From: Michael Villanueva < mvillanueva@syaslpartners.com >

Sent: Monday, June 3, 2024 10:00 AM

To: Matt Renfro <MRenfro@syaslpartners.com>; Korn, Clio@ARB <Clio.Korn@arb.ca.gov>

Cc: Elizondo, Rebecca@ARB < Rebecca. Elizondo@arb.ca.gov>

Subject: Re: CARB Member/WPGA Meetings: ZEV Forklift Rulemaking

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.

Thanks Evan. Will move you to bcc and work directly with Clio.

Good morning Clio,

We are hoping to organize a conversation with Chair Randolph regarding the proposed zero-emission forklift regulations being considered by CARB. WPGA has some concerns about the potential impact of these regulations and would greatly appreciate the opportunity to discuss them directly with the Chair.

I have attached WPGA's petition package for review ahead of this meeting. Could you please let me know what her availability looks like in the coming weeks?

MICHAEL

VILLANUEVA



May 30, 2024

Dear Board Members and Staff,

As you know, the Western Propane Gas Association (WPGA) is deeply concerned about the California Air Resources Board's (CARB) proposed regulation that would eliminate internal combustion engine (ICE) forklifts by banning the sale of all new forklifts that produce any exhaust emissions.

As currently written, the rule would impact 220,000 ICE forklifts, over half of all forklifts in the state and will **cost California forklift owners and operators up to \$27 billion.** The anticipated and unintended consequences will hit local communities, food banks, nonprofits, local governments, and small businesses throughout the state that are already dealing with the consequences of a large state budget deficit. **Enclosed you will find the following:**

- A press release highlighting nearly 800 signatures urging CARB to consider the implications of the proposed rule and modify it to minimize harmful impacts.
- A petition that outlines the specific concerns of the proposed rule.
- A letter previously sent to CARB that was signed by 14 legislators calling on Chair Rudolph to modify the proposed regulation.
- Various media coverage over the last several months discussing the issues with the current approach.
- Background documents highlighting WPGA's concerns with the proposed rule along with suggestions on an alternative pathway to compliance that would meet CARB's broader climate and air emissions goals for this off-road segment in a feasible manner, consistent with Executive Order N-79-20.

We urge you to review the enclosed materials to further understand our concerns and suggestions for a more affordable and feasible way to achieve the state's air quality goals. It is not too late for you, the Board, to request that staff re-evaluate their proposed language and work more closely with affected stakeholders before taking a final vote.

WPGA welcomes the opportunity to discuss this again and urges CARB to consider the real-world impacts that will be felt across the state if there are no modifications to the current regulatory proposal.

Sincerely,

Colin Sueyres
President & CEO
Western Propane Gas Association



Hundreds of Californians Urge CARB Board to Oppose Zero-Emission Forklift Rule That Would Cost Billions

May 30, 2024, Sacramento, CA – Today, the Western Propane Gas Association (WPGA) sent a package to the California Air Resources Board (CARB) that included a petition signed by nearly 800 individuals who have significant concerns about a proposed regulation that could cost local communities, small businesses, nonprofits, and government agencies up to \$27 billion.

The proposed regulation would eliminate internal combustion (ICE) forklifts across California by 2043, costing California forklift owners and operators up to \$27 billion. The almost 800 individuals who have signed this petition are expressing their concerns to an unelected board about the rule being costly, infeasible, and flawed. While some costs and impacts can be anticipated, there are unintended consequences that have not been accounted for that would have a rippling economic effect across the state.

"This rule would increase costs to local communities, food banks and nonprofits, small businesses, state agencies, and local governments, throughout California, as the state faces a large budget deficit," said Colin Sueyres, President & CEO of the Western Propane Gas Association. "It is unfortunate that CARB has heard these concerns but dismissed them. Considering the regulatory authority of the Board and the scope of this rule, we have asked that they seriously consider how their decision will have real-word negative impacts across the state. Sadly, they seem unwilling to consider the ramifications. The petition signed by hundreds of Californians demonstrates that businesses from a range of industries throughout the state are very concerned about the impacts of CARB's proposed rule. Unfortunately, to date CARB has not modified the rule so that it will be workable and we are nearing the point where the consequences will be irreversible."

May has been proclaimed by Governor Newsom as <u>Small Business Month</u>, stating "...For our economy to maintain its strength, we must ensure that all Californians - no matter who they are or where they come from - can pursue their dreams to start, manage, and grow resilient businesses in the Golden State...". The small businesses that will be hit hard if this rule passes are not being recognized or considered during CARB's rulemaking process, which is counter to commitments made by the administration.

Concerns with CARB's proposed zero-emission forklift rule:

- Infrastructure does not currently exist and will be costly
 - o Charging stations costs will exceed \$6.3 billion to implement.

O Costs do not factor in the cost of building power supply upgrades, or infrastructure upgrades for the generation, transmission and delivery of electricity.

