



California Trucking Association
4148 E. Commerce Way * Sacramento, CA * 95834
www.caltrux.org

American Trucking Associations
950 North Glebe Road, Suite 210 * Arlington, VA * 22203
www.truckline.com

May 28, 2020

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento CA 95812

Submitted Electronically: <http://www.arb.ca.gov/lispub/comm/bclist.php>

RE: Proposed Advanced Clean Trucks Regulation Modified Statement of Reasons

Dear Mr. Kitowski:

The California Trucking Association (CTA) and American Trucking Associations (ATA) would like to thank you for the opportunity to comment on the proposed Advanced Clean Trucks Regulation.

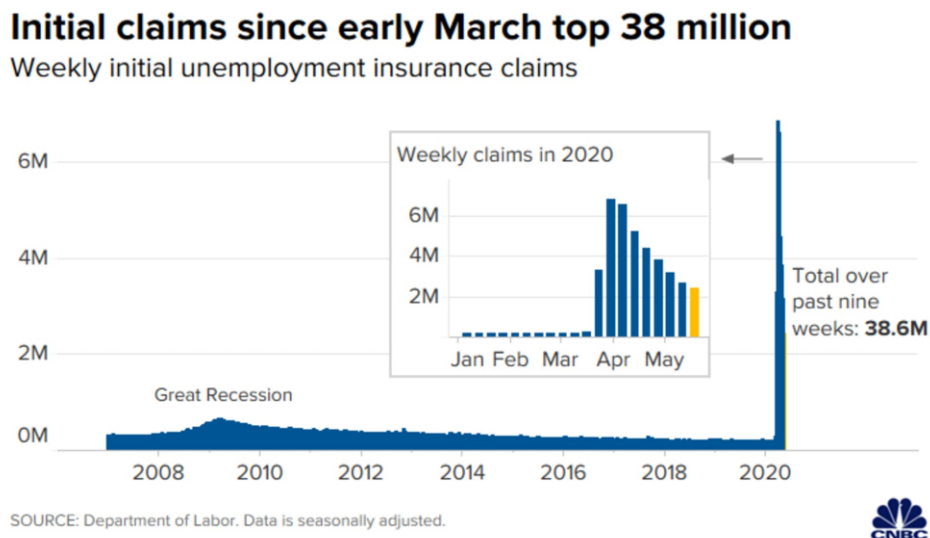
COVID-19 Crisis is Unprecedented

Since the December 2019 Board hearing on the 45-day rulemaking package, the world has inextricably changed. The Board should recognize this and direct staff to evaluate how these changes will impact the amended requirements and identify options for responding.

The still unfolding COVID-19 pandemic and associated economic crises are unlike anything our state and nation have faced in its history. While the full scope of the economic impact from this sudden, unplanned shuttering of large swaths of commerce is yet to be fully understood, there are some clear warning signs already emerging.

As of mid-May 2020, the following trends have emerged.

Fig. 1: Initial Jobless Claims 2007–2020 (Source: CNBC.com)



- 38.6 million Americans have filed for initial unemployment since mid-March. The 4-week moving average, which removes week-to-week volatility, jumped to an all-time high of 5.509 million, while continuing jobless claims hit a record 11.976 million in the week ended April 4th.

Fig. 2: California Truck Activity Index (Source: ATRI)

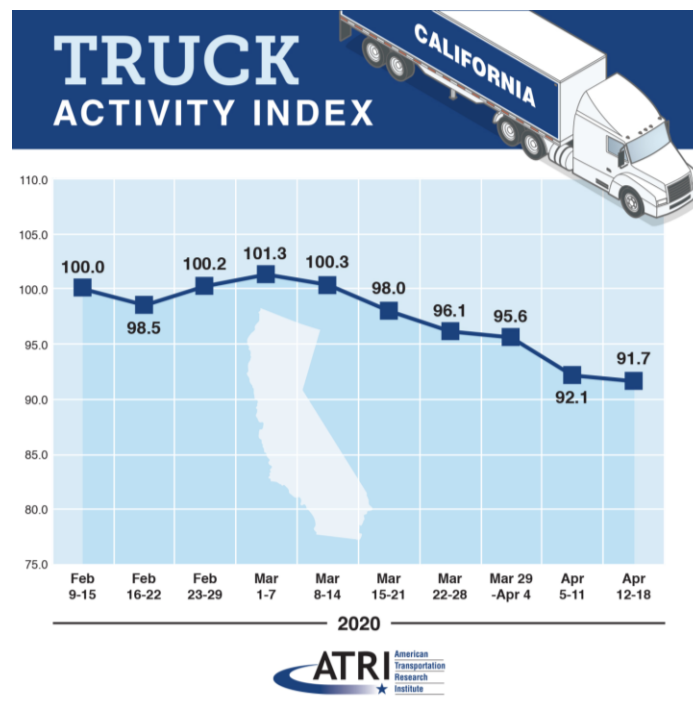
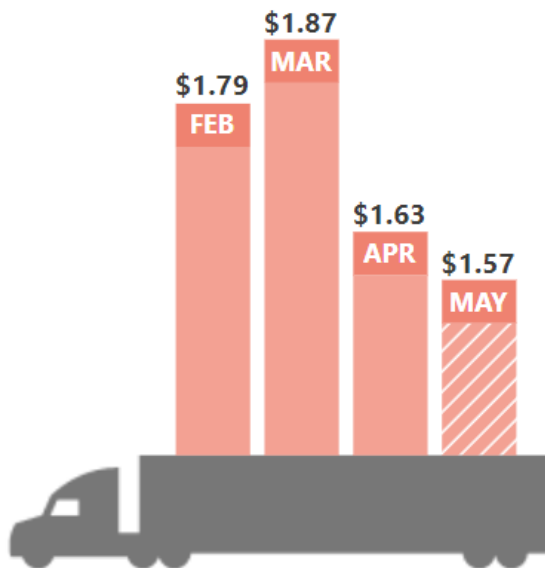


