having no opportunity to purchase vehicles for the next three years is a serious challenge. It is an untenable position from an on-going business standpoint, causing a substantial hardship to California motorcoach fleet operators.

### **Motorcoach Fleet Operators**

The motorcoach industry has a long history of providing environmentally responsible transportation options in the State and continues to work diligently in support of advancing emissions reducing technologies. However, the motorcoach industry is not the trucking industry. Even though the vehicles used in the motorcoach industry share the same heavy-duty engines, they are entirely different industries, providing different services, diverse environmental benefits and facing distinct challenges.

As previously noted, COVID-19 caused a significant economic downturn for the motorcoach industry. Travel by motorcoach, whether scheduled service, charter operations or commuter operations, all suffered during the pandemic due to loss of ridership. As a result, many fleet operations were suspended or reduced, employees were terminated or put on leave, and several fleet operations ceased to exist altogether. Faced with such economic loss, fleet operators were in no position to continue investing in new equipment. In fact, the market value loss of motorcoach vehicles during this period led to repossessions and parking lots of numerous parked, unused motorcoaches. As business started to improve, in 2022, fleet operators cautiously started to reinvest in their fleets and resume fleet renewal plans, with 2023 on track to be the best sales year in California since 2019. Now, faced with the pending engine supply issue, this recovery will be thwarted, with substantial negative consequences for the environment, safety, and the economy.

For example, if fleet operators cannot purchase new equipment during MY 2024-MY 2026, they will be forced to retain older, less efficient equipment. This will reduce emissions benefits intended by the Omnibus regulation and interfere with California's efforts to meet its heavy-duty emissions reduction goals. As well, safety advancements will be delayed because new vehicles also provide upgraded safety enhancements. New vehicles are equipped with the most current safety features such as forward collision avoidance, lane departure warning, and electronic stability control. Notably, these upgraded safety enhancements also include new emergency lighting systems, mandated by recent State of California regulations.

There are also significant business implications if new bus/motorcoach vehicles are unavailable to purchase over the next three years. Motorcoach operators will likely be forced to reduce operations and services without new equipment to meet demand. Travel by motorcoach is one of the key modes of transportation serving California's rural communities, and motorcoach service is heavily relied upon by disadvantaged communities for access to health, employment, and educational opportunities. Also, business contracts for motorcoach transportation services generally mandate updated equipment, on a scheduled basis. Without new equipment available, motorcoach operators risk losing ongoing and future business opportunities, impacting companies' financial position and workforce.

Similarly, motorcoach operators contract with public transit agencies and Amtrak, supplementing their services (e.g., longer distance commuter operations), expanding local/interstate transportation networks and assisting in times of breakdowns. Motorcoach operations also play a critical role in California's emergency response plans, assisting in emergency evacuations due to wildfires, flooding, and other natural disasters. The military also relies heavily on the motorcoach industry, due to the capacity of motorcoaches to accommodate both personnel and their equipment. These military contracts also have requirements for mandated use of updated vehicles, which if not met jeopardizes the motorcoach operator's continued service.

A reduction in any of these transportation services will impact California residents, their transportation options, and their economic opportunities. It will also frustrate the purpose of the Omnibus regulation, by reducing environmentally responsible transportation options and hampering efforts to put more efficient equipment on the roads. However, for motorcoach fleet operators, just coming off of the pandemic, it will create another substantial economic downturn leading to business losses and job losses. This is a hardship California motorcoach fleet operators should not have to face, particularly when they provide the environmental benefits of removing vehicles from the road and reducing congestion.

For these reasons, ABA respectfully requests CARB to recognize the needs of California motorcoach operators, separate and apart from the truck industry, by providing a short-term exemption from the Omnibus regulation engine certification standards for bus/motorcoach engines, covering MY 2024-MY 2026. These fleet operators have no control over the evolution of engine technology, the manner in which engine manufacturers are interpreting the Agreement or making allocations per the proposed legacy engine options. They simply want to continue to operate, renew their equipment to be good stewards of the environment, and continue to serve Californians, providing safe and efficient transportation.

We appreciate the opportunity to comment on this important regulatory matter impacting motorcoach operators all over the United States. We look forward to working with you on additional changes and outreach to the motorcoach community before the full implementation of this final rule.

Sincerely,

A handwritten signature in black ink, appearing to read "Brandon Buchanan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Brandon Buchanan  
Director of Regulatory Affairs