



October 29, 2021

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

Re: Proposed Advanced Clean Fleets (ACF) Regulation

Dear Ms. Randolph,

On behalf of the undersigned organizations, thank you for this opportunity to express our concerns regarding the draft rulemaking language and updated cost assumptions of the proposed Advanced Clean Fleets Regulation.

As you are well aware, the freight industry supports between one-seventh to one-third of the total jobs throughout California, making it one of the most important economic sectors in our state. In Southern California 1 in 9 jobs is supported by our supply chain. Making sure that any new regulations take into account the potential impact to our supply chain and the jobs our industry supports is critical to the overall economic health and viability of California.

We understand that the Governor's Executive Order N-79-20¹ placed the California Air Resources Board (CARB) squarely at the forefront of a significant policy objective, namely to transition the statewide passenger vehicles, trucks, and buses to zero emission vehicles in order to meet the State's greenhouse gas goals. Further, we are aware that the movement of goods generates greenhouse gas, oxides of nitrogen (NOx) and diesel particulate matter (DPM) emissions that we all strive to minimize. However, we strongly believe that there must be a data-driven and balanced approach to transitioning to a zero-emission supply chain. It is in this spirit that we offer our recommendations and highlight our concerns with the proposed rulemaking affecting the 18,000 trucks entering the Ports of Los Angeles and Long Beach each year.

¹ Executive Order N-79-20. Available at:
<https://www.gov.ca.gov/wp-content/uploads/2020/09/9.23.20-EO-N-79-20-Climate.pdf>.



Currently, of those 18,000 trucks, only 22 are fully electric trucks. These electric trucks are taking part in pilot programs that are aimed at determining the viability of the technology and surfacing issues that would need to be addressed before commercial roll-out. Proceeding with a technology mandate rulemaking before the completion of pilot programs is short-sighted and detrimental to a successful adoption of the technology. CARB's proposed regulatory mandate in our view is premature and will result in economic hardship for fleet owners who are unable to transition to the lowest emission technology due to cost or duty cycle issues.

Specifically, we fear that the path laid out in CARB's Advanced Clean Fleet regulation will be negatively impacted by several critical factors including:

Lack of Commercially Available Zero Emission Trucks: The duty cycle requirements of drayage trucks must be met in order to have efficient Port operations. Specific considerations for battery electric trucks include:

- Vehicle range
- Charge time
- Battery life
- Load Capacity

As noted in the 2020² study on zero emission vehicles in short haul goods movement, it is estimated that 1.4 battery electric trucks will be needed to replace each diesel truck in 2024. Whereas CARB continues to assume a single zero emission truck can replace an existing diesel truck in its total cost of ownership analyses for this rulemaking. . As such the limited vehicle range and increased fueling (charge) times for battery electric trucks compared to existing diesel trucks reduce the truck's useful working hours. This will lead to potentially more congestion as more trucks will be needed to handle the same cargo capacity. CARB should work with manufacturers and OEMs to set a timeline for adoption that is in alignment with market viability of drayage truck technology.

High Cost of New ZEV Trucks: The price differential between a new clean diesel or other near zero-emission vehicles (NZEVs) versus a new hydrogen or fully electric truck is significant. The upfront vehicle purchase costs and ongoing labor costs can result in cost increases of hundreds of thousands of dollars. This cost differential is prohibitive for many small fleet owners. Businesses plan for the life cycle of their fleet, replacing vehicles once they wear out. This regulation will force the turnover of the fleet at an accelerated rate and is not offering resources

² 2020. Genevieve Giuliano, Maged Dessouky, Sue Dexter, Jiawen Fang, Shichun Hu, Seiji Steimetz, Thomas O'Brien, Marshall Miller, Lewis Fulton. Developing Markets for Zero Emission Vehicles in Short Haul Goods Movement: A Research Report from the National Center for Sustainable Transportation. Available at: <https://escholarship.org/uc/item/0nw4q530>.



for small fleet owners to offset the added cost. Even larger fleets will be negatively impacted by the added cost of new vehicles, as they will be required to add 1.4 battery electric vehicles for every vehicle existing in their fleet.

