July 11, 2022

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

Re: Business Community Support for an Ambitious Advanced Clean Fleets Rule

Dear Chair Randolph & Members of the Board,

As business stakeholders operating in California and involved with thousands of businesses, entrepreneurs, and investors representing trillions of dollars in annual economic activity, we write to express our support for the development of a strong and effective Advanced Clean Fleets (ACF) standard. To fully capture the economic development opportunity presented by the state's robust clean energy economy, we urge the California Air Resources Board (CARB) to adopt an ambitious ACF rule that ensures all medium and heavy-duty (MHD) vehicles are zero-emission no later than 2045, with certain categories, such as drayage, fully transitioning to zero emission-vehicles (ZEV) sales sooner. To accomplish this objective, the rule should include an ambitious ZEV sales requirement and expansive fleet purchasing requirements. CARB should also consider strategies to replace the oldest, most polluting trucks with ZEVs.

California has developed into a global hub of clean vehicle innovation and development, including a robust electric vehicle and battery manufacturing center. This global leadership – and the

associated job creation and in-state investment – is the product of innovative clean energy economy policies that continue to pay dividends for California's economy. In 2020, electric vehicles were the state's most valuable export, producing over $5.6 billion in revenue and overtaking California's aerospace industry for the first time. As an established center of the clean energy economy, there is a strong base of nearly 485,000 clean energy workers, with 42,000 employed in clean vehicle jobs. Notably, these clean vehicle jobs do not capture employment within the burgeoning electric vehicle (EV) charging infrastructure industry, which is a powerful job creator. The average wage in California's EV ecosystem is 33% higher than the state's average wage, which speaks to the success and quality of jobs in this sector.

By strengthening the ACF standard, California policymakers have the opportunity create the market structures needed to drive innovation and maximize job growth to fully advance the state's standing as a manufacturing and business nexus in the global transition to EVs. To maximize the economic development opportunity, policymakers should ensure the ACF rule does the following:

- **Includes a 100% ZEV sales requirement for all MHD classes by 2036.** This level of ambition is necessary to unlock significant investments and job creation in California's clean energy economy while addressing the climate and air pollution crises that threaten our economy. Additionally, this goal will help achieve Governor Newsom's Executive Order N-79-20 and the Mobile Source Strategy targets.

  According to CARB's own assessment, zero-emission trucks in every vehicle category will have a more favorable total cost of ownership (TCO) than diesel by 2035, with competitive segments even sooner. Additionally, driving more ZEVs on our roads faster will enable California businesses to capture substantial operating cost savings.

- **Ensure "non-drayage" regional haul container trucks transition completely to ZEV by 2035.** The ACF rule's current fleet purchases requirements can be enhanced to prioritize and accelerate the turnover of large regional haul trucks. These vehicles are some of the biggest polluters, and their duty cycles—filled with short trips, idling to pick up cargo, and stop-and-go driving—are perfect for realizing electrification's cost-saving benefits. The current proposal captures some of these vehicles, but not all, by requiring new drayage trucks—trucks hauling containers at ports and railyards—to be ZEV beginning in 2023, with the intention of transitioning the entire drayage fleet to ZEVs by 2035. However, CARB is using a narrow technical definition of drayage that only includes vehicles at intermodal facilities, while identical container trucks operating at other freight facilities, such as warehouses or distribution centers, are subject to a weaker ZEV standard. CARB must ensure these "non-drayage" container trucks transition completely to ZEV by 2035 given their outsized pollution footprint and electrification suitability.

  This will not only drive additional demand for California labor and products but have outsized public health and environmental justice benefits. Harmful, local air pollution caused by internal combustion engines poses a significant risk to public health and therefore considerable economic costs in the form of additional hospital visits and healthcare expenses, decreased work productivity, and missed workdays. Communities located near warehouses and distribution centers will benefit significantly from the accelerated turnover of large regional haul trucks.

- **Expand the number of fleets covered by ACF purchase requirements to cover 80 percent of all MHD vehicles and accelerate the ZEV transition timeline**. The

current proposal excludes requirements on 88 percent of Class 2b-3 vehicles, 47 percent of Class 4-8 vocational vehicles, and 32 percent of Class 7-8 tractors. Failing to account for these vehicles means that by 2045 less than 60 percent of all MHD vehicles will be ZEVs, directly conflicting with the Governor's Executive Order calling for all MHD vehicles to be ZEV by 2045, where feasible. In addition, many of the MHD vehicles covered by the rule have a longer timeline for transitioning to ZEVs than is necessary, feasible, or cost-effective. To improve the rule, CARB should expand the number of fleets covered by the purchase requirements to cover 80 percent of all MHD vehicles and shift ZEV fleet milestones earlier to drive more ZEVs on our roads sooner.

Alongside the ACF rule, CARB should consider requirements to retire vehicles that exceed their SB 1 useful life and replace them with ZEVs. This will have immediate air quality benefits from retiring the oldest and dirtiest trucks while creating demand for new ZEVs. To capture this opportunity, CARB should begin a public process with robust stakeholder input to enable an equitable transition to ZEVs and set an appropriate timeline for adopting a vehicle retirement policy.

ZEV technology is evolving rapidly and to ensure a healthy and robust market, we need a strong demand to match greater ZEV supply. Sending a clear policy signal that aligns with the dynamism of the ZEV industry and with the state's zero-emission targets is necessary and attainable. California can remain at the forefront by pursuing ambitious policies to fully unlock the potential growth of a robust ZEV industry and decarbonize the transportation sector. These improvements to the ACF rule will help cement California's zero-emission vehicle and charging infrastructure industries' global leadership and maximize in-state investment and employment of Californians in this burgeoning 21st century economy.

Thank you for your continued leadership on this important issue.

Sincerely,

Amisha Rai, Managing Director, **Advanced Energy Economy (AEE)**
Ruben Aronin, Director, **California Business Alliance for a Clean Economy**
Jimmy O'Dea, Deputy Director, Clean Trucks and Off-Road Initiative, **CALSTART**
Esther Morales, Executive Director, **Clean Energy Leadership Institute**
Dave Robba, Manager, State Policy, Transportation, **Ceres**
Ryan Evans, Executive Director, **Chambers for Innovation and Clean Energy**
Andy Wunder, Western States Advocate, **E2 | Environmental Entrepreneurs**
Christina Angelides, Co-Director, Policy Lab, **Elemental Excelerator**
Mary Leslie, President, **Los Angeles Business Council**
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Colleen FitzSimons, Executive Director, **San Diego Green Building Council**
Anita Huang, Chief of Staff, **San Francisco Chamber of Commerce**
Jennifer Thompson, Executive Director, **Sustainable Silicon Valley**