



November 5, 2020

Richard Corey
Executive Officer

Rajinder Sahota
Division Chief, Industrial Strategies Division

Arpit Soni
Manager, Alternative Fuels Section

California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Penske Truck Leasing Co., LP's Comments on CARB's Proposed Revisions to the Low Carbon Fuel Standard Program

Dear Mr. Corey, Ms. Sahota and Mr. Soni,

Penske Truck Leasing Co., LP (Penske) appreciates the opportunity to provide comments on the proposed revisions to the California Air Resource Board (CARB) Low Carbon Fuel Standard Program discussed during the October 14, 2020 virtual workshop. In particular, Penske would like to address four items discussed by CARB staff: (1) Changes in the default credit generating entity for eOGV, eCHE, eTRU and eforklifts; (2) use of on-vehicle telematics for reporting; (3) implementation of third-party verification of electricity transactions; and (4) changes to eforklift reporting.

Penske is a leading transportation services provider, operating over 300,000 vehicles and serving customers from more than 1,000 locations around the globe. We offer customers full-service truck leasing, contract maintenance, commercial and customer truck rentals, and other transportation and supply chain management solutions. Penske has been assisting customers with alternative fuels for over two decades, and today has an alternative vehicle fleet of over 700 natural gas, hybrid, propane and electric vehicles ranging from tractor-trailers, straight trucks, buses and delivery vehicles.

We appreciate CARB's work in regulating and administering the LCFS program, which has proven to be critical for the economic viability of deploying alternative fuel vehicles in commercial fleets. Penske would like to take this opportunity to comment on the most recent set of proposed amendments to the program. Given our experience and history with alternative fuel vehicles, particularly commercial electric vehicles, we hope that these comments prove useful in evaluating the possible changes.

Changes to the Default Fuel Reporting Entity (FRE) for eTRUs and eforklifts

As currently iterated, the default FRE for equipment in these categories varies by equipment type. The default FRE for eCHE and eOGVs are the owner of the facility/location where electricity is dispensed. The default FRE for eTRU and eforklifts is the owner of the eTRU and eforklift. CARB's proposed change would set the default FRE to the charging equipment owner, albeit retaining the flexibility to designate a third party to generate credits on its behalf.



As the owner/lessor of eTRUs and eforklifts, Penske is concerned about the proposed amendment's effect on our ability to claim LCFS credits for these vehicles. Even in leasing arrangements where customers own their own charging infrastructure, Penske retains the bulk of the financial burden needed to deploy these vehicles due to factors like vehicle purchasing, technician training, maintenance, etc. We believe that a unilateral shift to setting the default FRE to the owner of the charging infrastructure would have a disproportionately negative impact on our operations and ability to market these types of vehicles. Therefore, ***we recommend that this proposed amendment be reconsidered and that the ownership of credits remain with the eTRU and eforklift owner.***

Streamlining LCFS Reporting with On-Vehicle Telematics

Another item discussed during the workshop was expanding the use of on-vehicle telematics for measuring and recording electricity amounts dispensed for EV charging to additional applications like forklifts and drayage trucks. Penske is firmly in support of this proposed amendment. In our current operations, we rely on EVSE hardware and software providers as well as utilities in order to gather electricity usage data for LCFS reporting. This has proven at times to be an inefficient and difficult method of operation. Instead, if allowed to use on-vehicle telematics to gather this data, vehicle operator FREs would be able to have full control over all aspects of the LCFS reporting process, eliminating the need for circuitous work-arounds and extraneous procedures currently needed to gather the data necessary for reporting.

Third-Party Verification of Electricity Transactions Create Unnecessary Administrative and Cost Burdens

Currently, electricity transactions reported under LCFS are subject to CARB audit but not third-party verification. CARB has proposed requiring third-party verification on electricity transactions. This proposed amendment risks significant time and cost burdens associated with credit generation. Currently, commercial electric vehicle owners and operators are running on razor-thin economic margins for the deployment of these vehicles. Adding a third-party verification process would place an additional hurdle for these already financially burdened owners/operators, further de-incentivizing fleets to deploy electric vehicles. ***Penske recommends that CARB not require third-party verification on electricity transactions.***

Mandating Metered Data for eForklift Reporting is an Unnecessary Additional Cost

Lastly, CARB is proposing an amendment that would require metered data for all eforklift reports. Currently, electricity used by forklifts may be reported by either metering or estimation under CARB-approved methodologies. The stated goal for this change is for accurate crediting and aligning eforklift reporting requirements with all other reported fuel applications.

Penske believes that this change regarding mandating metered data for eForklifts should be reexamined considering several factors. First, a metered data collection approach does not guarantee a higher degree of accuracy over estimation methodologies in real-time applications. Charging equipment failure and network connectivity issues are common occurrences and can heavily impact the accuracy of the data collected from their meters. This issue is heightened for forklift data collection due to their usage and charging patterns. Along these same lines, forklifts have markedly different duty cycles compared to other commercial vehicle types, and thus data collection for forklifts will naturally diverge from other vehicles. Different reporting requirements would thus not only make sense for forklifts, but also are in many ways necessary for cost mitigation and efficiency, as there are risks of significant time and cost burdens associated with installing metering devices for all equipment currently operating.



Closing Remarks

Penske thanks CARB for their continued work on the LCFS program, as well as the opportunity to submit these comments. We hope the provided feedback continues aiding the development of the program and commends the agency for their support in moving towards a greener future.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Costanza".

Michael Costanza
Director, Environmental Services
Penske Truck Leasing Co., LP