

Re: AFC question on utilizing both compliance paths

ARB ZEV Fleet <zevfleet@arb.ca.gov>

Thu 8/17/2023 9:04 AM

To: Grant A Stickney <gastickney@petersoncat.com>

Thanks for the reply Grant,

We will add your comment to the docket.

Thank you for the followup nuance, because that changes the answer for this situation: common ownership or control can occur when either common ownership is exhibited, or common control is exhibited. If the fleets are under the same corporate ownership, they would be considered under common ownership, and the vehicles would need to be included when determining if the fleet as a whole has over 50 vehicles under common ownership or control to determine whether the fleet is regulated or not.

For compliance, however, a "controlling party" is one that "directs or otherwise manages the day-to-day operation of one or more vehicles under its common ownership or control to serve its customers or clients." So if the parent corporate entity is not directing or managing that day-to-day operation of the vehicles, the parent entity would not be considered a controlling party, and would not need to report those vehicles for purposes of compliance with the regulation. Each corporate subsidiary of the parent would need to report their own vehicles and any they direct or otherwise manage the day-to-day operations for any under common ownership or control.

So to put this in example form:

- Rental Company A has 40 trucks, and Service Fleet B has 15 trucks. If A has common ownership (through corporate ownership) of B, or vice versa, we would say the combined fleet has over 50 vehicles under common ownership or control when determining the applicability test (Is a fleet owner or a controlling party whose fleet in combination with other fleets operated under common ownership and control totals 50 or more vehicles in the total fleet, excluding light-duty package delivery vehicles), and both fleets would therefore be subject to the regulation.
- Company A does not direct or control Company B's vehicles. The default is that Company A and Company B will report separately and may choose whichever compliance path fits best.
- Under corporate ownership, these entities have the option, but not requirement, to comply jointly (Corporate Joint Compliance Option. Subsidiaries, parent companies, or joint ventures have the option to comply jointly with the ZEV Milestones Option specified in section 2015.2 instead of complying independently if the combined California fleet meets the requirements specified in section 2015.2. If such subsidiaries, parent companies or joint ventures elect to utilize this compliance option and then subsequently do not fully comply with any requirement in section 2015.2, each of the participating entities must then demonstrate compliance with the requirements of section 2015.2 on an individual basis. Entities choosing to use this option must meet the reporting requirement specified in section 2015.4(d).).

So to summarize: we would look at the total fleet under common ownership to determine applicability, but if the corporate subsidiaries have no control over the vehicles in the other subsidiary fleet, each subsidiary must report and comply separately unless they elect to comply jointly per the Corporate Joint Compliance option.

Hope this helps,

Chris Franceschi
Air Pollution Specialist

From: Grant A Stickney <gastickney@petersoncat.com>
Sent: Thursday, August 17, 2023 8:31 AM
To: ARB ZEV Fleet <zevfleet@arb.ca.gov>
Subject: RE: AFC question on utilizing both compliance paths

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Callie,
Go ahead and add these questions as there needs to be more clarity. BTW, although our fleets are under a corporate ownership, they are all controlled and operate independently.
Thanks,

Grant Stickney
NPI Champion
Product Support / Aftermarket Parts / Compliance
510.376.4374
gastickney@petersoncat.com
www.petersoncat.com

From: ARB ZEV Fleet <zevfleet@arb.ca.gov>
Sent: Monday, August 14, 2023 4:25 PM
To: Grant A Stickney <gastickney@petersoncat.com>
Subject: RE: AFC question on utilizing both compliance paths

CAUTION: External Email
This message is from an external sender. Use caution when opening unexpected email messages. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hey Grant!

Thank you again for your interest in Advanced Clean Fleets. Per our prior email disclaimer, if you do not want your email compiled for the ACF rulemaking file to become part of the public record please let me know as soon as possible. Otherwise, we are obliged to add it to the ACF comment docket at the end of the 15-day public comment docket.



CALLIE BRACEWELL
Air Resources Technician II
Mobile Source Control Division
callie.bracewell@arb.ca.gov

From: Grant A Stickney <gastickney@petersoncat.com>
Sent: Tuesday, August 8, 2023 11:04 AM

To: ARB ZEV Fleet <zevfleet@arb.ca.gov>

Subject: AFC question on utilizing both compliance paths

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi,

I have a couple of questions regarding the AFC regulation.

Q 1: Can separate company fleets under one common control choose to use either the ZEV Milestone path or Engine Model Year path?

Example: Rental fleet A uses the ZEV milestone compliance path and Service fleet B uses the Engine Model Year compliance path, both are separate companies but under common control or ownership.

Q2: Under the ZEV Milestone compliance path, Can a fleet meet a milestone percentage or ZEV purchase requirement using vehicles under 8500lbs GVWR if there are no other, or no more ZEV vehicles available to purchase?

Thank you,

Grant Stickney
NPI Champion
Product Support / Aftermarket Parts / Compliance
510.376.4374
gastickney@petersoncat.com
www.petersoncat.com