**On Robert Hassebrock**

**HSE Manager, NAM South Pacific Area**

Date:

To: Clerk of the Board

California Air Resources Board (CARB)

1001 I St., 6th Floor

Sacramento, CA 95814

# RE: Advanced Clean Fleets Draft Regulations

Weatherford is a supplier of goods and services primarily in the energy industry with the majority of that work in the Oil and Gas Drilling and Production sector. We appreciate the opportunity to provide comments on the referenced proposed regulations. Our comments have nothing to do with our support for the goals of the regulation but are rather focused on the clarity of the regulation and feasibility of such a significant change in managing transportation and support vehicles for companies subject to this proposed regulation.

We appreciate that the Board has directed Staff to move with caution in developing this regulation and would suggest that exercising patience may also be required during the development process. The implementation date in the regulation may require capital expenditures in 2024, and such expenditures will be mandatory in 2025. The U.S., if not the global economy, is in the midst of a banking crisis that has the potential to impact access to capital for many companies, even if we (Weatherford) are not impacted directly. Since we seek to work with Disadvantaged Business Entities, we have concern for this sector of the economy. While these companies might be able to weather the stress of this regulation under normal circumstances, it is possible that the potential constriction in access to capital could impact this sector unfavorably resulting in inequitable outcomes, and it would be prudent to delay implementation by at least one year or more in the future to reduce the financial burden.

There is the potential disruption to the economy as a result of this regulation. We are curious if CARB has identified economic metrics to monitor in future years should there be unintended consequences to industries in general, or to disadvantaged sectors resulting from implementation. If yes, what are the planned actions that will be implemented if these metrics indicate a need? We believe that these metrics and actions should be developed and shared as part of the background for promulgation.

We believe that the definition of Specialty Vehicle, should we choose to use the 2015.2 compliance strategy, should be clearer in terms of the features that qualify a vehicle for this exemption. For instance, the term “drilling rig” could be construed as limiting this definition to only drilling rigs vs. workover, production, or other types of rigs. On our part, we might think that a test truck, tong truck, lay down truck, or other types of vehicles that perform work from a stationary position using a PTO (Power Take Off) to run critical functions is common to many of these vehicles. It would be simpler to include PTO as an indication of a Specialty Vehicle rather than to list specific vehicles in order to prevent exclusion of other vehicles that qualify for the exemption.

The reporting period of the Month of January from 2015.4(b) with a deadline of February 1 of each calendar year is compressed, and we believe adds a burden that is not justified by the benefit of such a tight timeline. We would like to suggest March 31st as the annual reporting deadline as preferable, and March 1st as the soonest that CARB should require without an economic justification.

We believe Staff needs to address the ZEV Infrastructure Construction Delays (2015.3(c)(1)) provisions. The draft regulation allows for 2 years of extension for circumstances beyond the control of the Fleet Owner, but does not identify the magical formula Fleet Owners might employ if those circumstances are not resolved besides cessation of work. This is an untenable condition and needs significant stakeholder input.

Similarly, the ZEV Infrastructure Site Electrification Delays (2015.3(c)(2)) provision includes a hard 5-year (3 + 2) extension when a utility cannot provide the power sufficient to the needs of the Fleet. With the rapid advance in demand on the grid and the lack of utilities efforts to make meaningful improvements, it is again untenable to set hard rules into a regulation that may cause severe hardship for stakeholders.

Also, in this group of extension provisions there is the Vehicle Delivery Delay Extension (2015.3(d)), which does not include any aspect of costs for purchase. This could potentially provide manufacturers with the ability to exploit the system as the market builds out configurations. For instance, if a vehicle on the ZEV Purchase Exemption List (2015.3(e)(1)), or more specifically, the Configurations List (2015.3(e)(1)(A), becomes available as part of the growth of configurations, and that vehicle configuration is removed from the list by the Executive Officer, the Fleet Owner will be held captive without a functioning market to control costs. What is the economic justification Staff has utilized to support this requirement? We believe this condition presents a significant hardship and must be re-visited with stakeholders to resolve the problem.

While speaking about the ZEV Purchase Exemption List/Configurations List we must now address that section along with the ZEV Purchase Exemption Application (2015.3(e)(2)). Here we see justification for our concern above that a partial list of indications of a “Specialty Vehicle” will result in a hard list that locks out vehicle configurations not included. This Configuration List referred to does not include any of the configurations we mentioned above, creating an unequal load on Specialty Vehicle Fleet Owners simply because they were not included in the Configuration List. The inequity must be corrected before this rule is sent to the Board for approval, and that will require working with stakeholders who have similar concerns.

Next, the requirements in the ZEV Purchase Exemption Application for a fleet owner to submit information leaves out critical features that will need to be resolved before a vehicle will meet the configuration needs of many of the vehicles included on the Configurations List. The vehicles we have listed above need to be included in a proper list, and a critical need for these vehicles has to do with power consumption while parked and performing work which is missing from the criteria in the draft regulation. So, it is not frame, body, or attachments that need to be considered any more than the ability to park and perform work for the timeframes that are required. Further, the requirement that Fleet Owners identify manufacturers that will attest as to whether they do or do not offer options that meet “the needed configuration” should be CARB’s responsibility, as we know that manufacturers are generally much more responsive to CARB than to Fleet Owners. Further, a necessary addition is the inclusion of language once again stating that a single vehicle meeting the configuration needs will remove the exception which holds the Fleet Owner captive to a closed market and unable to consider or negotiate price. This entire section needs to be revisited incorporating comments from stakeholders before it is sent to the Board for approval.

We would like to state again our appreciation of the Board’s intent to ensure this regulation is crafted with caution, and we appreciate the opportunity to provide comments for consideration. We understand that it is a difficult task to develop a regulation of this scope, so we stand ready to answer questions and work with Staff to address any concern brought by stakeholders.

Sincerely,

Robert Hassebrock

HSE Manager

US Pacific Area