



22 October 2024

Chair Randolph and Members of the Board
California Air Resources Board 1001 I Street
Sacramento, California 95814

RE: October 7, 2024, 15-Day Notice Amendment Language

SUBMITTED VIA ELECTRONIC MAIL TO cleancars@arb.ca.gov

Mercedes-Benz Research and Development North America, Inc., and Mercedes-Benz USA, LLC, on behalf of the manufacturer of Mercedes-Benz vehicles, Mercedes-Benz AG (hereinafter “Mercedes-Benz”) would like to thank the California Air Resources Board (CARB) for its deliberative approach to rulemaking and the opportunity to provide our comments on its **15-Day Notice Amendment Language during the Advanced Clean Trucks Mini-Amendment Effort**.

In the following document, Mercedes-Benz’s comments address new labeling requirements, medium-duty vehicle (MDV) zero emission certification requirements, and the treatment of incomplete vehicles under the Advanced Clean Trucks (ACT).¹

Labeling Requirements (Section 1963(g))

While we recognize both the importance and practicality of current labeling requirements, Mercedes-Benz has several concerns regarding the feasibility, effectiveness, and timing of the new labeling requirement under the ACT regulatory update, particularly with respect to the 2025 model year.

In many cases, vehicles are manufactured and labeled well before their final destination, or before the state of sale is even determined. Oftentimes, logistical adjustments—such as changes in delivery locations—are made after a vehicle is built. This means that vehicles may need to be redirected to California or other states without sufficient time to add or modify a label to indicate that they are intended for sale in California. As a result, this proposed labeling requirement could impose significant logistical and operational challenges for manufacturers, without necessarily improving the accuracy or relevance of the labeling system.

It is also far from settled how the labeling requirement would directly contribute to CARB’s environmental objectives. The proposed requirement does not provide clear evidence of the emissions or environmental benefits that would result from adding the “for sale in CA” label. Without

¹ In addition to the Mercedes-Benz comments, Mercedes-Benz also supports the comments filed by our trade association, Auto Innovators.

a clear connection between the labeling requirement and concrete environmental improvements, it is difficult to justify this additional complexity and increased compliance cost.

Finally, the proposed implementation of this new labeling requirement for the 2025 model year does not provide manufacturers with sufficient lead time to incorporate the necessary changes. Vehicle design, manufacturing, and logistics processes are complex and are planned well in advance of model year launches. With the 2025 model year underway, the lead time for adapting manufacturing processes and ensuring compliance with this new labeling rule is insufficient. A 2025 model year implementation date for these requirements would impose retroactive requirements for the ongoing model year. In the event CARB decides to implement the new labeling requirements notwithstanding industry's strong objections, we urge CARB to consider extending the timeline to ensure adequate lead time for compliance.

Given these considerations, Mercedes-Benz respectfully requests that CARB reconsider the implementation timeline as well as consider the impacts of the new labeling requirements.

ZEV Credits and Certification Options for Medium-Duty Vehicles (Section 1963.2(i))

Mercedes-Benz appreciates CARB's recognition of the challenges associated with certifying medium-duty vehicles, particularly medium-duty zero-emission vehicles, and we strongly support the flexibilities introduced in the proposed amendments to the ACT regulation.

The certification and regulatory framework for medium-duty vehicles is significantly more complex and fragmented compared to the pathways for light-duty vehicles. The interaction of various regulatory programs—such as ACCI, ACCII, ACT, Zero-Emission Powertrain Certification requirements, the Heavy-Duty Low NOx Omnibus rule, and federal regulations like the EPA's Multi-Pollutant Rule—creates an intricate and sometimes conflicting set of requirements for medium-duty vehicles. This complexity makes the certification process for medium-duty vehicles, including medium-duty ZEVs, particularly challenging for manufacturers to navigate.

Mercedes-Benz fully supports the certification pathways introduced by CARB in this amendment effort, particularly the incorporation by reference of the 2018 California Exhaust Emission Standards and Test Procedures, as amended on September 3, 2015. Providing certification pathways will help address the unique challenges of the medium-duty vehicle segment and will help streamline the process for bringing medium-duty ZEVs to market. The inclusion of this pathway is critical for ensuring that manufacturers can continue to certify medium-duty vehicles and earn ZEV credits under the ACT regulation, supporting the growth of a robust zero-emission medium-duty vehicle market.

Mercedes-Benz appreciates CARB's efforts to provide this much-needed flexibility and urges CARB to continue exploring opportunities to simplify and harmonize the regulatory framework for medium-duty vehicles across state and federal programs. Streamlining certification pathways is crucial for promoting the rapid adoption of zero-emission technologies in this important vehicle segment.