Replacement technology is cost prohibitive

- o In total, \$10 billion will be spent on ICE forklift replacements.
- Duplicative fleets or significant downtime in operations will be needed as battery electric forklifts require time to charge and cool and cannot run for 24-hour business operations like ICE forklifts.
- Battery replacement costs and maintenance costs amount to over \$2.8 billion between 2026 and 2038.

CARB'S analysis is flawed and inaccurate

CARB vastly underestimated the number of forklifts that will be impacted by the rule.
 CARB estimates 95,000 forklifts will be affected when in reality 220,000 (more than half of all forklifts in California) will be impacted.

• The proposed rule does not meet one of CARB's primary objectives

 The proposed rule does not establish a fair and level playing field among fleet operators, forklift manufacturers, forklift dealers, and forklift rental agencies, which is one of CARB's stated objectives.

Earlier this year, WPGA released an <u>economic impact report</u> detailing the costs and implications outlined above, which was shared with CARB, policymakers, and the Newsom Administration, while also suggesting an equitable <u>alternative pathway to compliance</u>. However, there have not been any developments to indicate that CARB is considering changes to the harmful rule, which is set to be voted upon on June 27, 2024.

Visit <u>westernpga.org/forklift</u> to read the economic impact report and the alternative pathway to compliance.

About WPGA

WPGA is the trade and membership service organization that represents propane industry throughout California. Founded in 1949, the association represents the single largest market for propane consumption in the country and upholds its core principles of education and safety. The association's primary purpose is to maintain high standards of practice within the industry and, in so doing, protect the consumers and communities its members serve.

Media contact:

Jenny Dudikoff 916.498.7718 jdudikoff@ka-pow.com

Petition to Oppose CARB's Zero-Emission Forklift Proposal



Started April 22, 2024

Why this petition matters

The California Air Resources Board (CARB) plans to act on an important zeroemission forklift proposal very soon. The rule will cost California forklift owners and operators up to \$27 billion. We need your help in communicating to CARB that this proposed rule is costly, infeasible, and flawed. While some costs and impacts can be anticipated with the passage of this rule, there are unintended consequences that have not been accounted for that would have a rippling economic effect across the state.

SIGN THIS PETITION NOW TO MAKE YOUR VOICE HEARD AND LET CARB KNOW YOU ARE CONCERNED WITH THE PROPOSED RULE

CARB's zero-emission forklift rule would eliminate combustion forklifts across California by 2038. The rule, which is set to be voted upon on June 27, 2024, would mandate that all Class IV (cushion tire) and the majority of Class V (pneumatic tire)

combustion forklifts be removed from existing fleets and replaced by batteryelectric replacements.

INCREASED COSTS ON LOCAL COMMUNITIES, SMALL BUSINESSES, NONPROFITS, AND GOVERNMENT AGENCIES

If passed, this rule would increase costs to local communities, food banks and nonprofits, small businesses, state agencies, and local governments, throughout California, as the state faces a large budget deficit.

Costs include

- \$10 billion for the replacement of ICE forklifts.
- \$4.6 billion in lost utilization for the premature retirement of currently functional ICE forklifts.

Infrastructure does not currently exist and will be costly

- Charging stations costs will exceed \$6.3 billion to implement.
- Costs do not factor in the cost of building power supply upgrades, or infrastructure upgrades for the generation, transmission and delivery of electricity.

Replacement technology is cost prohibitive

- In total, \$10 billion will be spent on ICE forklift replacements.
- Duplicative fleets or significant downtime in operations will be needed as battery electric forklifts require time to charge and cool and cannot run for 24-hour business operations like ICE forklifts.
- Battery replacement costs and maintenance costs amount to over \$2.8 billion between 2026 and 2038.

CARB'S ANALYSIS IS FLAWED AND INACCURATE

CARB vastly underestimated the number of forklifts that will be impacted by the rule. CARB estimates 95,000 forklifts will be affected when in reality 220,000 (more than half of all forklifts in the state) will be impacted.

THE PROPOSED RULE DOES NOT MEET ONE OF CARB'S PRIMARY OBJECTIVES

The proposed rule does not establish a fair and level playing field among fleet operators, forklift manufacturers, forklift dealers, and forklift rental agencies, which is one of CARB's stated objectives.

AN EQUITABLE SOLUTION IS AVAILABLE: ALTERNATIVE PATHWAY TO COMPLIANCE

There is a cheaper, more feasible, and more effective way to meet the state's air quality goals. An alternative pathway to compliance will ensure the state is meeting its greenhouse gas reduction goals while at the same time ensuring that the goods movement sector in critical industries such as food bank distribution is protected from untenable costs:

- Ensure California has an accurate understanding of how forklifts are utilized within the state and how the rulemaking would affect real-world operations.
- 2. Accelerate the adoption of stricter NOx standards for LSI engines over the same phase in period set in the rulemaking.
- 3. Accelerate the phase-out of older, less efficient, higher emitting pre-2011 model year forklifts to provide an immediate improvement in local air quality and reduce carbon intensity.

We urge CARB to adopt the alternative pathway to compliance so that it can achieve that state's air quality goals without imposing untenable costs.

