**Statement – Suzanne Rohde**

**American Bus Association**

**California Air Resources Board – Executive Officer Hearing**

**Proposed Amendments to the Heavy-Duty Engine and Vehicle Omnibus Regulation**

**October 20, 2023**

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Good morning, Dr. Cliff. My name is Suzanne Rohde, and I am with the American Bus Association, a national non-profit trade association representing private bus and motorcoach operators, along with motorcoach vehicle manufacturers, and the group travel industry.

I wish to thank you, and the Air Resources Board and staff, for holding this Executive Officer Hearing on the Proposed Amendments to the Heavy-Duty Engine and Vehicle Omnibus Regulation.

The bus industry, by design, is an environmentally responsible industry – our operators take cars off the road, reducing both emissions and congestion. We are very responsive to environmental concerns, particularly air quality concerns, and have a strong environmental track record. As mentioned, buses remove cars from the road – with vehicle seating capacity that can take up to 50 personal vehicles off the road. As well, over time, with the advent of cleaner burning fuels and other emissions reducing technologies, bus fleets have increasingly become more efficient and effective in reducing the industry’s carbon footprint. This is particularly true in California, through compliance with the Board’s 2008 Truck and Bus Regulation.

In line with this history, we support the Board’s zero-emissions efforts for heavy-duty vehicles. However, we need and want to work with the Board to ensure the timeframes are reasonable, and that there is a full recognition of both the technology and cost limitations, as related to the bus industry, along with the emissions benefits buses currently provide.

To this point, we were pleased to learn that - becoming aware of issues within the engine manufacturing world and determining additional compliance flexibility was needed to ensure a smooth transition to the Omnibus regulation standards – the Board’s staff worked with the engine manufacturers to reach an agreement to provide flexibility and initiate this amendment process.

Specifically, we are pleased the Board has agreed to amend the Omnibus Regulation’s 2027 and later Model Year requirements to align with the Environmental Protection Agency’s Heavy-Duty Engine and Vehicle Standards 2022 final rule. We are also encouraged by the proposed revisions to the existing caps on legacy engines, intended to provide greater compliance flexibility for engine manufacturers for the transition period of MY 2024-MY 2026.

However, although these are positives, the proposed Omnibus Regulation “Options” intended to provide greater compliance flexibility for legacy engines, do not address or appear to even recognize the needs of the bus industry, which, like trucks, also depends on these heavy-duty engines.

In fact, candidly, it’s my understanding that when discussions were held between Board staff and engine manufacturers, at least from the perspective of the engine manufacturers, the focus was on meeting the needs of the state’s trucking industry, with no thought given to California bus operators. We had no notice the discussions were even occurring. I know the Staff Report for today’s hearing references a February 13 workshop where amendments were discussed; however, we were unaware of this workshop and looking back at the records, the title of the event references the Advance Clean Fleets rule, not the Omnibus Regulation. It only became clear that a discussion of amendments to the Omnibus Regulation took place by looking through the slide deck. Also, at the time this workshop occurred, engine manufacturers had not informed bus manufacturers of issues related to possible engine shortages. We would have no reason to be on notice for this event.

Further, in reviewing the supporting materials for this hearing and even the underlying regulation, references, and calculations for emission reductions, all appear to be related to California’s truck operations, with little to no reference to bus operations. Yet, these regulations will have an outsized effect on the bus industry.

We do not believe this was an intentional oversight by the Board, but instead simply an unfortunate circumstance of not really knowing or understanding our industry. Also, from an engine manufacturing perspective, our industry is a “small volume customer” – with demand not nearly the scale of the trucking industry.

Nonetheless, the result is that our small volume vehicle manufacturers are in a serious bind - telling us they will have no new vehicles to sell to California bus fleet operators for possibly the next 3 years, due to a lack of engines from their manufacturer(s). The cause of the short supply being attributed to the new requirements of the Omnibus Low NOx Regulation, and this is even with the proposed legacy amendments.

This lack of engines will hit these bus manufactures very hard, as California is the largest motorcoach market in the U.S., with around 221 registered interstate operators, along with additional intrastate operators.

It will also cause a tremendous hardship for California fleet operators, who, after a devastating economic downturn caused by COVID-19, are now trying to upgrade their fleets and remain compliant with new California safety regulations. These fleet operators, who are primarily small, family-owned businesses, will be put at a disadvantage to fleet operators in other states, particularly in terms of competing for work that requires upgraded vehicles – such as contracts with the military or with companies in the Silicon Valley.

Motorcoach manufacturers do not have the same market leverage or volumes as the trucking industry, to entice engine manufacturers to be equitable in supplying engines under the proposed caps; and the motorcoach industry is unable to offer the same opportunities as the trucking industry for engine manufacturers to earn offsetting emission credits. In short, there are no real incentives for engine manufacturers to work with our vehicle manufacturers within the proposed legacy caps.

Further, because the motorcoach industry was not included or even thought of during the negotiations addressing the legacy options, our vehicle manufacturers have no insight as to how the engine manufacturers are even allocating supply under the option formulas – we only know, collectively, there will be few to no engines for the next three model years, and fleet operators will suffer as will their passengers who will need to find alternative methods of travel, which are likely to be less environmentally friendly.

So, we are here asking the Board for relief. In addition to the Amendments the Board is now considering, we need some form of an exemption or other flexibility under the Omnibus Regulation to ensure an engine supply for the bus industry.

We need this relief only for the short term, MY 2024-26, and the number of vehicles/engine units we are seeking is modest, particularly in comparison to the larger heavy-duty engine market. We understand the need for the Board to ensure changes to the Omnibus Regulation are “emissions neutral” or do not reduce the emissions benefits. But if no relief is provided or accommodation made for bus fleet operators, we fear this Regulation could end up hurting the State’s efforts to reach its emissions reduction goals– because a loss of bus operations, in turn, means more cars on the road and increased emissions.

The bus industry, including California, is dominated by small businesses. If these fleet operators do not have the ability to replenish their equipment over the next several years they will be put at a competitive disadvantage with operators from other states, they will also run into issues complying with new safety requirements dictated by California law, and they may be forced to reduce service or even go out of business, resulting in more cars on the roads, increased emissions, fewer transportation options for price sensitive communities, job losses and decreased economic benefits for the state.

Our industry is separate and distinct from the trucking industry, both in operation and purpose. Our bus operators contribute net environmental benefits to the state’s transportation sector; they also provide key transportation services to underserved communities in the state; and play a vital role in the state’s emergency response planning/efforts.

As I said earlier, we would like to work with the Board to find a way to address this **SHORT -TERM** engine supply problem, and ask that similar consideration be given to California bus fleet operators, as was granted for the trucking industry.

Thank you for this opportunity to provide comments, and I am happy to answer any questions.