Treatment of Incomplete Medium-Duty Vehicles (Sections 1963.2(h)-(j))

Mercedes-Benz appreciates CARB's effort to address the certification requirements for medium-duty vehicles under the Advanced Clean Trucks (ACT) regulation. However, we believe there remains a significant gap in how incomplete medium-duty vehicles, particularly those between 8,500 and 10,000 pounds GVWR, are treated within the regulatory framework.

While CARB's amendments define clear pathways for heavy-duty vehicles over 14,000 pounds and complete medium-duty vehicles between 8,500 and 14,000 pounds, the regulation does not adequately address incomplete medium-duty vehicles between 8,500 and 14,000 pounds GVWR. This is a critical segment of the market, particularly for vocational and recreational uses.

A lack of clear guidance for certifying these incomplete vehicles presents a significant challenge for manufacturers and could have the unintended consequence of hindering the deployment of zero-emission technologies in this important category. Incomplete vehicles in this weight range are frequently customized for vocational purposes, such as small business use or last-mile delivery, and are also popular for recreational vehicle conversions. It is crucial that these vehicles have a streamlined certification pathway to ensure that they are included in the broader regulatory efforts to promote zero-emission technologies in California.

Mercedes-Benz strongly supports allowing incomplete Class 2b and 3 vehicles (8,500 to 14,000 pounds GVWR) to be certified under the light-duty certification pathways (ACCI or ACCII), the same pathways available to complete medium-duty vehicles, but while still being afforded the opportunity to earn credits under the ACT program. Such an allowance would help ensure that the same level of performance is met by incomplete vehicles as that required of complete medium-duty vehicles, while at the same time simplifying the certification and credit generation process.

By allowing incomplete vehicles to be certified under ACCI or ACCII, CARB can avoid duplicating certification requirements and development efforts, freeing up valuable resources for manufacturers to better allocate towards developing new zero-emission technologies. By certifying these incomplete vehicles under the light-duty pathways, CARB can streamline the regulatory framework, reducing the complexity of certification and ensuring that manufacturers can more efficiently bring zero-emission vehicles to market. This approach simplifies compliance while maintaining robust performance standards for incomplete medium-duty vehicles.

This flexibility is critical for supporting vocational and recreational applications and promoting the adoption of zero-emission technologies across a wider range of vehicle types. To ensure that there is a robust and consistent supply of incomplete vehicles, it is critical that manufacturers are incentivized to produce these vehicles by earning ACT credits.

The ability to earn ACT credits for incomplete vehicles certified under ACCI or ACCII is a necessary step to ensure the ongoing supply of vehicles that can be customized and upfitted to meet the needs of various industries across the state of California.

Conclusion

Mercedes-Benz appreciates CARB's ongoing efforts to refine the Advanced Clean Trucks (ACT) regulation and provide pathways for the transition to zero-emission vehicles. As a manufacturer committed to the future of sustainable transportation, we support CARB's overarching goals and welcome opportunities to collaborate on sensible solutions that ensure regulatory frameworks are both effective and practical. However, as outlined in our comments, there are critical areas that require further consideration to ensure successful implementation:

- **Labeling Requirements:** The proposed labeling requirements for vehicles sold in California lack sufficient lead time for implementation and pose significant logistical challenges. Additionally, the environmental benefits of this requirement remain unclear, and we encourage CARB to re-evaluate the necessity and practicality of this provision.
- **Certification Flexibility:** The certification framework for medium-duty vehicles is highly complex, and we support CARB's inclusion of the 2018 test procedures for ZEV MDVs. It is crucial to maintain this flexibility to support the introduction of zero-emission medium-duty vehicles and ensure that manufacturers can continue to bring innovative technologies to market efficiently.
- **Treatment of Incomplete Medium-Duty Vehicles:** We strongly advocate for allowing incomplete Class 2b and 3 vehicles to be certified under the light-duty pathways (ACCI or ACCII) and then earn credits under the ACT program, as this would simplify the certification and credit generation process, prevent duplication of resources, and ensure that this critical vehicle segment is included in the transition to zero-emission technologies.

In closing, Mercedes-Benz remains committed to working with CARB to ensure that the regulatory environment supports both the adoption of zero-emission medium-duty vehicles and the practical realities of vehicle manufacturing and certification. We respectfully request that CARB consider our recommendations to enhance the clarity, flexibility, and efficiency of the ACT regulation. We look forward to continued collaboration on this rulemaking and future efforts.

Sincerely,

MERCEDES-BENZ RESEARCH & DEVELOPMENT N.A., INC.

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