The signatures collected on this petition, will be sent to CARB.

To learn more about this issue, please

visit: https://westernpga.org/resources/forklift-regulation-resources/

The nearly 800 individuals below have signed the petition to Oppose CARB's Zero Emission Forklift Proposal.

Michael Woodside
William Platz
Lory Johnson
Jill Cortazar
Tim Gately
David Kroutil
Michael Mowad
Mike Dias
Jon Inwood

Hillarie Macbride

Julie Johnson

Wes Browne

Sean O"Hara

Frank Platz

William Walton

Daniela Granizo

Michael Yates

Sima Shiran

David Cox

Jackie TorreysonNicolas RiveraMiranda SwantkowskiRudv PadillaLars PorsmoseAdam Johns

Rudy Padilla

Cynthia Belmont

Mike Hart

Alejandro Rodriguez

Steven Valverde

Sue Ozkan

Sue Ozkan

Fidel Diaz

Patrick Harvey

Randi Shepard

Alec Grigolla

Ryan Greves

Steven Valverde
Greg Billington

Jeff Gamache
Ashley Sherlock
Michael Crabb

Lana Kassab
L

Josh Simpson

Jeff Price

Connie Kha

Lawrence Gorsuch

Tim Cardoza

Jim Rushng

Mark Price

Armando Vasquez

Kevin Baumsteiger

Orion Ho

Bill Aboudi

Brandon Yuen

Mitchell Torp

Armando Vasquez

Todd Spicer

Keith Knudsen

Lora Brazil

Brandon Yuen

Mitchell Torp

Nelson Addison

Andrea Ingraham

Rajiv Jain

Steve Maldonado

Christopher Kentzell

Line Blankenship

Ron Rudolf
Joshua Curphey
Destiny Cheves
Avery Gonzalez
John Murphy

Christopher Kentzell
Ken McIntosh
Preston Woelfl
Christopher Kentzell
Ken McIntosh
Preston Woelfl
Jennifer Anderson
Cesar Olvera
Jeff Guardiola
Matt Borre

Allison Platz

Don Akins

Marlo Burghardt

Wayne Phan

Elizabeth Reil

Joanna Worley

Crystal Sherburne

Dana Mayo
Orva M Gullett
Bryan Heath
Isaac Castanon
Shawn Slotte

Allen Earhart
Maria Perez
Mike Crawford
Cynthia Nored
Shari Brown
Stuart Roberson

Allen Earhart
Todd Peachy
Mike Crawford
Jake Gould
Shari Brown
Jeff Castleberry
Robert Lagge

Jerry Behlen Sarah Cardwell Delta Armtrout
Amelda Early-Pratt Salvador Pena

Brian Segneri Kari Horn Sandra Seeds Pat Cornell Olivia Talavera Mike Armtrout Jim Reed Stephen McClendon Claudia Mendoza **Brody Armtrout** Michael Estrada Keith Doty Sharon Strickland Jason Graaf **Torres Brenda Drew Hensler** Josue Gutierrez **Grant Mcdougall** Monica Heguy Karen Henderson Rocio Arreola Flores **Brenda Rutherford** Alyssa Wright Nicole Riley Jim Long Robert Gibson Veronica Grigolla Philip Davis Patrick Cughan Serena Castillo Jerry Achterberg **Shaun Offutt Greg Castillo** Jerrill Rice Paula Laney Pilant Marc MacLeod Norm Groot Sandra Rominger Mike Hessling Lane Verran Marcia Thompson Eric McAlister Alana Preziosi TeaLa Yohe **Albert Martinez** Jeff Clark Tonnesha Stevens Nicolr Yan Barbara Nord Morgan Palmer Karen Oseguera Kimberly Easley Gianna Lazzara Nico Khasraw Diane Carlson Franklin Girard Jovan Malpica Nathan Hughes Colsyn Giles Shea-Lynn Thomas Michael Rodak Tomoko Toland Jim Gregor Rick Weber Josh Henderson Arden Whitehead John Mann Steve Moore Graciela Casorla James Flelds **Andrew Diskin** Kaytlynn Miller Lori Reed Alexandria Wahaus Ashley Miller Wayne Lentz Ernesto Valenzuela **Robin Windsor** Janina Reed **Ryan Torres Hugh Jass** Harry Wong **Daniel Gomez Briten Alston Delbert Newman** Michael Mellano Jayleen Reeves Terry Karr Kathryn Salciccioli Amber McDowell Lorena Collins Johnathan Rosado Kaye Roye Dean Herger Ralph Gonzalez Carol Cochran Gary Gargia Jeff Jones Gil Grigolla Adriana Bauer Lawrence Galindo Candice Starn Sia Gould Mackenzie Gaddy Francisca Diogo **Bob Powell** Sarita Galvez Harold Johnson John Purdue **Daniel Case Matthew Thomas** Debbie Nord Sherrie Swaim Erin Aquilante Adam Afzal Owen Ruyle Juan Vidrio

