



December 6, 2024

California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

RE: Comments of the California New Car Dealers Association on the Proposed Amendments to the Advanced Clean Trucks Regulation

Dear Chair Randolph and Members of the Board,

The California New Car Dealers Association (CNCDA) is a statewide trade association representing the interests of over 1,200 franchised new car and truck dealer members. CNCDA members primarily engage in the sale and lease of new and used motor vehicles and provide customers with parts, service, and automotive repair.

California's new car and truck dealers are committed to supporting the state's transition to zero-emission vehicles (ZEVs) and cleaner combustion technologies. Dealers are at the forefront of the ZEV transition, ready to help consumers navigate purchasing ZEVs and cleaner technologies that meet their transportation needs. Our front-line experience has shown us that this transition is possible but must be undertaken in a way that maintains the trust of California fleet owners and consumers.

CNCDA appreciates CARB's consideration of the Advanced Clean Trucks (ACT) amendments and specifically supports the proposed "2026 Model Year California Certified Engine Flexibility" provision for heavy heavy-duty engines. However, CNCDA remains concerned about medium- and heavy-duty inventory shortages, particularly in the near term. As we discuss below, California truck dealers are already experiencing inventory shortages, which are expected to worsen next year.

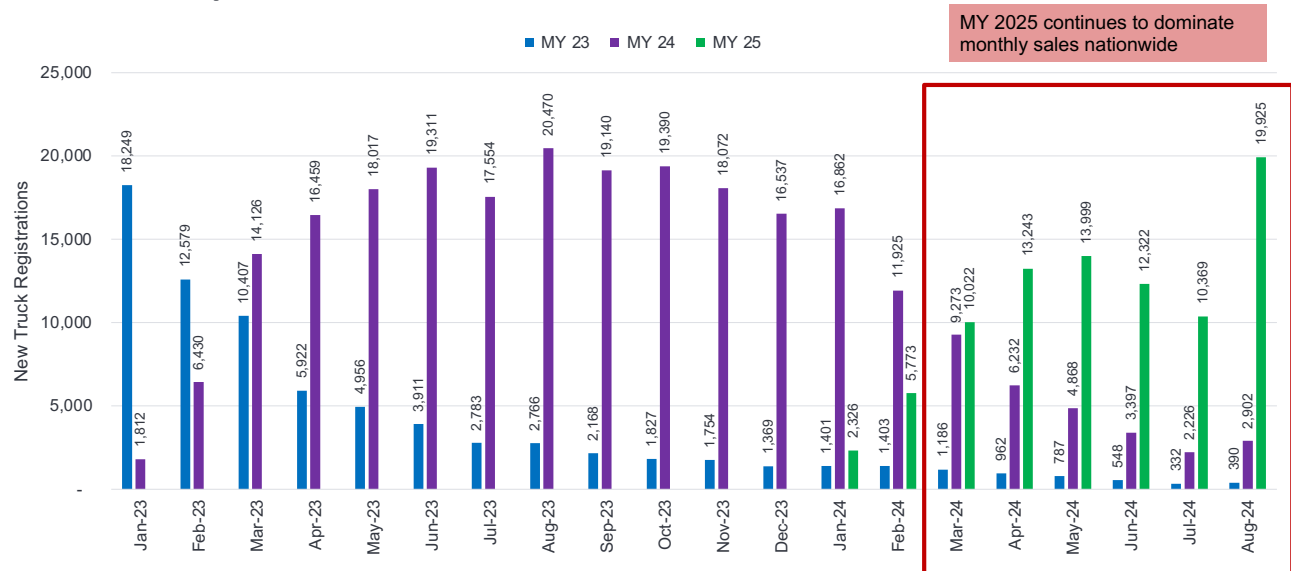
CNCDA, therefore, encourages CARB to expand the proposed flexibilities and consider adding the flexibility provisions to Model Year (MY) 2025 and other vehicle classes.

California dealers are experiencing acute vehicle shortages today.

Despite our commitment to advancing ZEV adoption, California's dealers are grappling with an alarming shortage of medium- and heavy-duty vehicles. This growing inventory deficit directly undermines our ability to support consumers in transitioning to cleaner technologies. If unaddressed, these shortages risk not only disrupting consumer confidence but also stalling progress toward California's ambitious climate goals.

