Good afternoon Chair Randolph and members of the Board, my name is Omar Gonzales calling on behalf of Nikola Corporation.

Nikola is a technology and compliance solution provider manufacturing heavy-duty battery-electric vehicles, fuel-cell electric vehicles, and developing the entire hydrogen ecosystem. We're currently in production of our battery electric Class 8 day cab, the Tre BEV, which is listed on the HVIP catalog (and has a range of up to 350mi) and we will begin production of our Class 8 fuel cell electric day cab truck in 2023 (which will provide a range of up to 500mi).

Proposed Policy Updates

First, we'd like to echo comments from other stakeholders calling for the removal of the fleet size limits, bulk purchase requirements, and voucher reductions for large fleets. In short:

- Class 8 ZEVs are dependent upon incentives to achieve diesel TCO parity
- Small and medium sized fleets are often dependent upon large fleets adoption of ZEVs to support TCO competitiveness
- Large fleets can make a bigger impact in reducing emissions.

Bolster FCEV Investments

48 BEV Class 8 buses and trucks are currently available on the HVIP eligibility list. Manufacturers such as Hyzon and New Flyer already have FCEVs that are HVIP-eligible, and Hyundai and Nikola plan to have FCEV day cabs HVIP-eligible by 2023. Given the current availability of Class 8 BEV vehicle models, but nascent availability of FCEV models in the HVIP program that would meet various fleets' operational requirements, Nikola encourages the continued incentivization (including both the 100% modifier and fleet size exemptions) of FCEV Class 8 vehicles through HVIP for an equivalent amount of time or for an equivalent amount of vehicles incentivized as BEV Class 8 vehicles have been able to secure through the HVIP program to date.

California has led the way in ZEV purchase programs and now is the time to create FCEV carve-outs in the HVIP and the Carl Moyer Program, and to ensure equitable funding availability for the market maturation of FCEVs as economic alternatives to BEV vehicles, particularly for fleets that have operations that make adoption of BEVs impractical or uncompetitive.

HVIP has significantly advanced the market maturity of MHD BEV vehicles in California by providing point-of-sale rebates to offset the upfront cost of such vehicles. This program is so popular, that with $430 million available in March 2022, it was almost immediately oversubscribed in the area needed most—drayage trucks. However, various fleets in the MHD trucking industry will struggle to adopt BEVs into their operations. The current challenges experienced by these fleets include:

1. High duty cycles or impacts to owner-operators' and drivers' available hours of service that don't permit downtime for charging;

2. High payload requirements;

3. Daily range requirements in excess of 300 miles;

4. Not owning domicile properties or otherwise lacking the ability to upgrade infrastructure to accommodate charging requirements; and

5. Not having regular operating routes; etc.

Similar to the “Public Transit Bus Set-Aside,” and the “Innovative Small e-Fleet Set-Aside,” a FCEV set-aside for trucks and buses would ensure funding availability for these hard-to-decarbonize fleets and would send the right market signals to manufacturers for further technology development, especially to address long haul trucking. Additionally, this set-aside could be leveraged in California’s public private partnership effort, ARCHES, being coordinated by GoBiz, to secure match funding from the U.S. Department of Energy for the development of California’s hydrogen economy, thus contributing additional funding to CARB’s efforts to phase out emissions from Medium and Heavy Duty transportation.

The Carl Moyer program would also be improved with a FCEV carveout. Fleet purchasers eligible under the On-Road Heavy-Duty Voucher Incentive Program within Carl Moyer would benefit significantly from an FCEV carveout, as they are often owner-operators or small fleet owners of 10 or fewer vehicles that have less purchasing power than larger fleets but have the same challenging vehicle operational needs to meet their unpredictable and lengthy duty cycles, and in many cases may lack facilities where they can deploy permanent charging infrastructure or be inhibited by their available hours-of-service to use public charging facilities that would reduce available working hours for hauling loads.

Additionally, ensuring that MHD FCEVs realize either the same total funding or the same number of MHD FCEVs awarded funding as MHD BEVs have received would ensure an equitable glide path towards widespread commercial viability of MHD FCEV trucks on par with BEV technology. It is critical FCEVs receive equal funding to battery electric vehicles to ensure California fleet purchasers have options that meet their needs. Adding FCEV carve outs within existing programs allows fleet purchasers to select the vehicle that can support their business needs while meeting ACF compliance to help decarbonize the transportation sector.

Thank you to CARB staff for their work on the Funding Plan and for the Board’s leadership on this issue and consideration of these comments.