Jean Paul

Rudi Lokkart

Maria Alcala

Hector Jaramillo

Ryan Make

Julie Sanders

Karah Howard

Elizabeth Howard

Katie Mefford

Jordan Leib

Austin Ward

Jerry Karr

Mark TschinkelJanelle GulartJennifer McCourtDenise WoodsValerie MelaraLisa SchaferEddie WilsonKim StreitTony LentiniVeronica MartinezAndrew FloydMichael WoolleyMarray PuizWilliam BaanaLea Bana

Mercy Ruiz William Boone Leo Bena brad tucker Nicole Knapp Ralphie Beam Jeff A Wells Linda King Maranda Meyer Ron Asch Ian Franklin **Greg Limbach Bruce Winchester** Natasha Estrada Wayne Gularte Renen DeVito **Uriah Potts** Madori Tran Xochitl O'Connor Ricky Trujillo Victor Corona **Erc Oconnor** Neiamiah Perez Cardenas Krista Welty Carmella Ritch Jasmine Arango Kasey Palaguachi Ashton McMahan Alexandra Tebeck **Trevor Mcmahon** Mirna Torres **Arthur Distin** Brianna Brim Joe Moore Ismael Capristo James Jones Ignacio Juarez **David Wint** Elisa Hindley Richard Wu Desiree Salazar Mona Shulman Jose Herrera Teri Pairish Vihaan Kodiganti

Esteban Urenda David Seaverns Seth Kyser
Cynthia Duaz John Bayer Johnny Sanjuan
Helder Faria Ben Myers Erick Watkins
Aiden Leal James Moller Natalie E
Cinch Munson Harley Ramirez Bryonne Vancini

Irving Chao Regina Brooks Jessica Cruz
Sara Wolf J F Gina Trujillo
Karon Calderon David Omar Saravia Caracamo Alan Silva

James Lee Efren Guzman Antonio Caniano Alfredo Reyes James Schafer **Timothy Paich** Jeanna Liu Patricia McMahon **Bryan Rogers** Karissa Nicastro Diane Gallert Mike MacLaren Bomba Joey Jennifer Menensez James Angulo Christopher Kowalski Natalia Gonzalez paisley adams Kim Godlewski Michael DeCourcey Yvonne Zendejas **Ethan Bosilovich** Alicia Gutierrez Rowena Simon Chris Terrell Noel Jimenez Rosi A

Yolanda Reyes-Arias Janice Caprara Arn Mart Rachael McMahon Marc Steinbuch Joe Murphy **Brian Driscoll** Elsner Mendez Christina Steinbuch Ron LaRosa Maxx Steinbuch Wendy Avelar **Diamond Jones** Mitchell McMahon Jake Strinbuch **Emmett Linder** Richard Schafer Justine Steinbuch

Randi Beecher

Cynthia Villa

Gary Tanimura

Robert Cushing Joshua Hunnell Justice Myers Jesse Pena **Aaron Morse** Matt Ortwein Ernando Villalpando **Grant Butler** Baker R Fry Frank Aguirre Dan Baxter Jason Wheat Paul Flores Seth Steinbuch Selina Small Jose Garcia Richard Gutierrez Patrick Quaid Julia Paolinelli **Eddie Barry** bianca garcia Jenna Vaughan **Ronnie Sanders** Kelly Lewis Oscar Beas Taylor Mesa Laurel Fast

Tina Peters Glenda Hemmerling **Danielle Barry**

James Cushing Cody Testi Lidia Yoguez Matt Fontaine Roger Derilo Mark Wood **Paul Simmers** Ryan Helferich Nancy Mora Gilbert Diaz Jr Alichia Villalobos Dani Marroquin Andrew kelegian Laurie Style Jennifer Lerma Samantha Cushing Clayton Vaughan Stacey Tyler Janet Cushing Danielle Schlesinger Yolanda Poveda **Lindsey Hemmerling** Chelsea Feeney Rey Solomona Holly Perry George Granchi Anjelica Ramirez

Gary Hairabedian Cody Railsback **Christopher Christian**

Terri Townsend Joseph Cirigliano Troy Denham Marcos Flores Jason Hunnell Kayla Lerma Lisa Schmidt David Durab Tamara Vaughan Jonathan Mesa Marcus Devoe Gabriel Esquer Nicholas Vaughan **David Pagano** Kathryn Goshen Luis Hernandez Mike Hemmerling Giselle Chaves Leticia Baxter Haylee Kelly Barbara Kelegian Kameryn Kreps Luis Sandoval Juan Mercado **Chris Troyer Doreen Asencio** Crystal Bishop Marie Schmidt **Daniel Garcia** Victoria mercado Christina Hizme Karen Davis Courtney Hunnell Steven Mcleod Leslie Knight Marlo Kimurs **Eric Schwartz** Lauren Haynes Kristeeann Vink Ed Bartucca Joseph Varela Luis Mercado **Chad Reitan** Jillian Mercado Samantha Bryant Shaun Welcome Toni Esposito Don Heatley Heather Mesa Julio Villlalobos **Kevin Chavez**

