

Thomas Lawson
19-9-4



The Honorable Mary Nichols
Chairman, California Air Resources Board
1001 I Street
Sacramento, CA 95814

October 21, 2019

Re: HVIP: CONTINUE FUNDING LOW NOx VEHICLES

The undersigned organizations, leaders in the effort to clean California's air and meet greenhouse gas emission reduction goals, want to work collaboratively with the California Air Resources Board (CARB) to preserve funding for low NOx trucks in the *Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP)* in the 2019-2020 Fiscal Year *Funding Plan for Low Carbon Transportation Investments*. We appreciate the time and effort that CARB staff has put into this issue and offer the suggestions below to help achieve the state's and the industry's goals of quickly improving air quality and reducing climate pollution.

While we understand the difficulties the Board is experiencing with having more projects to fund than the amount of incentive dollars allocated, we would like to stress that heavy-duty low NOx vehicles using renewable fuel remain one of the most cost-effective remedies to the problems of greenhouse gas emissions (GHG) and NOx, especially in the near-term. Heavy-duty low NOx technologies are certified by CARB as 90 percent cleaner than diesel and available today to achieve NOx and toxic emissions goals. Additionally, when running on low carbon renewable fuels, lifecycle GHG emissions are reduced substantially when compared to diesel, including "carbon negative" for some feedstocks.

Continued HVIP eligibility for heavy-duty low NOx vehicle incentive dollars in the near-term will increase the rate of deployment and bring low NOx technology closer to true commercialization. Removal of the HVIP incentive for heavy-duty low NOx vehicles will significantly and immediately slow the continued commercialization of this technology. HVIP has provided an effective, balanced, efficient and streamlined approach where technologies can fully commercialize, compete and deliver clean air emissions.

It is critical to understand that business investment and technological innovation depend on market certainty. Development and production decisions made by low NOx engine manufacturers turn on market signals sent by the Board. Should CARB undermine confidence in the future of the cleanest heavy-duty engines currently available, the result will be a void in the marketplace, ultimately increasing the sector's reliance on the dirtier diesel technology all of us are working so assiduously to eliminate. The existing

programs, notably HVIP, help provide a balanced, multi-strategy approach where each clean technology can compete and deliver clean air emissions.

As you consider the *Funding Plan* in print, we respectfully request the following amendments:

- 1. Continue funding eligibility of the Cummins ISX12N (11.9L) engine within HVIP using in-state sourced renewable fuel.** Immediately displacing heavy-duty diesel trucks with the cleanest available technology is critical especially without a commercially available heavy-duty electric truck. This continued funding would be in addition to the proposal in the *Funding Plan* which calls for incentive funding for applicants on the waitlist – including both the 8.9L and 11.9L engines - through October 24, 2019.
- 2. Commit to an expedited update of the Carl Moyer Program so that it's a suitable replacement for HVIP.** While a number of needed updates have been identified, the vehicle scrappage requirement has emerged as a key constraint. The issue is complex and nuanced but these improvements are key:
 - **Allow an option to purchase trucks with low NOx engines without scrappage.** We would like to work with CARB and other stakeholders to engage with EPA to explore pathways to meet SIP credit criteria. We understand that CARB cannot predict or guarantee any outcome with EPA, but we'd like to work together toward incorporating this option.
 - **Expand eligibility for existing truck model years to include model year 2010 and newer engines as eligible scrap vehicles.** As pre-2010 engines are removed from California via the regulatory process, the "surplus" emissions from scraping those vehicles is reduced as we approach the January 1, 2023 deadline. As such, the potential incentive is reduced to an ineffective level (i.e. the incentive amount is too low to support the purchase of a low NOx truck).
- 3. Work with the industry to include low NOx vehicles in the definition of "near zero."** The *Funding Plan* limits the definition of "near zero" to "...vehicles that have a duty-cycle that include zero-emission operation, including ePTOs and hybrids with an all-electric range...as the technology evolves, CARB may modify the definition of near zero-emission to include only those technologies that achieve a specified all-electric range." We believe low NOx trucks offer an opportunity to substantially reduce GHG and NOx emissions. We would like to work with CARB toward recognizing the benefits associated with low NOx technologies.

With these changes, we also commit to work with CARB to ensure that going forward the HVIP incentive is coupled with in-state fuel production and use. While open to discussion, our preference is for this to be accomplished by requiring the HVIP voucher applicant to confirm that the fuel provider has contracted with an in-state production source. To assist with any such transition, we ask that such a source must be operational by the end of the third year.

As you know, low NOx vehicles have a proven track-record as a critical and cost-effective emissions reduction strategy. But they still need additional support in order to become fully commercialized. We ask that the Board please work with our industries to help prevent cuts to a crucial incentive funding source so that we can help reduce climate and air pollution impacts upon all Californians.

We appreciate your consideration of the foregoing comments provided in the spirit of collaboration.

Sincerely,

Joy Alafia, President and CEO, Western Propane Gas Association

Todd Campbell, Vice President of Public Policy, Clean Energy

Thomas Lawson, President, California Natural Gas Vehicle Coalition

Julia Levin, Executive Director, Bioenergy Association of California

Michael J. McRoberts, Chief Operating Officer, Rush Enterprises

Veronica Pardo, Northern District California Refuse Recycling Council

Ashley Remillard, Vice President-Legal, Agility Fuel Solutions

Tom Swenson, P.E., Business Development Manager, Cummins Inc. – Natural Gas Group

Mike Zimmerman, General Manager, Momentum Fuel Technologies

William Zobel, Vice President, Trillium CNG