NEW FLYER | MCI

The Honorable Steven S. Cliff, Ph.D.
Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814
ATTENTION: Clerk's Office

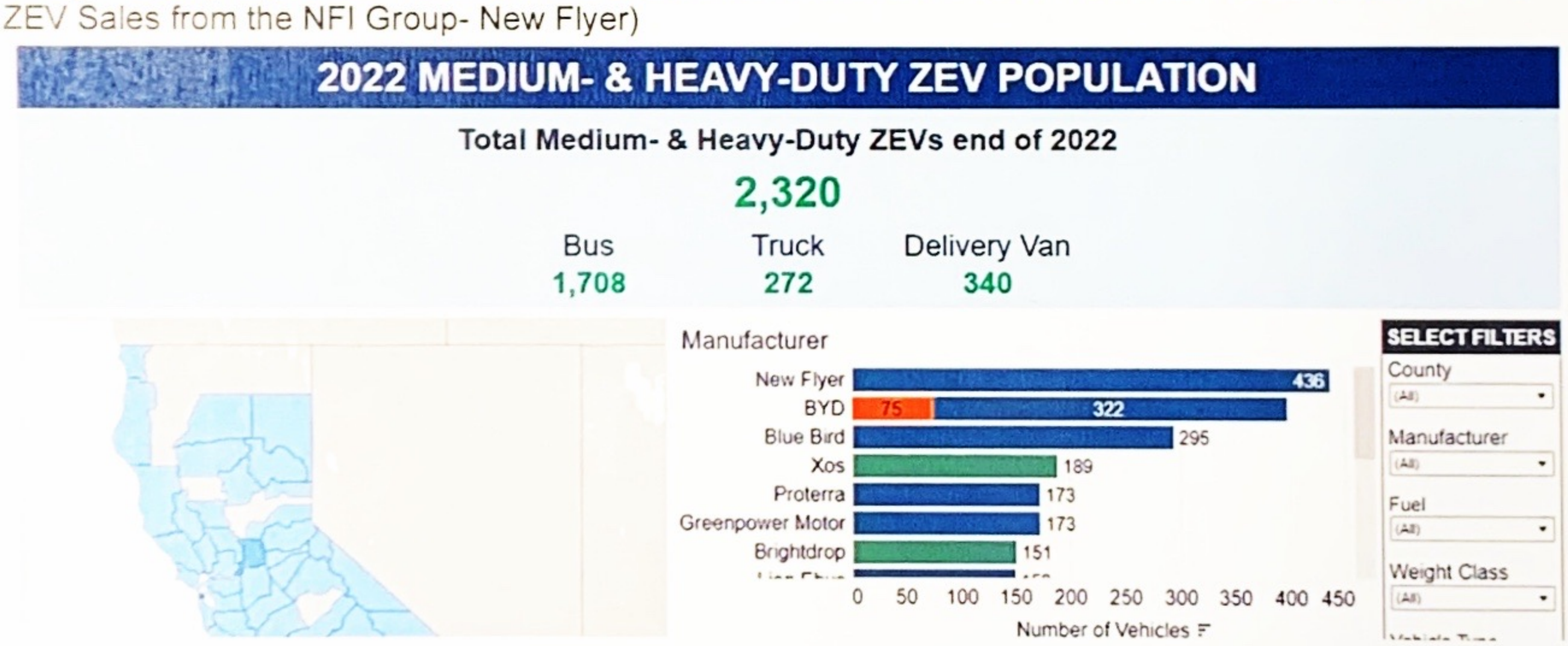
RE: Additional Modifications to Proposed Amendments to the Heavy-Duty Engine and Vehicle Omnibus Regulation

Dear Dr. Cliff:

On behalf of the NFI Group Inc., pursuant to Section 11346.8 of the California Government Code, we are submitting comments on the proposed amendments to the Heavy-Duty Engine and Vehicle Omnibus (Omnibus) regulation, per the Board's notice posted on December 6, 2023.

