



Motor Coach Industries (MCI)

***Summary of Key Points from 10/20/23 CARB
Hearing on Low NOx regulation***

Outline

- Key Points from 10/20 Hearing Testimony
- Other CARB related participation
- Supporting Information:
 - Overall private market information
 - MCI private sales to CA vs. all sales
 - Usage history provided to CARB to show deficit
 - MCI request for hearing

Motor Coach Industries:

Summary of Key Points from 10/20/23 CARB Hearing on Low NOx regulation

Company Overview:

- Brent Maitland, VP Private Sector and Juan Lepe attending in person from MCI (Motor Coach Industries)
- MCI and the entire NFI Group is a Small Volume Manufacturer with 2 sales and service locations within the state.
- We support rational progress to Zero Emission and are currently operating and selling electric motorcoaches in the state.

Motorcoach Efficiency and Safety:

- Motorcoach is efficient and safe with excellent fuel economy and low emissions per passenger.

Critical Issues Regarding Diesel Engine Availability (2024-2026):

- Due to Low NOx requirement and legacy provision, Cummins X12 engine allocation for the J4500 model dropped 93% from 77 units/year to only 5 units/year.
- CA represents 10-12% of annual business so this is significant negative impact on the company.

Impact and Concerns:

- The decline in engine allocation not anticipated, affecting production timelines.
- This is not a supply chain issue; it is the regulation limiting supply.
- The current regulation with limited flexibility in 2024-26 may lead to purchase of older, less efficient vehicles with fewer safety features.
- MCI and small private operators still recovering from COVID impact while planning for a Zero Emission future.
- Lack of transparency in the decision-making process, private motorcoach market not included in discussions which resulted in the agreement with the engine manufacturers and EMA

Request for Amendment or Flexibility:

- Request for amendment, exemption, or flexibility under the Omnibus Regulation specifically for 2024-26 to address the engine allocation problem caused by the legacy provision.
- In addition, efforts to bring CARB, the Bus Builders and the Engine OE's together to discuss and work through a path forward together has not happened, so we recommend this.

Related Meeting on Low NOx Regulation

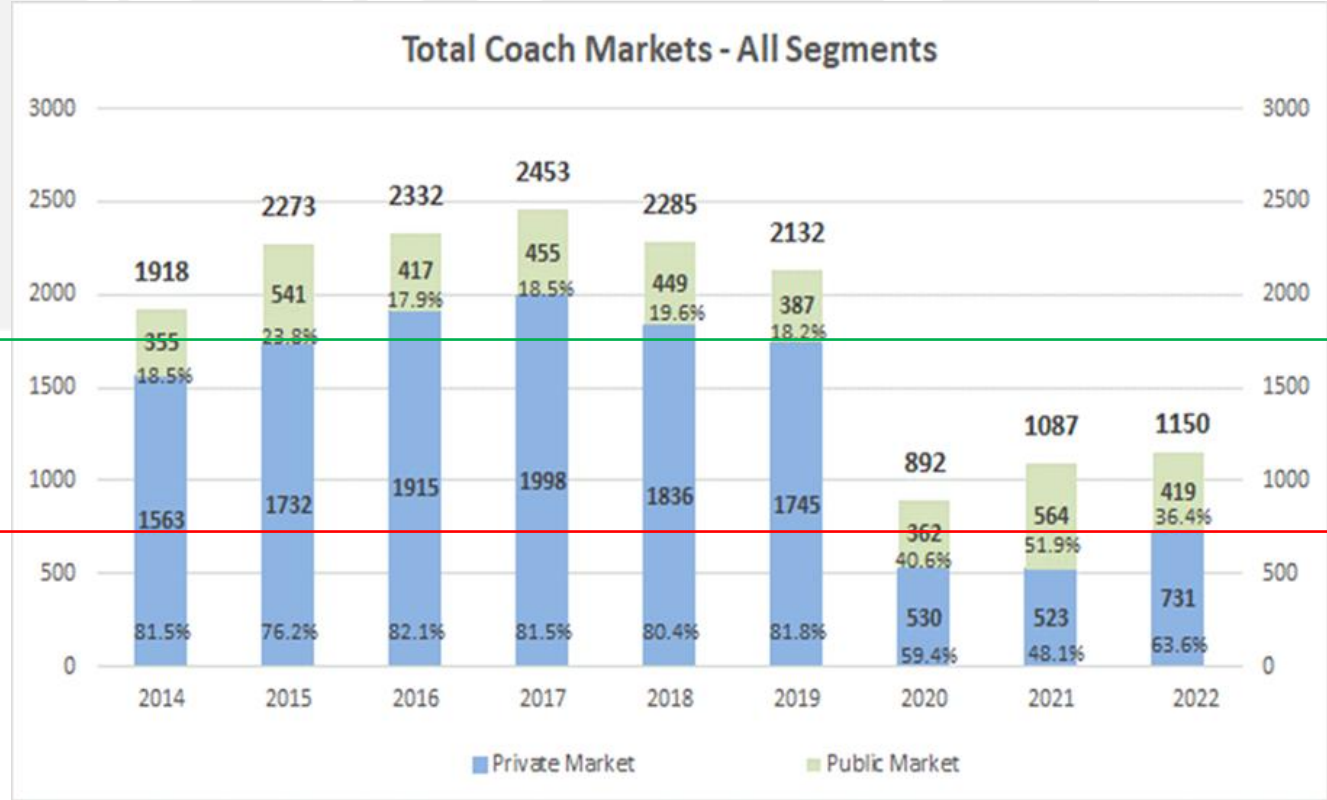
- Industry coalition with California Bus Association, American Bus Association and United Motorcoach Association and International Motorcoach Group
- 9/5 Presentation to CARB Staff with other industry constituents including California Bus Association (CBA)
<https://www.cbabus.com/>
- 9/18 provided feedback and requested hearing
- 9/6: Preliminary market and impact data showing deficit provided to CARB staff.
- 9/28: Follow-up with CARB to confirm engine allocation from Cummins to MCI and clarify small volume manufacturer.
- 10/20: CARB Low NOx Hearing

