



The California Caterpillar Dealers

December 6, 2019

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

Subject: Comment on the Proposed Advanced Clean Trucks Regulation – Large Entity and Fleet Reporting Requirement

Dear Chairperson Nichols,

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

Our companies are very concerned with the broad scope and reporting requirements of this proposal. We have worked with staff to identify the many issues we see with this proposal but we feel our concerns have not been adequately addressed. Following this letter are two letters we submitted in September regarding exclusions for heavy equipment rental and leasing companies, and vehicles used in repair and maintenance construction and industrial equipment. These previously submitted letters are attached here to assist the Governing Board with a better understanding of why these exclusions are necessary and why electric (zero emissions) vehicle options are not viable for these applications.

In addition to the request for exclusions for rental and leasing companies, and construction and equipment repair vehicles, we would also like to identify several serious issues with the direction of this proposal:

1. As mentioned by so many that have provided public comments, the portion of the regulation identified by sections 2012-2012.2 needs to be separated from the equipment manufacturers' section, and brought to the Board at a later date, and only after adequate and meaningful engagement has occurred with directly impacted businesses. Only a small portion of the estimated 10,000 companies that will be affected by this proposal were made aware of this regulation by mid-year 2019, which, by then, did not allow for comments like those we provided in our September letters to be fully discussed to determine feasibility and viability.
2. The questions being asked are far too extensive, and many of the questions that are asked about how much a company makes, how they contract business, what they own, are both intrusive and proprietary, especially to privately held businesses. How much a company makes should have no bearing on a questionnaire that ultimately leads to future regulation. Asking such questions will only lead to estimates and approximations, and likely some falsifications that the state would not have resources to prove, so at best you will end up with unreliable and inaccurate data.

3. Answering the detailed questions will require collection of data and maintenance of records that most companies are not currently required to maintain. For many it will require new, costly tracking systems. This will require a significant amount of additional company's resources, time, and cost.
4. This regulation does not provide any explanation of how out of state companies doing business in California will be managed to ensure California businesses are not put at a competitive disadvantage.
5. Any online reporting, even a questionnaire, that asks for so many specific company identification numbers (tax ID, motor carrier number, etc.) is a concern with any company and its security preservation with the recent data breaches.

A simpler approach would be to seek out the high percentage of vehicles that are light to medium duty that run delivery and pick-ups within a generally unvaried radius during the day. We also believe more emphasis should be put together an incentive-based voluntary program that focuses on those fleets where the current technology makes economic sense. With the current Public Safety Power Shutoff (PSPS) events being very real, regulations that may ultimately mandate electric vehicles on businesses must be well thought out and discussed thoroughly with impacted businesses, and unfortunately, that outreach has fallen short.

We thank you for the opportunity to present our comments to the Board, and we appreciate your consideration to delay approval of this regulation until such time adequate outreach has been accomplished, and sufficient interaction with impacted businesses has occurred. We also ask for your help in directing staff to address the concerns and requests for exclusions presented in this letter.

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

Sincerely,

The California Caterpillar Dealers



Bob Shepherd
Quinn Group, Inc.
Manager – Sustainability & Compliance



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The California Caterpillar Dealers

September 10, 2019

California Air Resources Board
1001 I Street
Sacramento, California 95814
Attn: Tony Brasil and Paul Arneja

Subject: Exemption for Rental Companies from ACT Regulation

Tony,

Thank you and your staff for taking time last week to discuss construction industry issues with the proposed ACT regulation, as well as concerns with including heavy equipment rental and leasing companies in your suitability assessment for electric vehicle replacements. On behalf of the California Caterpillar dealers, we would like to provide the following information that provides many reasons heavy equipment rental and leasing companies should be exempt from the Advanced Clean Truck Regulation, large entity and large fleet reporting requirements.

As mentioned during the workshop on August 21, and again on a construction industry conference call on August 28, there are several primary reasons rental and leasing companies, not just those engaged in heavy equipment rentals, should be exempt.

1. Rental and leasing companies have no control on how and where the equipment will be used by the renter or lessee. Heavy duty rental companies (e.g. dump trucks, bucket trucks, water trucks, etc.) have quite diverse renters that vary day to day, and that utilize the same vehicles differently from site to site and project to project.
2. Use of rental vehicles is also dependent upon fuel availability, and without a charging station infrastructure at every facility (or construction site) that rents, specific to the type of vehicle, regulating any percentage of a rental or leasing fleet to be a certain percentage electric would not be feasible. Due to the fluidity and variability in use of rental vehicles in our marketplace, and due to the dependence upon every possible site having charging stations compatible with a rental fleet's vehicles, an electric vehicle in a rental fleet would be severely restricted in where it could be used. This use limitation is unacceptable in the rental industry, specifically for the reason explained in the next bullet.