The NFI Group is the parent company of Motor Coach Industries (MCI), New Flyer, ARBOC and Alexander Dennis, all in the business of manufacturing, selling, and servicing both over-the-road motor coaches and transit buses, with many operating in both private companies and transit agencies throughout the state. We also have sales and service locations in the state.

MCI is proud to offer both diesel and zero-emission coaches to our customers as well as support such as infrastructure planning to enable the transition to zero emissions. Unfortunately, the impact of the regulation and subsequent agreement with EMA and engine manufacturers severely limits the number of allowable diesel engines for motor coaches, thus we, as well as our many California based customers will be significantly impacted. We also have earned offset credits based on these ZEV sales. (see below for ZEV Sales from the NFI Group- New Flyer)



We respectfully request additional clarification regarding the use of offsetting Zero Emissions credits as well as a possible exemption as a small volume manufacturer which is referenced in the text from prior communications below.

I have summarized some of the key points below, many of which have been the topics of ongoing discussion and emails between MCI, our engine OE Cummins and CARB staff which are in addition to our 9/5 hearing request that was previously filed for comment with CARB:

- We have collaborated with CBA and key operators to provide unified information to the CARB team which has been submitted as requested. This includes both historical California private motorcoach sales history and the engines allocated to each coach builder by engine OE.
- Overall, the industry is 200-300 units annually, obviously sales are lower post COVID as both demand and production essentially ceased and we are collectively recovering and renewing

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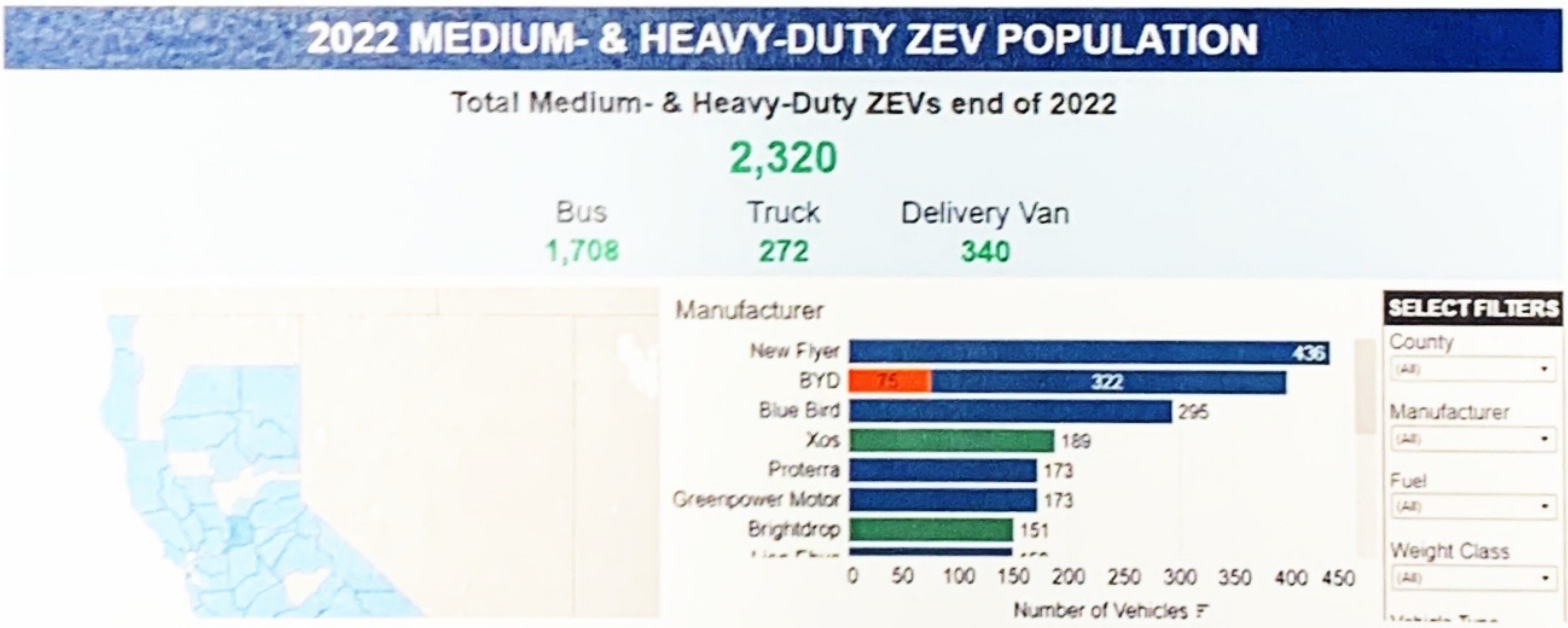