MCI

Supporting Information

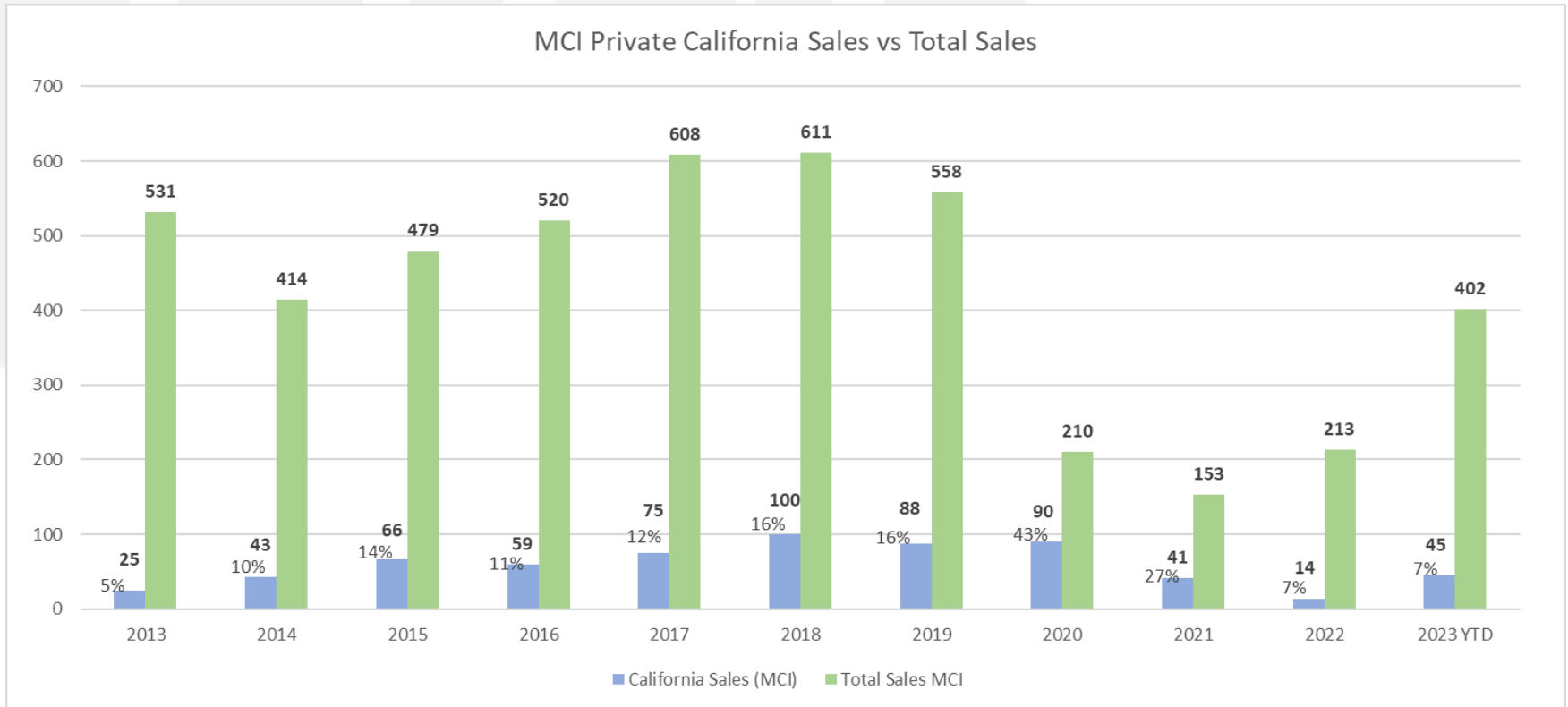
Motorcoach Market

- Private motorcoach segment (in blue) is still trying to recover to Pre-COVID levels which through 2022 were still -60%



(-58%) vs 2019....
 Or conversely **recovered to 42%** of Pre-COVID 2019

MCI Private Sector Sales to California vs. US



Inability due to legacy provision will hurt our ability meet Pre-COVID demand in California

Aggregated Industry Data


- Supplied by bus (Motorcoach) builder and aggregated by the ABA (American Bus Association)
- Blurred as provided confidentially.

Confidential (to only shared with CBA CARB committee)

Date: 9/13/2023

Information for CARB (consolidated engines 2015-2022 inclusive) pls engine allocation for 2024 based on legacy formula

Data provided independently by MCI; ABC; Temsa and Prevost

Engine Totals	2015	2016	2017	2018	2019	2020	2021	2022	Total (2015-19) Pre-COVID	Engine allocation to OE based on legacy formula (for Cummins)
										

5 Year Average Need of X12 for the Industry of 132 per year, and Supply of 20 engines, only 7% of demand

Letter and Hearing Request



August 30, 2023

VIA WEB SUBMISSION

The Honorable Steven S. Cliff, Ph.D.
Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814
ATTENTION: Clerk's Office

RE: PUBLIC HEARING REQUEST: Proposed Amendments to the Heavy-Duty Engine and Vehicle Omnibus Regulation

Dear Dr. Cliff:

On behalf of the NFI Group Inc., pursuant to Section 11346.8 of the California Government Code, I write to request the California Air Resources Board (CARB or Board) hold a public hearing on its proposed amendments to the Heavy-Duty Engine and Vehicle Omnibus (Omnibus) regulation, per the Board's notice posted on August 1, 2023. We would seek the hearing prior to the close of the comment period or, alternatively, seek to have the comment period extended beyond September 18 to accommodate a public hearing.