Lack of Fueling Infrastructure in Place: To have efficient Port operations, adequate fueling infrastructure is needed. This includes facilities for both planned and “opportunity” fueling. With more trucks in the port complex, queueing could become a problem and vehicle range will be a very real factor in adoption of the technology. While we understand that upgrades for specific customers adding electrification to their fleets could take as little as 18 months, some estimates have placed the timeframe for broader deployment of needed system-wide ZEV infrastructure to enable fleet turnover at 7-10 years, a far cry from the deadline that is being proposed by CARB with this new regulation. If CARB plans to adopt a rule that accelerates the adoption of ZEV drayage trucks, the state must also make funding available to similarly accelerate the development of infrastructure. Fast charging or in-route charging must be available within the ports to ensure that this transition is successful from a business efficiency and throughput standpoint as well as an air quality perspective.

Restriction of Access Could Lead to Supply Chain Bottlenecks: If this pandemic has taught us nothing, it is that you CAN break the supply chain. We encourage CARB to be mindful of the stress that this regulation could place upon the already stretched freight network here in Southern California and the implications this could have not only for our state but for our nation. 43% of the cargo that enters the US, comes through the San Pedro Bay Port Complex. And the 18,000 drayage trucks that service the Ports are an essential part of this ecosystem. To function properly, the supply chain needs flexibility and responsiveness to changing conditions. CARB’s Advanced Clean Fleet proposal would eliminate flexibility in our supply chain which will have consequences to our industry’s ability to meet the nation’s needs. Restricting the emissions of trucks that enter the Ports only once or twice a year when a surge in cargo occurs could limit the Port’s ability to respond to such surges and have ripple effects throughout the supply chain.

Putting Small Fleet Owners Out of Business: There are over 600+ small fleet owners/operators serving the Ports with a fleet size less than 20 trucks each. We strongly oppose elements of the proposed rulemaking that would harm small business owners. For example, removing the ability of a driver to serve the Ports unless they enter at least once per year may disqualify small fleet owners, who may not enter the Ports every calendar year, from serving the Ports at all. The extensive record-keeping requirements included in the rulemaking will also be an undue



burden on small fleets. Additionally, as previously noted, the high cost of transitioning to a ZEV will disproportionately impact small fleets, who are often minority-owned businesses. Lastly, the importance of operational efficiency cannot be understated for these small fleet owners.

Margins are razor thin, so any added cost, including added downtime, will hurt the livelihood of the men and women on the frontlines getting our goods to market.

The Rulemaking is Not Technology/Fuel Neutral: CARB's rulemaking presupposes that electrification is the only path to achieving the emissions reductions targets. While electrification is an essential part of reaching our emissions reductions goals, we believe that allowing a fuel neutral market-driven approach to achieving the mandated reductions is a better path forward than a prescriptive electric-only edict. FuturePorts energy partners are actively engaged in ensuring that infrastructure to support a transition to NZEV and ZEV is able to move forward and our stakeholders are committed to working together to facilitate the development of needed infrastructure.

Further, we are concerned about CARB's approach to the public engagement process for this rulemaking. While we appreciated the opportunity to attend the public workshop on September 13th, we were very disappointed to see that CARB did not record the session and post it online as a reference for stakeholders and interested parties who were unable to participate live. We strongly encourage CARB to record and make available to the public all future meetings related to this rulemaking.

Signed,

Marnie Primmer, Executive Director, FuturePorts
Tracy Hernandez, Founding CEO, BizFed
Henry Rogers, Executive Director, HAIC
Paul Granillo, President and CEO, IEEP

Cc:
Board of Directors, FuturePorts,
Board of Directors, BizFed
Board of Directors, HAIC
Board of Directors, IEEP