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fleets.

- In an MCI example, our main selling models which include the J4500 using the Cummins X12 engine have averaged seventy-seven (77) units per year (5-year pre-COVID average excluding public sector), yet we have been allocated 5 units from Cummins which is about **7% of our normal volume**. We believe this impact is similar for all major bus builders. We report our data in aggregate to the American Bus Association who can assemble more detail if needed. Despite the data we've provided showing our deficit, there continues to be internal CARB discussion indicating that we would have enough engines. This is simply not the case and is **due to the Omnibus legacy cap.**
- The exact mechanics that resulted in our allocation of engines from the application of the legacy provision formula have not been clearly outlined, the process was not transparent, and we were not able to see the outcome of the calculation until around July 15th.
- Following the hearing on and at the suggestion of CARB we collaborated with Cummins to better understand and clarify the use of offsetting credits which would meet the CARB requirement of Net Neutral and/or decrease in total emissions. We believe we have a solution and only wish to have further discussion on our compliance strategy.
- The text and request for additional discussion was outlined to Kim Heroy-Regalski in an email on 11-28-23 in which we indicated that MCI/NFI has earned ZEV credits as does Cummins and we seek clarification on using them. As of today, with multiple requests, this email has not been responded to, so I've added our discussion points below for reference:
    - In communication with CARB's CIHD section back in June 2023 (Email attached "RE:Exemption 12 CCR…), **we were informed the 1956.8(f) exemption path would not apply to on-road vehicles but request it be allowed** this point based on the proposal below. It seems this is based on historical context rather than legal applicability as this exemption is located within the On-Road Heavy-Duty Certification Program. We would like to further discuss this as a possible alternative to provide the much-needed flexibility we seek to obtain engine supply.
    - In our discussions with Cummins, we understand that several alternatives were proposed by Cummins, which could have merit.
        - MCI would like to propose an option that would align with CARB's, and other environmental organizations' goals in reducing emissions. This option would be **<u>emissions-neutral</u>**, not anti-competitive and would remain fair to any engine manufacturers that will produce CARB-certified diesel engines next year.

    We propose as follows:

    - CARB has established NOx emissions provisions to allow offset of Legacy engines' emissions, and **MCI only wants to be able to use Zero Emission credits MCI / New Flyer (MCI's sister company) has earned, or Cummins' earned credits and mitigation projects beyond the Legacy sales cap quantity**. We've outlined previously that total sales volumes are well below the threshold for a small volume manufacturer. If we are allowed to use emissions offsets beyond the cap quantity, then this would remain an emissions-neutral solution, **a justification that CARB used in its Statement of Reasons when it proposed the new Legacy sales cap options. We are only requesting using the same strategy and request be implemented in conjunction with CARB's existing exemption authority described in 13 CCR 1956.8(f).**

- In various communications including our 10/20 hearing, we are a small volume manufacturer so continue to seek flexibility under this provision.

For these reasons, we continue to request the Board allow working group sessions and public hearings before moving forward with the proposed amendments to the Omnibus regulation. I can be reached at 630-235-9696 or Brent.Maitland@MCIcoach.com, for any questions concerning this request.

Thank you for your consideration. If you should have any questions, please feel free to contact me.

Sincerely,

Brent Maitland
VP Private Sector, MCI & New Flyer
Phone: 630.235.9696
200 East Oakton Street
Des Plaines, IL 60018