3. Rental companies rely on high utilization to recover acquisition and other on-going maintenance costs so the vehicles can be turned (sold) to cycle in newer vehicles. The higher the utilization, the faster the inventory can be turned. So, if forced to have electric vehicles in their fleet just to have such vehicles available that are totally dependent upon an end user having the charging stations, it would affect that company's ability to effectively recover their costs, and in turn it would affect the length of time a rental fleet must retain the vehicle before it could be sold (if it could be sold).
4. Rental and leasing companies inventory turns relies on buyers being available, but if the only electric market is in California, it severely limits where used electric vehicles may be sold out of the rental fleets. You cannot equate a vehicle owned by a rental fleet to one owned by an end user that will retain that vehicle for its intended life.
5. California rental companies compete with larger national rental fleets. Larger national rental fleets are likely to have more robust financial abilities to absorb the costs of meeting any electric vehicle mandates, and thus this regulation would put the California fleets at a competitive disadvantage. Because the rental and leasing business is very competitive, California fleets would be unable to pass on the costs to consumers that national fleets simply absorb.
6. The costs for charging stations for each rental vehicle at numerous locations would be prohibitive. The number of rental vehicles at each rental location will vary day to day as the vehicles are moved from site to site to suit demand. This will require installation of many spare charging stations at each location to ensure every vehicle can be charged and ready to go.
7. Rental vehicles can have multiple users in a single day. These vehicles can easily be topped off with fuel for immediate turnaround to the next user. However, they cannot be easily fully recharged for the next use; again, limiting the vehicle's utilization.

The only logical way to deal with a rented or leased vehicle is to look at the company renting or leasing the vehicle (renter or lessee), and then, only those vehicles that may be on rent or lease on long term contract (more than a year). Those vehicles should only be included in the end user's fleet reporting on their questionnaire.

There are several SIC Codes associated with rental and leasing and financing of vehicles. I would suggest each of these be excluded from this regulation. I would also insert the following language If you desire to pick up long term rental or leased vehicles:

Section 2012.0(c) - Exemptions

Add 2012.0(c)(4) Rental and Leasing Companies operating under SIC Codes 6159, 7353, and 7513.

The definitions of these SIC Codes are included in Attachment A

Section 2012.0(d)(3)(A) and (B) and Add Rental and Leased Vehicle Definition

Remove these sections and the last sentence of the first paragraph because it gives the impression there are only two subclassifications of fleets – “federal” and “rental or leased” fleets. Further, rental and leasing fleets are not defined by the California Uniform Commercial Code cited. That section only defines a “lease”. Instead, you should separately define “rental and leased vehicles” as:

2012.0(d)(10) Rental and Leased Vehicle means a vehicle under a contract or agreement for a term or period of one year or more that may include an option to renew the contract or agreement.

Section 2012.0(d)(4)(B) – Fleet Owner

Reword this section to read: “For a vehicle that is rented or leased for a period of one (1) year or more from a business that is regularly engaged in the trade or business of leasing or renting motor vehicles without drivers, the vehicle shall be considered part of the rentee's or lessee's fleet for purposes of reporting under this regulation. ~~the owner shall be the rental or leasing entity if the rental or lease agreement for the vehicle is for a period of less than one year.~~”

We thank you for the opportunity to present our comments to CARB, and we appreciate your consideration to exempt rental and leasing fleets, especially those engaged in heavy equipment rental and leasing. If you have any questions or you require additional information, you may contact Bob Shepherd at 562-463-6013.

Sincerely,

The California Caterpillar Dealers



Bob Shepherd
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Attachment A

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Rental and Leasing Company Related SIC Code Definitions

Description for 7513: Truck Rental and Leasing, Without Drivers

Division I: Services | Major Group 75: Automotive Repair, Services, And Parking

Industry Group 751: Automotive Rental And Leasing, Without Drivers

7513 Truck Rental and Leasing, Without Drivers

Establishments primarily engaged in short-term rental or extended-term leasing (with or without maintenance) of trucks, truck tractors, or semitrailers without drivers. Establishments primarily engaged in finance leasing of trucks are classified in Finance, Industry 6159; those renting trucks with drivers are classified in Transportation, Industry Group 421; and those primarily engaged in renting and leasing, except finance leasing, of industrial trucks are classified in Industry 7359.

- Truck leasing, except industrial trucks and finance leasing: without drivers
- Truck rental, except industrial: without drivers

Description for 7353: Heavy Construction Equipment Rental and Leasing

Division I: Services | Major Group 73: Business Services

Industry Group 735: Miscellaneous Equipment Rental And Leasing

7353 Heavy Construction Equipment Rental and Leasing

Establishments primarily engaged in renting or leasing (except finance leasing) heavy construction equipment, with or without operators. Establishments primarily engaged in finance leasing are classified in Finance, Industry 6159.

