

**STATE OF CALIFORNIA
AIR RESOURCES BOARD**

**Proposed Advanced Clean Fleets
Regulation; Modified Text**

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**Hearing Date:
October 27, 2022**

**COMMENTS OF THE
TRUCK AND ENGINE MANUFACTURERS ASSOCIATION**

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The original proposed regulatory text for the 100 percent sales mandate would have arbitrarily required manufacturers to sell only ZEVs beginning with MY 2040. The rationale provided for sunseting the ACT rule and establishing the 100 percent ZEV sales mandate simply was to “send a clear signal regarding the end of [internal combustion engine] powered truck sales in California.” See, Staff Report: Initial Statement of Reasons (August 30, 2022), pg. 3. The Staff Report also stated that the 100 percent mandate “ensures accelerated improvements in the economics of ZEVs and the investments needed to expand the market quickly.” See, Id. The rulemaking record provided no assessment of the technical feasibility of converting all new commercial vehicle sales to ZEVs by 2040, if it will be cost effective for all fleets to purchase only ZEVs beginning in 2040, or if the electricity charging and hydrogen fueling infrastructures needed to power the ZEVs will be in place in time. Further, there was no attempt in the rulemaking record to explain how a one-sided sales mandate would “ensure accelerated improvements in the economics of ZEVs” to make them cost effective for all fleets to purchase and operate, or how such a sales mandate would “ensure accelerated ... investments needed to expand the market.” There is no doubt that growing the medium- and heavy-duty ZEV market requires (i) available ZEV products, (ii) commercial vehicle fleets willing to invest in purchasing the ZEVs, and (iii) sufficient infrastructures in place to power the ZEVs. Any regulatory program that attempts to accelerate the sales of ZEVs in excess of what fleets will purchase, or that outpaces the development of the necessary ZEV infrastructures, unfortunately is an incomplete program that is doomed to fail.

The proposed modified regulatory text for the 100 percent sales mandate would arbitrarily move the effective date up four years and require manufacturers to sell only ZEVs beginning with MY 2036. The rulemaking record attempts to justify the change simply by stating that “[a]ccelerating the 100 percent manufacturer ZEV sales requirements sends a *stronger* market signal indicating the end of the combustion-powered sales in California in 2036 rather than 2040.” See, Notice of Public Availability of Modified Text and Availability of Additional Documents (March 23, 2023), pg. 113 (emphasis added). Like the original proposal, there is no evidence indicating how mandating 100 percent ZEV sales would be feasible or successful. The proposed 2036 sales mandate simply is not supported by any facts on the rulemaking record.

Medium- and heavy-duty vehicles are produced and sold in a wide variety of shapes and sizes, from heavy-duty pickup trucks, parcel delivery vans, school buses, intracity pickup and delivery trucks, construction vehicles, refuse trucks, regional freight tractors, and long-haul tractor-semitrailer combination vehicles. Trucking fleets are businesses that operate on razor thin profit margins, and they will only purchase a new commercial vehicle if it will advance their business and be a profitable investment. If the fleet determines that a ZEV cannot complete the work needed, or cannot complete the work in a profitable manner, the fleet will look for alternatives to keep their business profitable. Manufacturers cannot force fleets to purchase vehicles that will fail to further their business objectives. For those reasons, accelerating the medium- and heavy-duty ZEV market requires simultaneously addressing (i) ZEV products, (ii) fleets’ willingness to purchase the ZEV products, and (iii) the development of the infrastructures needed to power the ZEVs.

The manufacturer sales mandates in the ACT rule will be effective next year. However, before that regulation implements or has been proven successful, the ACF rulemaking is attempting to increase the ZEV sales requirements with the 100 percent sales mandate in 2036. Instead of doubling down on unproven sales mandates, CARB should instead focus on crafting an effective ACF rule that will require purchases of commercial ZEVs in alignment with the sales mandates in the ACT rule. Accordingly, the agency should suspend the rulemaking on the 100 percent sales requirements until such time that sufficient evidence exists to prove that ZEVs can be successfully deployed in all commercial vehicle applications in California.

The regulatory text for the proposed 100 percent ZEV sales requirements is absolute, requiring only sales of ZEV for every medium- and heavy-duty vehicle application, and providing an exemption only for emergency vehicles. At the same time, the proposed ACF rule would require fleets to purchase ZEVs in the same timeframe, but with extensive exemptions. The proposed ACF regulation would exclude (i) small private fleets, (ii) government fleets in non-designated counties, (iii) wastewater fleets, (iv) backup vehicles, (v) daily use vehicles, (vi) mutual aid vehicles, (vii) non-repairable vehicles, (viii) military vehicles, (ix) snow removal vehicles, (x) two-engine vehicles, (xi) school buses, (xii) heavy cranes, and (xiii) emergency vehicles. In those applications, fleets would be permitted to purchase traditional non-ZEV commercial vehicles. Further, the proposed ACF rule would provide extensions to the ZEV purchase requirements for delays in development of the necessary infrastructure. However, the ACT rule imposes on manufacturers rigid sales requirements with essentially no exemptions, and the proposed 100 percent ZEV sales requirements would exempt only emergency vehicles. It is fundamentally inconsistent and illogical to provide extensive exemptions from the ZEV purchase requirements, while not exempting those same vehicles from the sales mandates. Manufacturers simply cannot sell a vehicle without a buyer. The ACF rulemaking clearly recognizes that there are limitations to the utility of ZEVs in some commercial vehicle applications, and it acknowledges that ZEVs cannot be put into service until a suitable charging infrastructure is in place. Accordingly, at the very least, CARB must modify the proposed ZEV sales requirements to provide exemptions aligned with those in the ACF rule.

We look forward to continuing to work with CARB and other stakeholders to successfully transition California's commercial vehicle market to ZEVs. If there are any questions about these comments, or if we could provide any additional information, please do not hesitate to contact Tim Blubaugh at (312) 929-1972, or tblubaugh@emamail.org.

Respectfully submitted,

TRUCK AND ENGINE
MANUFACTURERS ASSOCIATION