Rory Saldana **Daniel Jones** Zachary Swearingen

Pete Sal Francie Bell Jaclyn Nuyda Melissa Schwartz **Brittany Brownlee** Maritza Martinez Donna Hunnell **Hunter Wetton** Steven Bogh Hayden Vaughan Josh Goshen Carlos Hernandez John James Barthel Katie Turelli Jeff Levingston

Traci Goshen Craig Lane Steve Smith Mike Durocher Janelle Cronan Alejandra Garcia **Amanda Crouch** Teresa Kaczmarek **Brandon Barham** John Betance Roberta Derilo Roque Villicana Joe Semaan Mike Blauvelt Pat Rose Robert Sale Marian Mesa Linda Benjamin **Jacob Smith** Mark Woodward Benjamin Ponoran Valarie Tyler **Andy Busher Andrew Gomez** Mark Chindlund Aleath Nicosia **Eric Anderson** Patrick Benjamin William Key Robert Jeanblanc **Daniel Waters** Natalie Harp Randolph Bowman Jeremy Gillum Joseph Cicio Logan Benjamin John Santoro Mike Greene **Dennis Ferncez** Abbie Goshen Josh Boynton Matt Wandall Dylan Turelli Casey O'Bryant Summer Hertl Warren Zuber Chris Benjamin Shane Kemper Jarrod Robinson Brynlee Benjamin Mark Schlichting **Ingrid Hemmerling** Les Brown Richard Lawson

Rachel Hall Jazmin Aguirre Kory Perry Joe Sargis Ricardo Munoz Yolanda Caballero Cody Pogue John Lopez Marcus Schulman **Nolan Hines** Matt Scherer Henry Garlich Garlich Stacy Scherer Robert Schumacher Erich Wutzler **Edward Anderson** Robyn Goshen Ray Martinez Bill Morton Steve Beecher Chuck Cook

Heather McLeod Shelby Webb **Kevin Nay Taylor Barnes** Mike Valentine Michelle Doty **Andrew Games** Sean Lambert Smooth As Glass Michael Irwin Jeremiah Gilday Michael Wardall **Kiell Adams** Andrew Marlborough Sako Krikorian Dale Lee Russell Steyer Matthew Zhang Mike McCluskey Casandra Russo **Trent Thomas**

Eric McCalister **Thomas Manier** Jason Puga **Charles Stinnett** Matt Willoughby **Thomas Ayers** Paul Kranke Ian Terry Terry Stutzman Chris Hall Scott Martin **Albert Briones** Lauren McGee Kacey Webb Cynthia Stringer Zack Paradise Luis Gonzalez **Lindsey Herrmann** Gary Schueller Cale Stevenson **Heather Gutierrez** Joshua Breilein Lacey Zelinski

Adrienne Russell Joshua Breilein Lacey Zelinski
Joshua McGee Bill Carr Patrick Mallon
John Mcgee Jessie Dougherty Martin Noonan
Michelle Lerma Jerry Hovet Jessalyn Giglio

Mark Gore
Lynn Green
Francisco Calzada
Niko Nuyda
Tyler Jernigan
Kristen Gabel
Dan Spears

Michael Enfield
Vivian Spears
Ed Russell
Christy Munoz
Tom Porter
Leslie Lewis
Daniel Spears
Kelly Venegas
Jeff Schaffer
Colleen Mclaughlin
Adam Traviglia

Amanda Kushner Lulian Ponoran Tim Goodwin David Marlow Vinnie De La Torre David Becker Kim Teece

Todd Cunningham J C

Marc Naci

Dave Stockton
James Vallecorsa
Scott Casale
Jeffrey Davis
Marc Kasaboski
Vernon Swift
Justin Hartnett

Jeff Ochsner
Alex Gonzalez
Roy Miller
Kevin Stiver
Ralph Ribera
Diana Regan
Carl R. Schuettler
Dana Herrera

Nick Bard
Danny Delson
Enrique Trinidad jr.
Adam Schultz
Tom Leigh
Dan Budd

Johnny Bautista

Doug Dimmitt
Darrell Slaughter
Scott Albright
Emily Hartnett
Steve Post
Anup Thapa
Michael Duran
Nick Amith
Mark Roznos
cody vaughan
Heather Phipps
Zachary Sawyers
Steve Wolford

Brian Elsasser
Michael Bean
Randall Hushbeck
Alexis Romero
Gilbert Diaz
Carl Hestand
Mya Warner
Mike Nix
Peggy Neely
Dan Kissel
Lydia Rutherford
Richard Zavits
Jeff Ettinger

Jeff Ettinger
Michelle Kissel
Brandon Gable
Nancy Cornejo
George Martin
Frank Smith
Robert Clark
Carla Rickerd
Abbey Elmore
Clay Allen
Jessi Schafer

Ruby Bourbon Reanan Pereira Joseph Garza Rich Juline Steven Corbett Susie Reed

Colin Warmbrodt
Rocco Biafore
Kent Coplen
Shauna Allen
John Martin
David Vance
Dave Soikkeli
Richard Engel
Joshua Torres
Anthony Rendon
Andrew Barone
Mary Puentes

