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Chair Liane Randolph
California Air Resources Board
1001 I Street
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RE: SDG&E Comments on Proposed 15-Day Changes to Draft Advanced Clean Fleets Regulation Language (Released March 23, 2023)

Introduction

San Diego Gas & Electric Company (“SDG&E”) appreciates the opportunity to comment on the California Air Resources Board’s (“CARB”) proposed 15-day changes to the draft Advanced Clean Fleets (“ACF”) regulation. This regulation will result in significant emission reductions and the transformation of medium-and heavy-duty (“MDHD”) trucking along with the State’s electrical and energy systems.

SDG&E believes that the ACF is a critical step in the attainment of California’s ambitious emissions goals. Reducing emissions from the MDHD vehicle sector serves the public interest by mitigating the climate and public health impacts of greenhouse gases (“GHGs”) and criteria air pollutants. As such, SDG&E supports state efforts to move toward zero-emission MDHD vehicles by 2045 for all operations where feasible, as outlined in Governor Gavin Newsom’s Executive Order N-79-20.¹

SDG&E Fleet Electrification Efforts

SDG&E is also a champion of transportation sector decarbonization and supports the development of the ACF regulation to help California achieve its aggressive mobile source emissions reduction goals. SDG&E released its *Path to Net Zero: A Decarbonization Roadmap for California*² report in April 2022. This report provides recommendations for California to meet carbon neutrality goals by 2045 through advancing electrification, adopting cleaner and renewable fuels, and recognizing the critical role of zero-emission vehicles (“ZEV”) in driving decarbonization. As part of its Sustainability Strategy, SDG&E has committed to operate a 100

¹ [Executive Order N-79-20](#) establishes a statewide goal of 100 percent in-state sales of new passenger cars and trucks, and drayage trucks to be zero-emission by 2035, and medium- and heavy-duty vehicles by 2045, where feasible.

² [SDG&E’s The Path to Net Zero: A Decarbonization Roadmap for California](#)

percent zero-emission fleet by 2035. This includes achieving interim goals of electrifying 100 percent of its light-duty fleet and transitioning 30 percent of its overall fleet to ZEV by 2030.

SDG&E is active in supporting its customers in transitioning to zero-emission vehicles. Last month, SDG&E partnered with local and state officials to unveil four public, direct current (DC) fast chargers at a truck stop just north of the Otay Mesa Port of Entry. The 250-kilowatt (kW) chargers are the first publicly available DC fast chargers in California to serve MDHD vehicles; the truck stop is located just north of the busiest commercial border crossing in California.³

SDG&E's fleet is critical in supporting the clean, safe, and reliable delivery of energy to customers across its service territory. Given the impact of the ACF to California's transportation sector, energy industry and economy, there is a compelling need to adopt a deliberate, clear, and impactful regulation that fosters the transition to a net-zero carbon future.

SDG&E appreciates CARB's recent proposed 15-day language changes. These changes are a step in the right direction toward successful regulation and provide important flexibility to ensure that the implementation of the rule takes into account the transition of zero-emission fleet vehicles and supporting infrastructure. The changes include vital considerations for fleet operators, like SDG&E, who provide emergency response and critical services for California communities.

However, further clarification of certain portions of the regulation could help better ensure actionable, achievable, and meaningful compliance – especially in the early phases of the regulation, as the market continues to develop and adapt to global transportation sector changes.

Suggestions for Further Clarification

SDG&E respectfully offers the following recommendations, which are intended to strengthen the “High Priority and Federal Fleet Requirements” provisions in the proposed ACF Regulation language released on March 23, 2023:

- **Clearly Define and Establish Criteria for “Available”**

The Proposed ACF Regulation includes milestones leading to a 100 percent ZEV fleet as early as January 1, 2025.⁴ While SDG&E recognizes the intended improvements to the regulation by changing “commercially available” to “available,” the heart of the issue remains unchanged. Availability questions throughout the rulemaking process have largely focused on the adequacy of ZEVs by vehicle class, specifications, and/or duty cycle requirements as well as the ability of fleets to acquire a ZEV, and these issues remain a concern even with this language change. This language alteration does not assist with complying entities' understanding of CARB's decision-making processes. Availability still faces the challenges associated with delivery time, global supply issues, or weight class, configuration and duty cycle adequacy.