- Bulldozer rental and leasing
- Construction equipment, heavy: rental and leasing
- Crane rental and leasing
- Earth moving equipment rental and leasing

Description for 6159: Miscellaneous Business Credit Institutions

Division H: Finance, Insurance, And Real Estate | Major Group 61: Non-depository Credit Institutions

Industry Group 615: Business Credit Institutions

6159 Miscellaneous Business Credit Institutions

Establishments primarily engaged in furnishing intermediate or long-term general and industrial credit, including the finance leasing of automobiles, trucks, and machinery and equipment. Included in this industry are private establishments primarily engaged in extending agricultural credit. Federal and federally-sponsored credit agencies primarily engaged in extending agricultural credit are classified in Industry 6111. Establishments primarily engaged in other types of leasing of passenger cars and trucks are classified in Industry Group 751.

- Agricultural loan companies
- Automobile finance leasing
- Credit institutions, agricultural
- Farm mortgage companies
- Finance leasing of equipment and vehicles
- General and industrial loan institutions
- Intermediate investment "banks"
- Investment companies, small business
- Livestock loan companies
- Loan institutions, general and industrial
- Machinery and equipment finance leasing
- Pari-mutuel totalizator equipment finance leasing and maintenance
- Production credit association, agricultural
- Truck finance leasing



The California Caterpillar Dealers

September 10, 2019

California Air Resources Board
1001 I Street
Sacramento, California 95814
Attn: Tony Brasil and Paul Arneja

Subject: Exemption of Construction and Industrial Equipment Service Vehicles and from ACT Regulation

Tony,

On behalf of the California Caterpillar dealers, we would like to provide the following information on why construction and industrial equipment service vehicles should be excluded from the ACT regulation. This type of vehicle was mentioned in the last workshop as a class of vehicles that would be very difficult to replace with electric vehicles. For the reasons below, the industry using these vehicles would request the exclusion of these vehicles from the proposed Advanced Clean Truck Regulation and questionnaire.

As a brief description, construction and industrial equipment service vehicles are technician vehicles that carry specialized tooling and equipment to make repairs on a variety of on-road and off-road construction and power equipment. This equipment includes, but is not limited to: off-road mobile machines (e.g. backhoes, wheel loaders, reachlifts, scrapers), forklifts, generator sets, pumps, water trucks, cranes, etc. These specialized vehicles pose several unique challenges that would prevent the replacements with electric vehicles:

1. These vehicles do not have set routes or destinations. Technicians are sent out into the field to repair any number of machines or equipment, and distance will vary from a few miles to 100s of miles.
2. Technicians can be sent on their jobs from the business location or from the technician's home. This will vary day to day. Technicians placed on emergency repair calls can be sent out into the field at any time of the day, including weekends. There would be no ability for a technician to charge the vehicle at home. Use of an employee's personal resources could not be allowed (use of electricity without reimbursement). Further, heavy duty vehicles such as those used for technicians' vehicles, would require a heavy duty, fast charging device, and could not simply be plugged into a 120V wall plug.

3. These vehicles often are equipped with power take offs that run the cranes and other equipment such as air compressors and welders. This ancillary equipment, which could be operated for long periods during a repair, would draw heavily on charged battery systems, thereby reducing the vehicle range and onsite operation time, and could likely lead to stranding the vehicles where power recharge may not be available.
4. Technicians could have multiple jobs to run during a single day with no time in between to recharge. Jobs could also require a technician to stay overnight in proximity of where a repair is being made over several days. Remote locations would not have the facilities for heavy duty, fast charging systems. Any inability to recharge would limit a company's ability to provide proper service to the industry, or to their own equipment.
5. Safety is a priority for our company. Anything that could leave an employee in the field or along a highway stranded is unacceptable.

The focus of this regulation should be on the high percentage of vehicles operating in California that are light to medium duty (e.g. box trucks, vans and pick-ups) that typically run delivery and pick-ups within a generally unvaried radius during the day, and which pose less challenges with electric vehicle substitution. This regulation must not consider construction and industrial equipment service vehicles due to their irregularity of daily routines and mileage, and due to the variability of use that may deplete the battery, leaving a vehicle stranded and thereby risking the safety of the driver.

For these reasons, construction and Industrial equipment service vehicles should be excluded from the vehicles required to be reported in this regulation's questionnaire.

We thank you for the opportunity to present our comments to CARB, and we appreciate your consideration to exempt construction and industrial equipment service vehicles. If you have any questions or you require additional information, you may contact Bob Shepherd at 562-463-6013.

Sincerely,

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