Theodore Hernandez Nickolaus Moore logan brown Peggy Brown Cynthia Crane Julie Confalone Paul E Confalone Kim Johnson **Brandon Williams** Norman Goss Adam Kaluba Rena Delgado Diana Moore James Higgins Rebecca Hilbelink Alexander Guiragossian CAPITOL OFFICE 1021 O ST., STE. 7230 SACRAMENTO, CA 95814 TEL (916) 651-4001

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California State Senate

SENATOR BRIAN DAHLE

FIRST SENATE DISTRICT



VICE CHAIR

ENERGY, UTILITIES

ENVIRONMENTAL QUALITY

REVENUE & TAXTATION

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BUDGET & FISCAL REVIEW SUBCOMMITTEE #2 ON RESOURCES, ENVIRONMENTAL PROTECTION, & ENERGY

LOCAL GOVERNMENT

NATURAL RESOURCES & WATER

TRANSPORTATION

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

Re: Request to Modify CARB Forklift Regulations

Dear Chair Randolph,

We are writing to express our concerns with the California Air Resources Board's (CARB) proposed regulation that would eliminate internal combustion engine (ICE) forklifts by banning sales of all new forklifts that are not zero-emission by 2026. As currently written, the rule would impact 220,000 ICE forklifts, over half of all forklifts in the state. While we appreciate the Agency's efforts to reduce carbon emissions, we encourage you to find a way to meet the state's ambitious air quality goals that does not saddle state agencies and small businesses throughout the state with untenable costs.

The Western Propane Gas Association (WPGA) recently commissioned an economic impact report that found that CARB's proposed regulation will cost California forklift owners and operators up to \$27 billion. These costs include \$10.2 billion for the replacement of ICE forklifts, (even after factoring salvage value) and \$4.6 billion in lost utilization for the premature retirement of currently functional ICE forklifts. In addition, charging station costs will exceed \$6.3 billion to implement. It is important to note that these costs do not factor in the cost of building power supply upgrades or infrastructure upgrades for the generation, transmission, and delivery of electricity.

Of particular concern is that under CARB's regulation the state government will incur \$33 million in costs as state agencies currently own and operate 581 affected ICE forklifts. There will be additional impacts as forklifts owned, leased, and operated by the California State University and University of California systems are not included in WPGA's analysis. These costs come at a time of an enormous state deficit and when state agencies, universities, and small businesses can least afford them.

Fortunately, there is a cheaper, more feasible, and more effective way to meet the state's air quality goals. We urge CARB to consider an alternative pathway to compliance that will ensure the state is meeting its greenhouse gas reduction goals while at the same time ensuring that the goods movement sector in critical industries across the state are protected from exorbitant costs.

Thank you for your time and consideration.

Sincerely,

Senator Brian Dahle

Assemblymember Devon Mathis

semblymember James Gallagher

Assemblymember Heath Flora

Assemblymember Juan Alanis

Senator Rosilicie Ochoa Bogh

emblymember Josh Hoover

Assemblymember Greg Wallis

Senator Roger Niello

Assemblymember Thomas Lackey

Assemblymember Kate Sanchez

ine D. Duem Senator Diane Dixon

Assemblymember Joe Patterson

Senator Shannon Grove



By **WES VENTEICHER** and **ALEX NIEVES**

02/28/2024 09:00 PM EST

FORKLIFT FREAKOUT: Also under fire: the California Air Resources Board's proposed rules for zeroemissions forklifts.

The Western Propane Gas Association argued in a <u>report today</u> that CARB has underestimated the reach of its rule, contending that it would make 220,000 forklifts obsolete, rather than the 95,000 that agency <u>staff estimated</u>. (Propane is one of the fuels commonly used in internal combustion engine forklifts.)

The group said replacing forklifts, building out charging infrastructure and maintaining or replacing batteries could cost up to \$27 billion — three times CARB's estimate. (CARB also estimates an eventual net savings of \$10.2 billion from reduced fuel and health care costs.)

They're asking that CARB instead phase out older, less-efficient gas models and adopt stricter air pollution standards for newer ones.

"It's critical that CARB take a hard look at the real-world impact of its proposal and work with small businesses throughout the state who have proposed a cheaper, more feasible, and more effective way to meet the state's air quality goals," **Colin Sueyres**, president and CEO of the WPGA, said in a statement.

CARB spokesperson **Lys Mendez** said in a statement that zero-emission technology is already popular in the forklift industry and that the rule is projected to reduce NOx emissions two tons per day by 2031.



Commentary: Why zero-emission forklift rule is costly for farmers

The California Air Resources Board is poised to adopt a new rule to eliminate internal combustion engine forklifts. The proposal would bring logistical burdens and added expenses for agriculture.

By Colin Sueyres

The cost of farming and ranching operations—specifically moving hay, grain and produce—may be about to get a lot more expensive in our state.

