**Agricultural Council of California**

**American Pistachio Growers**

**California Agricultural Aircraft Association**

**California Cotton Ginners & Growers Association**

**California Farm Bureau**

**California Tomato Growers Association**

**Merced County Farm Bureau**

**Milk Producers Council**

**Nisei Farmers League**

**Western Agricultural Processors Association**

**Western Growers Association**

**Western Plant Health Association**

April 6, 2023

Chair Liane Randolph

California Air Resources Board

P.O. Box 2815

Sacramento, CA. 95814

Re: ***Advanced Clean Fleets – Updated Regulatory Language and Board Consideration***

Dear Chair Randolph and Board Members,

On behalf of the above listed agricultural organizations, we wish to provide feedback specific to the updated regulatory language released for the proposed Advanced Clean Fleets Regulation that goes before your Board in the coming month. The proposed regulation would have significant negative impacts to both agricultural businesses operating throughout California, as well as the supporting goods shipment industry operating in support of those agricultural businesses. We have voiced our concerns during several public meetings regarding this regulatory topic, however, it appears that staff and the Board is pushing forward with the updated proposal. Below we have highlighted our concerns with the specific language changes.

**Equipment – Demand, Availability and Prior Experience**

Through several public meetings already, CARB staff has highlighted the number of current manufacturers that are retailing zero-emission vehicles (ZEV’s) within the California market to date. These trucks range in size and use, and cover a majority of the on-road uses currently employed by Internal Combustion Equipment (ICE). Unfortunately, with the current proposal in front of you, the regulation creates a significant artificial demand due to the requirement to replace traditional ICE engines with the ZEV technology. The ZEV technology has seen a dramatic rise in prices, and costs that will only further deepen the competitive disadvantage that the California agricultural industry sees today.

Over the past 3 years, several agricultural processing facilities have taken advantage of existing incentive funding opportunities to replace operational diesel Yard Trucks with new and improved electric models. These conversions would not have been possible without the pairing of local Air District funding as well as funding made available through the Federal DERA program. The pairing of these incentive pots was the only way a $200,000 electric yard truck would be feasible for our seasonal ag operations to consider upgrading their equipment to electric. Additionally, with 3 years of usage data, the battery life expectations that were presented during the last staff workshop is wildly over-estimated. Orange EV yard trucks were estimated to have a battery life of 18+ hours, meanwhile our operations are reporting that after only 3 years of seasonal use that this equipment’s battery life is a minimal 8-10 hours. This forced conversion will only require our seasonal operations to pay more for additional electric equipment in order to maintain normal seasonal operations.

Another component to consider is that the agricultural industry utilizes numerous specialty vehicles in combination with traditional semi-trucks to support the industry during season. To this point, some of these specialty vehicles are not currently available in electric models. For example, there are two manufacturers for cotton module haulers in the entire United States. Only one of those two manufacturers have even began designing an electric model. The company’s initial cost estimates are in the $450,000-dollar range, and a 3 year wait, for an untested and unproven electric model. No cotton operation is going to be able to pay that amount in order to comply with this rule. We can provide various other commodity specific equipment that would also be incorporated into this rule without the ability to comply due to lack of research and development.

**Infrastructure – Capabilities, Delays and Rising Costs**

Through the release of this updated draft, we are very appreciative of staff for inserting compliance extensions for the delays associated with electric infrastructure. However, we still have significant concerns in regards to the major utility providers’ ability to interconnect rural operations to the grid, as well as upgrading existing systems in order to provide increased electricity demand within more urban settings. We have participated in prior updates to the ACF, where the California Public Utilities Commission (CPUC) and California Energy Commission (CEC) representatives stated before the Board there are no concerns whatsoever with being able to interconnect rural areas, and provide for the increased demand associated with this rule. We feel that these rosy forecasts are untrue, and frankly are a hinderance to overall compliance. The current way in which extensions are granted require that participating businesses begin the compliance process within the rule, and have begun construction on the system upgrade component of the project. Businesses would then have to show that the utility companies have put their projects on a delayed schedule, and that notice would then be provided to CARB staff to show an inability to comply in a given timeline. We would ask that proposed extension delays be granted prior to the beginning of construction of a project. We have numerous members who have been in contact with their utility provider, and have been informed that their project has been placed on the project list, or have been outright told no that a provider will not be able to install the necessary equipment for the foreseeable future.

Through extensive outreach on this rule, as well as other efforts the Board has taken to electrify industry equipment, we have received testimonials and letters from our collective memberships who have experienced extended delays in upgrading infrastructure, and scheduling service to areas where utilities are not currently provided. We have documentation of a processing member within an industrial complex in city limits of a larger California town, who has been informed that PG&E is capping the facilities power usage and does not intend to make the upgrades necessary to increase power output. This notice has been out long before the company has replaced any equipment to electric. Another processing member has been told that the utility provider does not intend to upgrade the substation as requested by the processor. In order to upgrade the station, PG&E is suggesting that the facility invest the millions of dollars necessary to purchase the upgrade equipment, and the utility company will add the work to their growing project list. A cotton grower has been waiting 6 years for the area provider to connect a small shop that he has built on his property. While this rule wouldn’t apply to him, it shows the scale of issues we are facing with utility companies. Another example includes a Title V permit holding dairy that applied to replace several natural gas burning engines with electric ones earlier this year. Their utility provider sent a letter stating that they would be unable to make the necessary upgrades to support the proposed electric engines. This is a business actively trying to reduce their emissions footprint, upgrade equipment to electric, and they are being stopped due to the utility company’s inability to process the necessary work required. We see major issues with requiring a facility or business to have a construction permit issued prior to any compliance extension being provided. These notices our members are receiving are prior to any construction permit being issued.

Additionally, the cost estimates that have long been presented in the ACF process are not accurate with what our members are paying for their current electricity usage. To substantiate this, one must reference the applicable electric rate tariff applicable to the agricultural operation. For operations in the PG&E territory, the rate tariff applicable (electric schedule for ag) to large agricultural operations ranged from 17.7 -27.9 cents/kWh for off-peak winter to 20.2 – 30.8 cents/kWh for on-peak winter use and 19.7 -31.8 cents/kWh for off-peak summer to 23.1 – 48.4 cents/kWh for on-peak summer use. This does not include the customer charges or the demand charges which range from $7.23 to $14.62 per kW which would add significantly for this.

Not reflected in the rate analysis is the impending increase in electric rates. In the most recent General Rate Case, PG&E has proposed a 45% increase on top of the current 2023 rates by 2026. California pays amongst the highest electric rates in the United States. The exorbitant costs put our businesses in a competitive disadvantage when our electric rates and overall operating are twice or sometimes more than other regions in the state, let alone other countries.

In conclusion, we ask that the Board delay implementation of this regulation in order to allow time for the utilities to catch up with the proposed demand that will be generated by this rule. Through various Air District, CARB and Federal programs, the agricultural industry has shown its willingness to step up to incorporate new technologies that assist in cleaning up our air, however, the proposed ACF regulation will have severe and unintended consequences to California agriculture. If you have any questions, please feel free to reach out to me at chris@ccgga.org

Sincerely,

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