Fig. 3: National Average Van Rates (Source: DAT)



- After several week-long spikes in demand, general economic conditions have taken a toll on freight demand, with demand and rates falling precipitously.

Additionally,

- Our Associations have been made aware of furloughs already occurring in the trucking industry as a result of declining revenues.
- Market analyst IHS estimates that 2020 Class 8 tractor sales will fall by 50% compared to 2019¹.
- How quickly the economy will recover is dependent on many factors which cannot be easily predicted at this time. The Legislative Analyst Office² preliminary assessment states that California is already in a recession and forecasts a possible “L-shaped” recovery marked by prolonged depressed economic activity and high unemployment.
- The May Revision to the Governor’s January Budget forecasts an over \$54 billion deficit through the FY20-21 budget year. The May Revision maintains the Governor’s Budget Cap-and-Trade Expenditure Plan, and establishes a “pay-as-you-go” budget mechanism to authorize budget act expenditures based on actual proceeds received at each quarterly auction which does not prioritize the Clean Truck, Bus and Off-Road Program, the primary funding mechanism for zero-emission commercial vehicles.

¹ <https://www.ttnews.com/articles/commercial-vehicle-production-fall-20-globally-ihs-says>

² <https://lao.ca.gov/handouts/FO/2020/Preliminary-Assessment-of-the-Economic-Impact-of-COVID-19-041620.pdf>

Manufacturer Requirements

As stated in comments submitted during the 45-day comment period, our Associations have supported efforts to work with the truck manufacturing industry to arrive upon technologically feasible targets. The highly ambitious sales mandates proposed in the 45-day rulemaking package were arrived upon using a bottom-up analysis of market segments and suitability factors (ISOR Appendix E: Zero Emission Truck Market Assessment) which incorporated analysis performed by the Truck and Engine Manufacturers Association.

On the other hand, the increased sales mandates in the 15-day comment period were accompanied by no such analysis of technical feasibility. Rather, Appendix B to the MSOR contains a threadbare and superficial analysis stating the increases are “consistent with Board direction and many public comments seeking to increase the number of ZEVs deployed” or needed to “meet the goals of the (San Pedro) Port’s Clean Air Action Plan”. Other rationale provided in Appendix B surrounding cost and production are similarly speculative or qualitative. There is little correlation between the analysis provided and the arrived upon schedule of percentages.

Technical Comments

- “Facility category” definition should be deleted.
- Amended Section 2012.2 should be clarified to limit reporting for vehicle home bases to locations within the State of California, thereby excluding locations outside California’s jurisdictional boundaries. In addition, the following clarifications should be made: “Vehicles that accrue a majority of their annual miles in California, but are not assigned to a particular location in California, must be reported as part of the **California-based** headquarters or another location **within California** where the vehicles’ operation is managed.”
- Emissions inventory should separate estimated tailpipe emission benefits from brake wear. The proposed rule is a new engine emissions standard as defined under the Clean Air Act, not a rule to regulate brake wear. While reduced brake wear emissions may be a co-benefit of the regenerative braking incorporated into ZE designs, regenerative braking itself is not limited to ZE vehicles, nor does this rule claim to be a regulation to limit brake wear.

We appreciate the Board's consideration of our requests and the many challenges associated with the deployment of electric-drive capable commercial vehicles. We look forward to continuing to work with CARB staff and the Board as we move through this rulemaking.

Thank You,

A handwritten signature in black ink, appearing to read 'CS', with a large, sweeping flourish that loops back to the start of the signature.

Chris Shimoda,
Vice President of Government Affairs
California Trucking Associations
cshimoda@caltrux.org

A handwritten signature in black ink, appearing to read 'Michael Tunnell', with a long, sweeping flourish that extends to the right.

Michael Tunnell
Director, Energy and Environmental Affairs
American Trucking Associations
mtunnell@trucking.org