³ [SDG&E Press Release: CA's First Public, DC Fast Chargers for Electric Medium and Heavy-Duty Vehicles at a Truck Stop Open for Public Use](#)

⁴ [Proposed 15-day Changes to the Proposed Regulation Order Advanced Clean Fleets Regulation](#)

As such, SDG&E suggests that the regulation add “available” directly to the definitions section, and clearly define and establish criteria for the term that consider the following: vehicle range, vehicle cost, payload needs, reliability, one-to-one replacement, the availability and effectiveness of fueling or charging infrastructure, and time-to-delivery. Such a definition will enable complying entities to fully understand CARB’s expectations when applying for exemptions like the ZEV Purchase Exemption, either through the List or Application pathways.

- **Clearly Define Expectations and Processes Behind Each Exemption and Extension**

SDG&E appreciates CARB’s efforts in expanding exemption and extension provisions. However, the decision-making processes behind exemptions and extensions are not detailed in the regulation. The proposed regulation establishes that exemptions may be granted on a case-by-case basis by the Executive Officer utilizing their “good engineering judgment” or “good engineering and business judgement,” without clear definitions for either term, regulated entities are unable to predict which factors in a highly dynamic marketplace and changing technological landscape will be important to CARB. Such an ad hoc process is inherently subject to variability, thereby leading to inconsistent results.

This approach does not seem to offer the transparency necessary to ensure consistent regulation of a changing marketplace. Additionally, vague processes place a potentially monolithic administrative burden on CARB’s Executive Officer and staff, especially during the early phases of the regulation. A scenario could arise where regulated entities simultaneously submit a large volume of exemption requests, with CARB staff having to individually review each vehicle to decide if an exemption will be granted.

Instead, SDG&E suggests the use of clear criteria that would automatically qualify a regulated entity for an exemption, addressing the potential issue of inconsistent results. Clear criteria would provide certainty regarding applicability of the exemption, allowing entities to better plan for their purchases. Knowing in advance if vehicles qualify for an exemption would empower fleets to make appropriate decisions when requesting exemptions, thereby reducing uncertainty, leading to more rapid transition to ZEVs, and reducing the administrative burden on CARB.

- **Proactively Provide Compliance Support Materials, Eligible Vehicle Lists, and Clear Pathways for Exemption Requests Along Regular and Scheduled Update Timelines**

CARB states that the Executive Officer will provide discretionary oversight of the exemption and extension process. However, CARB has indicated that it will not release key materials, including the initial list of available ZEVs under the ZEV Purchase Exemption List pathway until up to a year after the effective compliance date. ACF is designed to encompass the entirety of California’s MDHD sector; such a significant scope requires a fully formed understanding of both the marketplace and state of technology including at the time the regulation is put into effect. The information collected by CARB and reviewed by the Executive Officer is expectedly high-level and reflective of the holistic state of the market. This should be transparently provided to

regulated entities. For example, a preliminary list of exempted vehicles or vehicle groups (e.g., bucket trucks with reach 50 feet and higher) should be made available at the time of final rule adoption. This would provide fleets with information needed to enable vehicle acquisition planning in upcoming years. These lists should subsequently be updated on a predictable review schedule in anticipation of milestone timeline benchmarks. This approach would ensure that fleets understand CARB's expectations and can prepare acquisition plans in advance of compliance deadlines and throughout the lifecycle of the rule. SDG&E encourages CARB to develop a standing committee or workgroup with fleet stakeholders to ensure that adequate considerations are given to vehicle availability and exemption and extension process review expectations.

Conclusion

The above recommendations provide a series of key considerations to enhance ACF development and implementation. SDG&E believes that Electric Utility fleets play a primary role in helping California achieve its aggressive emissions reduction goals underpinning a just and equitable energy transition. SDG&E has an established and ongoing commitment to clean transportation innovation by incentivizing and promoting the adoption of ZEVs and supporting charging and fueling infrastructure. SDG&E reiterates support for the direction of the ACF regulation and believes that CARB's consideration and incorporation of stakeholder suggestions will ultimately expedite the California's transportation sector transition to a zero-emission future.

Sincerely,

/s/ Alexandria Moffat

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