CMTA
CALIFORNIA MANUFACTURERS & TECHNOLOGY ASSOCIATION

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Clerks' Office
California Air Resources Board
1001 I Street
Sacramento, CA 95814

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RE: FINAL COMMENTS ON THE PROPOSED IN-USE LOCOMOTIVE REGULATION

The California Manufacturers & Technology Association (CMTA) respectfully submits comments on the California Air Resources Board's (CARB) Proposed In-Use Locomotive Regulation.

CMTA works to improve and enhance a strong business climate for California's 30,000 manufacturing, processing, and technology-based companies. Since 1918, CMTA has worked with state government to develop balanced laws, effective regulations, and sound public policies to stimulate economic growth and create new jobs while safeguarding the state's environmental resources. CMTA represents 400 businesses from the manufacturing community – an economic sector that generates more than $300 billion annually and employs more than 1.2 million Californians. Within CMTA, several member companies own, lease, and operate locomotives in the State of California. While CMTA appreciates the additional opportunity to comment on the regulation, we strongly object to the spending account requirement.

General Comments on the Proposed Regulation

CMTA's members have proactively led the global business community in embracing technologies that reduce and directly remove greenhouse gases from the atmosphere, including technologies targeting carbon emitted during transportation. California's manufacturers have consistently responded to the call for carbon emissions reductions by making significant human and financial capital investments to achieve the state's climate goals while simultaneously growing California's economy. As CMTA stated in our earlier comments, the In-use Locomotive Regulation represents a grand departure from other emission reduction programs in the transportation sector and will impose significant new regulatory and cost burdens on California industries. It is disappointing that CARB has included an element in this regulation that effectively restricts businesses from being able to comply with the multitude of emission reduction regulations.

Objections to the Spending Account (§2478.4)

Beginning July 1, 2024, a locomotive operator must establish a "Spending Account" for the future procurement or retrofit to the cleanest available locomotive.[1] The Spending Account acts as a trust account wherein a locomotive operator would annually fund the account based on a calculated formula. By design, CARB prohibits the locomotive operator from utilizing those private

[1] In-Use Locomotive Regulation, Page 17.

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funds for any purpose other than complying with the regulation. CARB has never promulgated a rule establishing such a requirement on private industry, and it is a far departure from what has been required in other rulemakings.

The spending account is a significant financial and unnecessary barrier for industries willing to invest in emission-reduction technologies across the entirety of their operation. As currently proposed, accessing funds deposited in the spending account is strictly limited. Should a locomotive operator desire to expend financial capital to replace or retrofit other vehicles, undertake decarbonization efforts for operational infrastructure, undertake other emission reduction strategies, or even fund employee payroll, the funds contained within the spending account would not be eligible for these expenditures.

CARB has failed to justify why a spending account is necessary when other regulation components would achieve the same result. As is proposed, the In-Use Operational Requirements (IUOR) contained in section 2478.5 prevents older and higher emitting locomotives from continuing to operate indefinitely in California. The IUOR establishes a compliance date of January 1, 2030, and further establishes that only locomotives with original engine build dates less than 23 years old would be permitted to operate in the state.

While we understand that all of California's transportation sectors will eventually be obligated to achieve zero-emission, CMTA objects to CARB's interference regarding how our member companies financially manage this obligation. Historically, California industries have appropriately managed their financial assets to meet aggressive regulatory standards. Those required to replace or retrofit vehicles under previous emission reduction programs have done so without CARB promulgating a spending account for compliance purposes. The spending account is unreasonable, counterproductive, and the least cost-effective measure to achieving more significant emission reductions.

Conclusion

CMTA appreciates the opportunity to comment on CARB's In-Use Locomotive Regulation. We are, however, disappointed that the regulation includes provisions that fundamentally are counterproductive and would impose significant new regulatory and cost burdens on CMTA members.

Respectfully,

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