STATE OF CALIFORNIA
AIR RESOURCES BOARD

Proposed Amendments to the Advanced Clean Trucks Regulation and the Zero-Emission Powertrain Certification Test Procedure; Second Public Availability of Modified Text	**))))**	**Comment Deadline: December 6, 2024** **Public Hearing Date: October 24, 2024**

COMMENTS OF THE TRUCK AND ENGINE MANUFACTURERS ASSOCIATION

December 5, 2024

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Introduction and Comments

The Truck and Engine Manufacturers Association (EMA) appreciates the opportunity to submit its comments regarding the second set of revised amendments that the California Air Resources Board (CARB) is proposing for the Advanced Clean Trucks (ACT) Regulation and the Zero-Emission Powertrain (ZEP) Certification Test Procedure. The proposed amendments, as revised, are consistent with the comprehensive agreement that EMA and CARB entered into in July of 2023 regarding the implementation and alignment of a suite of California and federal regulations ultimately aimed at transitioning the medium-duty and heavy-duty (MHD) vehicle sector to zero-emission vehicles (ZEVs). (See CARB website, "CARB and truck and engine manufacturers announce unprecedented partnership to meet clean air goals.")

The revised amendments also reflect the results of ongoing collaborative discussions between CARB Staff and EMA to address certain of the unintended consequences and market impacts that the Board discussed during the original hearing on this matter, which was held on May 23, 2024. Since the revised amendments package, along with the other enforcement discretion actions that CARB Staff have initiated, will promote the more orderly implementation of the ACT regulations (as well as the related Omnibus and ACF programs), EMA supports Staff's revised proposal, as endorsed by the Board during the hearing held on October 24, 2024.

EMA previously submitted its comments on the initial set of ACT amendments in advance of the October 24th hearing. The second set of amendments at issue adequately addresses most of EMA's earlier comments, but a key issue remains as discussed below.

The remaining issue concerns section 1963.3(b) of the proposed amendments, where CARB has added clarifying language regarding how manufacturers are to make up deficits over the 3-year carry-over period. The problem is that the new clarifying language appears to have limited the intended flexibility of the extended deficit make-up period. More specifically, the allowed 30% carry-over deficits that can be generated while already in the 3-year make-up period are dependent on the first deficit-generating model year and so do not provide for a full 30% carry-over during the early years of ACT adoption.

EMA's suggested remedy for this is to amend the language regarding the make-up period to allow each deficit-generating model year to have its own 3-year make-up period, independent of other deficit-generating model years. Each model year would be required to reduce its deficits to below the 30% cap in the second model year, and then completely eliminate the deficits in the third model year. Such an amendment would make the 30% allowance easier to manage and would match manufacturers' original expectations regarding this important compliance flexibility.

Additionally, the current regulatory language in section 1963.3(b) does not align with CARB's example of how the allowed carry-over can be utilized: "The three-model year period begins with the first model year following the model year in which the manufacturer had a net deficit." CARB's example states that 2024 model year deficits need to be made up by the end of the 2026 model year. But the make-up period is supposed to start with the model year following the model year in which the deficit is generated. Consequently, 2024 model year deficits should be made-up over the following three model years (i.e., MYs 2025-2027).

EMA's suggested regulatory language to address the concern at issue is as follows:

> *"Flexibility to Make Up a Deficit. A manufacturer that has a cumulative net deficit after the end of a given model year may use this flexibility to make up the deficit in a consecutive three-model year period. The three-model year period begins with the first model year following the model year in which the manufacturer had a net deficit. In accordance with section 1963.3(d), up to 50 percent of the deficits generated in a model year may be made up with NZEV credits. The ~~total net~~ deficit balance for each deficit generating model year ~~for all model years~~ must be offset by the end of the three-model year deficit makeup period~~, and the manufacturer may not start a new deficit makeup period until all existing deficits are offset. If the net deficit balance is more than 30 percent of the deficits generated from the most recent model year, the net deficit~~ The net deficits for each deficit generating model year must be reduced to below 30 percent by the end of the first ~~and second years~~ year of the makeup period. For example, a manufacturer that accrues 1,000 deficits in the 2024 model year must have a net deficit balance below 300 deficits (below 30 percent of the 1,000 deficits) by the end of the 202~~5~~6model year~~. and must have a deficit below 30 percent of the manufacturer's 2025 model year net deficits (added together with the deficit balance from 2024) by the end of the 2025 model year.~~ By the end of the ~~2026~~ 2027 model year, the manufacturer's ~~total~~ net deficit balance for ~~all model years~~ 2024 model year in this example must be offset. A manufacturer making up a deficit may not transfer ZEV nor NZEV credits to other manufacturers until the deficit is made up by the end of a compliance year."*

The proposed and adopted regulatory amendments at issue, along with the related enforcement discretion flexibilities that CARB has put in place, will enhance the prospects for a more successful implementation of CARB's programs to promote the transition of the trucking industry toward ZEVs. As such, we appreciate Staff's collaborative efforts to address the concerns expressed by the Board, the MHD vehicle and engine industry, truck-user groups, and other stakeholders in moving forward with these constructive and responsive amendments.

Respectfully Submitted,

TRUCK AND ENGINE
MANUFACTURERS ASSOCIATION