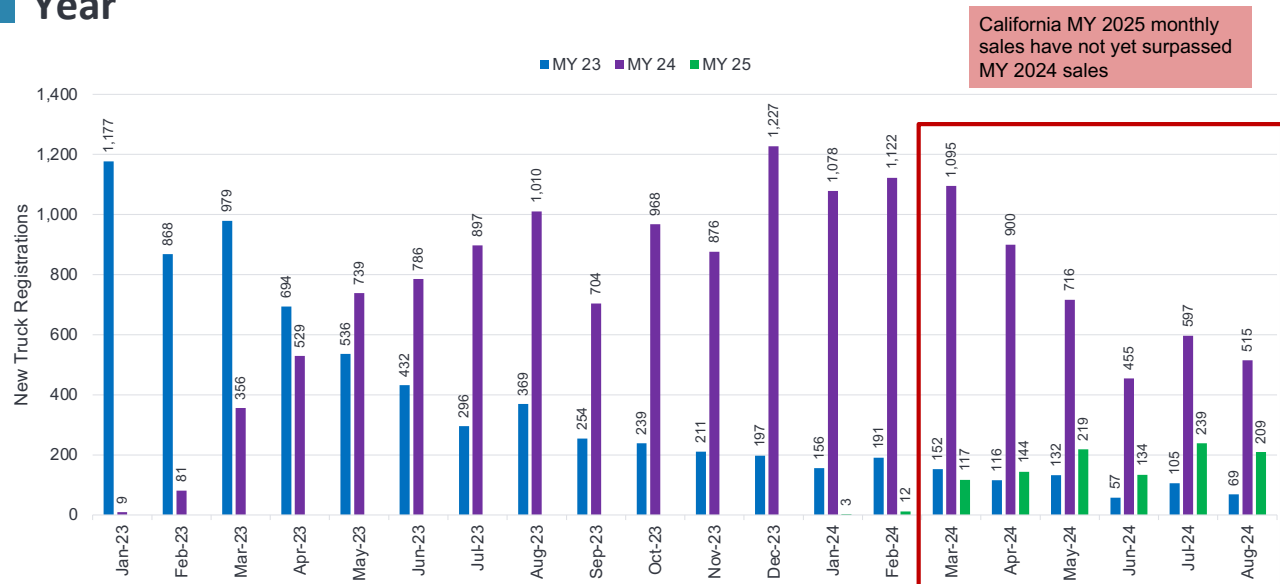
In previous comments, CNCDA shared Class 8 sales data illustrating a severe drop in new model year sales from January 2023 through June 2024. The updated charts below, with data now through August 2024, depict Class 8 vehicle sales by model year in California and nationwide.

National Class 8 Monthly Registrations by Model Year (Excluding California)



Source: S&P Global Mobility

California All Powertrain Class 8 Monthly Registrations by Model Year



Source: S&P Global Mobility

Recent sales data continues to highlight a significant and growing disparity between California and nationwide Class 8 vehicle sales. Nationally, new vehicle truck sales are rebounding. There is now only a 3% decline in the newest model year Class 8 sales from August 2023 (MY 2024) to August 2024 (MY 2025). In comparison, California continues to experience a severe sales decline - 79% drop in the sales of the newest model year vehicles between August 2023 and 2024. This data continues to show that California truck sales are uniquely impacted due to CARB rules, leaving California customers facing acute product shortages. This situation will not improve unless the supply of newer model year vehicles increases dramatically.

CARB should expand the proposed flexibility provisions to Model Year 2025 and additional vehicle classes.

CNCDA supports the proposed 2026 Model Year California Certified Engine Flexibility to ensure that manufacturers do not accrue ACT deficits for selling Low NOx-compliant engines certified below 0.050g/bhp-hr. One of the issues contributing to the low inventory of new trucks is the lack of omnibus-compliant engines and the need for emissions offset credits for both ACT and Low-NOx compliance to sell legacy engines. While some manufacturers have announced the certification of omnibus-compliant engines, these are not yet widely available. Due to this lack of availability and higher prices, many customers are still seeking to purchase legacy engines.

By removing ACT deficit generation for omnibus-compliant engines, CNCDA hopes manufacturers will be encouraged to accelerate the production of compliant engines and develop and certify additional models. As highlighted by CARB staff, the proposed flexibility will also encourage customers to purchase compliant engines by “helping ensure these engines stay competitive against lower-cost, higher-emitting legacy engines.” This flexibility is critical to supporting the adoption of omnibus-compliant engines.

CNCDA recommends expanding the flexibility provisions in the 15-day language to include MY 2025 and smaller engines. The current 15-day language only includes this flexibility for MY 2026 heavy heavy-duty engines, which are typically used in Class 8 vehicles with gross vehicle weight ratings (GVWR) over 33,000 pounds. Dealers are already experiencing inventory shortages for MY 2025 vehicles across multiple types, including specialty vehicles such as tow trucks and utility vehicles, which do not always use heavy heavy-duty engines. Without immediate relief, many dealerships will face difficult decisions, such as downsizing staff or shutting down. Further, consumers are likely to purchase used engines which will result in increased emissions. Expanding flexibility beyond the current narrow proposal will provide the more significant relief needed to stabilize California’s trucking industry and reduce emissions.

Conclusion

CNCDA stands ready to work with CARB and other stakeholders to ensure the successful implementation of these amendments. By addressing the current inventory shortages and expanding

flexibility provisions, CARB can help California dealers deliver the cleanest, most advanced vehicles to consumers, thereby advancing the state's climate and air quality objectives without compromising market stability.

Thank you for your attention to this critical issue. Should you have any questions or comments about this letter or CNCDA's position, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Anthony Bento". The signature is written in a cursive, flowing style.

Anthony Bento
Chief Legal Officer
California New Car Dealers Association