That will be the outcome if the California Air Resources Board adopts its proposed rule to eliminate internal combustion engine, or ICE, forklifts across the state. The regulation, scheduled to be voted on June 27, would mandate that all Class IV cushion-tire combustion forklifts and the majority of Class V pneumatic-tire models be removed from existing fleets in favor of electric vehicles, namely forklifts powered by rechargeable batteries.

Forklifts are essential for many ranch and farm operations. Yet under the proposed rule, there are no exemptions for small fleets of forklifts moving goods within the agricultural sector. The rule would impact leased forklifts and force all owners and operators to purchase zero-emission forklifts by 2026—regardless of whether their current fleet of internal-combustion forklifts is still in good working condition.

The problem is exacerbated by the fact that there is not a 1:1 replacement, meaning farmers will have to purchase multiple electric forklifts to replace just one ICE forklift. This is because electric-vehicle forklifts require time to charge and cool and cannot run for 24 hours. Also, many EV forklifts cannot accommodate heavy loads like ICE forklifts can.

There will be associated infrastructure costs as electric forklifts need to be stored and charged indoors and new structures will need to be built, if not already available. Importantly, there are no exemptions for agricultural use or feasibility.

The Air Resources Board estimates that the number of impacted forklifts is approximately 95,000. However, an economic analysis by the Western Propane Gas Association found that the true number is closer to 220,000 ICE forklifts, more than half of all forklifts in the state.

The Western Propane analysis also found that, under the proposed new rule, costs to forklift owners and operators throughout the state could total up to \$27 billion. These costs would include \$10.2 billion for replacement of ICE forklifts even after factoring in salvage value and \$4.6 billion in lost utilization costs for the premature retirement of currently functional ICE forklifts. In addition, charging station costs would exceed \$6.3 billion to implement.

It is important to note that these costs do not factor in the cost of building power supply upgrades or infrastructure upgrades for the generation, transmission and delivery of electricity.

In numerous regulatory decisions across California's history, the governmental body in charge has recognized that different regions or industries require different solutions. Unfortunately, the state Air Resource Board is moving forward with a one-size-fits-all rule that would set mandates without regard to the size of the business or the nature of the work.

Arguments regarding implementation from manufacturers, retailers, nonprofits and more have been ignored or rejected in favor of the board's preferred technology solution.

Fortunately, there is a cheaper, more feasible and effective way to meet the state's air-quality goals. Western Propane Gas Association has proposed an alternative pathway to compliance to ensure the state is meeting its greenhouse gas reduction goals while also protecting the goods-movement sector in critical industries across the state from untenable costs.

That alternative pathway would accomplish the following:

- Ensure that California has an accurate understanding of how forklifts are utilized within the state and how the rulemaking would affect real-world operations. Currently, there are no standardized databases within California to track actual forklift usage—leading CARB to significantly underestimate the true impact of the rule.
- Increase standards for future nitrogen oxide, or NOx, forklift emissions that recognize trends in capture technology and allow California to still meet its federally mandated emissions goals without a costly and ineffective one-size-fits-all technology mandate.
- Accelerate the phase-out of older, less efficient, higher emission pre-2011 forklifts to provide an immediate improvement in local air quality and reduce carbon intensity.

Unlike other industries such as the tech sector, which can outsource manufacturing or even relocate to more affordable states, the agricultural industry is here to stay. If you are concerned about how the California Air Resources Board rule will impact your farming operations, I encourage you to reach out to board members before the June vote.

I'm hopeful that, after hearing about real-world impacts of this regulation, the board is willing to come to the table and find a feasible and cost-effective way to meet our state's ambitious air quality goals.

To review the analysis and see additional information regarding the impact of this rule across California, visit westernpga.org/forklift.



California's forklift regulation would have rippling economic impact

March 19, 2024 By Colin Sueyres

California has long been a leader in driving innovation, and often when the Golden State enacts bold rules the nation and other countries follow suit.

The problem arises when California policymakers find ill-suited, unworkable solutions aimed at meeting their ambitious goals. One current example is the California Air Resources Board's (CARB) proposed regulation that would eliminate internal combustion engine (ICE) forklifts by banning sales of all new forklifts that are not zero-emission by 2026. As currently written, the rule would impact 220,000 ICE forklifts, over half of all forklifts in the state.

The Western Propane Gas Association (WPGA) recently commissioned an economic impact report finding that CARB's proposed regulation will cost California forklift owners and operators up to \$27 billion. These costs include \$10.2 billion for the replacement of ICE forklifts (even after factoring salvage value) and \$4.6 billion in lost utilization for the premature retirement of currently functional ICE forklifts. In addition, electric charging station costs will exceed \$6.3 billion to implement. It is important to note that these costs do not factor in the cost of building power supply upgrades or infrastructure upgrades for the generation, transmission and delivery of electricity.

Many businesses and nonprofits run 24-hour operations that require forklifts. If <u>CARB's proposed rule</u> is adopted, these organizations will have to purchase multiple EV forklifts to replace just one ICE forklift, as battery electric forklifts require time to charge and cool, and cannot run for 24 hours. CARB's rule imposes billions of dollars in replacement, maintenance and infrastructure costs that forklift owners, operators, manufacturers, dealers and rental agencies are not able to absorb.

