

April 7, 2023

Liane Randolph, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Comments on 15 Day Notice of Modified Advanced Clean Fleets (ACF) Regulation

Please accept the following comments on behalf of Enterprise Holdings (Enterprise). Our vision to be the world's most trusted mobility company; and our commitment to a mobility future that is more accessible, efficient, and sustainable for all drives us to support the advancement of zero-emission technologies in California and throughout the world. We have already begun to offer electric vehicles within our light-duty fleet; we're engaged in pilot project projects in select markets; and we're committed to expanding access to charging infrastructure in support of the deployment of new vehicle types through our network of convenient locations.

Truck rental companies are well positioned to work with fleet owners to introduce ZEV trucks on a trial basis. As these fleet owners have a positive experience with ZEV trucks, this will accelerate the adoption of clean trucks in California, and result in the replacement of the aging trucks currently in their customer's fleets.

We appreciate the extent to which you, your fellow board members, and your staff made yourselves available to discuss the application of ACF to both rental fleet and long-term lease purchasers like Enterprise. We value the productive dialogue we have shared with staff and board members alike on the unique differences between a purchase by an end-user, and a purchase by a rental or leasing company which is in turn rented or leased to an end-user.

Rental is Different

Fundamentally, rental fleet companies are not themselves the end-users. Rental customers are the end-users; and we request that distinction be reflected in ACF.

Problem of Mismatched Supply and Demand

From our conversations, we understand that ACF's establishment of requirements on end-user fleet purchases is essentially a means of *matching up* ZEV truck purchase demand with the ZEV truck supply established under Advanced Clean Trucks (ACT).

In short, a prior regulatory process created a supply - ACT; and a subsequent regulatory process establishes the demand to match the supply that was required by prior regulation - ACF.

Once a rental company makes a required ZEV truck purchase as required by ACF, that purchase becomes the supply within the rental market. Just as in the manufacturer context, this is supply that has been required by regulation.

But unlike the manufacturer example, there is no corresponding regulatory effort to match up rental demand to the supply that has been required by regulation.

If the aim of ACF is to *match up* supply and demand, then that effort should apply throughout the rule. Unfortunately, because the draft ACF falls short, additional work remains to address the unique characteristics of rental fleets.

Without stimulation of demand and/or incentive for rental truck end-users to choose ZEV trucks, there is a very high likelihood that the rental fleet purchases of ZEV trucks required under ACF will simply sit idle, especially in the near-term in the absence of sufficient accessible charging infrastructure. Given the paucity of ZEV trucks on the road today, deployment of these scarce vehicles into a use case where utilization is minimal will be an unfortunate result of this otherwise commendable regulatory effort.

Lest there be any doubt about the intent of our concern in this area, our aim is to drive towards regulatory objectives to advance EV adoption and avoid certain unintended consequences of reduced EV availability in the market.

Simple Solution to Mismatched Supply and Demand

Public and private fleets subject to ACF would benefit greatly from a menu of options to assist in their compliance with required ZEV purchases under the rule. Allowing public and private entities the option to rent ZEV trucks and count those rentals toward required ZEV usage compliance under ACF would provide much needed flexibility to those fleets – particularly those budget-constrained public sector entities for whom the purchase of ZEV trucks or installation of charging infrastructure might not be practical within the required timeline.

We respectfully request that you direct staff to continue to work with all stakeholders to provide guidance and direction as to how private and public fleets might utilize shared mobility options such as short-term truck rental to meet obligations under the ACF.

Authorizing this method of shared mobility compliance could stimulate more efficient use of a shared resource, and accordingly stimulate demand for rented trucks. This could reduce the possibility that ZEV trucks will sit idle at rental locations throughout the state. Allowing public and private fleets to count rented ZEV trucks toward their own compliance with the rule would be a significant step in the right direction toward addressing demand deficiencies that exist in ACF for rental truck fleets. It also creates an incentive for fleet owners to rent a ZEV truck as a replacement vehicle when an ICE truck is being repaired or unavailable, creating the opportunity for a test drive. Furthermore, some ZEV trucks may require complicated repairs including Advanced Driver Assist systems (ADAS) that could result in long

repair times; and encouraging fleet owners to rent ZEV increases the likelihood that a ZEV truck in the shop for repair is replaced with a rented ZEV truck.

Contemplating the use of shared mobility options like rental is not without precedent in the EV mandate context. For example, when the European Commission promulgated rules for public sector procurement under the Clean Vehicles Directive¹ - that rule appropriately considered all the various methods a public sector entity could procure vehicular transportation: purchase, lease, and rental.

Rentals to Fleets with an Express Exemption

Some fleets have been expressly exempted from the ACF due to the unique nature of their usage. Many of these exempted entities rely on the rental truck industry to supplement their fleets in times of need. For example, CalFIRE depends on the rental truck industry every year to provide hundreds of trucks to move equipment and personnel to the front lines.

If a rental company is satisfying an exempt entity's transportation needs by providing an ICE vehicle because only an ICE vehicle can serve the needed function, the provision of that service to an exempt entity should not encumber the rental company's ZEV requirement under ACF.

Therefore, we respectfully request that you direct staff to provide guidance as to how rental companies can appropriately subtract rentals provided to exempt entities from rental company's ACF ZEV requirements for their fleet.

Future Considerations

We respectfully request CARB establish a process to monitor ZEV rental truck rental utilization rate. And we request analysis of ZEV rental truck utilization data to ensure future milestones are appropriate for the utilization rate.

Lastly, we request acknowledgement that all rentals should not be treated identically since some rentals have the ability to achieve a multiplier effect on decarbonization. We encourage future rulemakings to explore this concept and consider providing incentives for rental companies to deploy ZEV trucks into shared mobility options such as vanpooling for commuting purposes. Deployment of ZEV trucks for purposes of pooling rides can have the effect of eliminating trips altogether; and should be incentivized since it is in line with CARB's mission to decarbonize.

Thank you for the opportunity to provide input into this rule.

Respectfully,



Randal T. Narike
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Chief Strategy Officer
Enterprise Holdings, Inc.

¹ Directive (EU) 2019/1161 of the European Parliament and of the Council of 20 June 2019 amending Directive 2009/33/EC on the promotion of clean and energy-efficient road transport vehicles (Text with EEA relevance.)