The NFI Group is the parent company of Motor Coach Industries (MCI), New Flyer, ARBOC and Alexander Dennis, all in the business of manufacturing, selling, and servicing both over-the-road motor coaches and transit buses, with many operating in both private companies and transit agencies throughout the state. We also have sales and service locations in the state.

MCI is proud to offer both diesel and battery electric coaches to our customers as well as providing support such as infrastructure planning to enable the transition to zero-emissions. Unfortunately, the impact of the regulation and subsequent agreement with EMA and engine manufacturers severely limits the number of allowable diesel engines for motor coaches, thus we, as well as our many California based customers will be significantly impacted.

The Board's action appears to be predicated solely on heavy-duty truck engine manufacturer product plans and we believe it is important for the Board to provide for the exchange of additional information from vehicle manufacturer and the end users of these engines, in a public forum.

Further, a public hearing is warranted to ensure the Board and heavy-duty vehicle manufacturers and operators, such as the bus and motorcoach industry, along with the public, fully understand the impact of the proposed amendments on the end users of heavy-duty engines, and in turn the impact on the state's transportation network and emissions goals.

For these reasons, we request the Board schedule a public hearing before moving forward with the proposed amendments to the Omnibus regulation. I can be reached at 630-235-9696 or Brent.Matland@MCIcoach.com, for any questions concerning this request.

Thank you for your consideration. If you should have any questions, please feel free to contact me.

Sincerely,

Brent Matland
VP Private Sector, MCI & New Flyer
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Des Plaines, IL 60018