While some costs and impacts can be anticipated with the passage of this rule, there are unintended consequences that have not been accounted for. Some consumers will likely transition vehicles in their fleet from propane-powered forklifts to diesel-powered forklifts during the phase-out windows since the rule does not align with diesel regulations. This would be a huge setback in protecting air quality as propane has 94 percent fewer nitrogen oxide (NOx) and hydrocarbon emissions than diesel. New structures will need to be built or space within a business's existing floor plan will have to be used to store and charge battery electric forklifts.

Fortunately, there is a cheaper, more feasible and more effective way to meet the state's air quality goals. WPGA has proposed an alternative pathway to compliance will ensure the state is meeting its greenhouse gas reduction goals while at the same time ensuring that the goods movement sector in critical industries across the state are protected from untenable costs:

- Ensure California has an accurate understanding of how forklifts are utilized within the state and how the rulemaking would affect real-world operations. Currently, there are no standardized databases within California to track actual forklift usage leading CARB to significantly underestimate the true impact of the rule.
- Increase standards for future NOx forklift emissions that recognize the current trends in capture technology and allow California to still meet its federally-mandated emissions goals without a costly and ineffective one-size-fits-all technology mandate.
- Accelerate the phase-out of older, less efficient, higher emitting pre-2011 model year forklifts to provide an immediate improvement in local air quality and reduce carbon intensity.

On its face, the goal of reducing emissions is important to consumers and many businesses. However, the devil is the details, and CARB's draconian regulation to eliminate most combustion forklifts would have a rippling economic effect across the state and nation.

In 2022, the total number of battery electric forklifts sold across North America (including the U.S., Canada and Mexico) in 2022 was approximately 225,000. If CARB's rule goes into effect, the majority of battery electric forklifts being sold in North America would – out of necessity – need to be sold within California just to keep pace with the implementation phase-in of the rule.

Importantly, the adoption of this rule in <u>California</u> could have long-term impacts across the entire nation's forklift market. Other states could adopt California's rule and establish identical standards, as many states already do for on-road vehicles. More complicated is the potential shift in the manufacturing trends within the industry as California businesses, nonprofits and government agencies underwrite the development of more robust battery electric lifts that can directly compete with propane-powered lifts in any market in the country.

WPGA will continue to engage with CARB to find a suitable resolution of this rule but would encourage anyone interested in learning more about the rule, its cost and how the propane industry is responding to visit westernpga.org/forklift for more information.



CARB's Zero Emission Forklift Regulation to Cost up to \$27B

If CARB's rule goes into effect, the majority of battery electric forklifts being sold in North America would – out of necessity – need to be sold within California just to keep pace with the implementation phase-in of the rule.

February 28, 2024 Marina Mayer

The California Air Resources Board's (CARB) regulation to eliminate internal combustion engine (ICE) forklifts will cost California forklift owners and operators up to \$27 billion, according to a new economic impact report released by the Western Propane Gas Association (WPGA).

"Throughout the rulemaking process, CARB did not adequately account for the overwhelming costs and impacts associated with its zero-emission forklift proposal," says Colin Sueyres, president and CEO of WPGA. "It's critical that CARB take a hard look at the real-world impact of its proposal and work with small businesses throughout the state who have proposed a cheaper, more feasible, and more effective way to meet the state's air quality goals. Additionally, local communities and others can't afford to be hit with unintended consequences not accounted for."

Key takeaways:

- The regulations bring on increased costs that directly impact local communities, small businesses, food banks, non-profits, state agencies, and local governments. While some costs and impacts can be anticipated with the passage of this rule, there are unintended consequences that have not been accounted for that would have a rippling economic effect across the state.
- CARB vastly underestimated the number of forklifts that will impacted by the
 rule. CARB estimates 95,000 forklifts will be affected when in reality 220,000 (more than half of all
 forklifts in the state) will be impacted.
- \$10 billion will be spent on ICE forklift replacements. Forklift owners will be required to replace ICE forklifts even if they are fully functional. Utilization loss caused by the proposed regulation will reach approximately \$4.6 billion by 2038.
- By 2038, forklift battery costs will exceed \$2.8 billion. Charging stations will costs will exceed \$6.3 billion to implement. This cost does not factor in the cost of building power supply upgrades, or infrastructure upgrades for the generation, transmission and delivery of electricity.
- Costs to the state government amount to \$33 million by 2038. The State of California, not including the UC and CSU systems, currently owns and operates 581 affected ICE forklifts.
- The total number of battery electric forklifts sold across North America (including the United States, Canada, Mexico) in 2022 was approximately 225,000. If CARB's rule goes into effect, the majority of battery electric forklifts being sold in North America would out of necessity need to be sold within California just to keep pace with the implementation phase-in of the rule. This also does not address manufacturers' ability to scale battery electric production in a global marketplace where battery minerals become more coveted, expensive, and scarce.