

To: California Air Resources Board (CARB)

From: Pilot Travel Centers

Re: Used Truck Voucher Pilot Concept Request for Information (RFI)

Date: February 28, 2025

Pilot Travel Centers (Pilot) submits the following response to the California Air Resources Board's (CARB) request for information (RFI) on developing a Used Truck Voucher Pilot Concept. Pilot owns, operates, and maintains the largest network of more than 800 truck stops in North America, with over 135 locations offering zero emission fuels and charging stations infrastructure. Additionally, Pilot operates the third-largest fleet of tankers in North America, with approximately 1,500 units, providing input from a customer service and fleet management perspectives.

Pilot supports CARB evaluating new concepts to leverage zero-emission (ZE) truck vouchers to stimulate the used truck market with input from industry participants. Establishing a well-functioning secondary market is essential to the development of a sustainable ZE truck market.

Pilot fully supports a voucher type program to initiate a secondary market for used ZE trucks. This will begin to establish a residual value for these units which is essential to the development of a well-functioning ZE truck market. Factors to consider include but are not limited to age of the truck, mileage, vehicle condition, and other inputs recommended by ZE truck OEMs to provide certainty for both the original operator and the used truck purchaser. When considering zero emissions as a singular category, CARB should be cognizant of including both battery electric trucks (BET) and fuel cell electric trucks (FCET) to ensure that the original equipment manufacturers (OEMs) address the nuances between the two technologies.

Pilot's responses to CARB's questions are detailed below:

1. Which specific entities or industry experts should be involved in the design of the Used Truck Voucher Pilot Concept?

Pilot recommends that a wide consortium of stakeholders be consulted during the design of this program. This should include major truck OEMs, leasing companies and financial institutions, truck dealerships, key fleet operators and associations representing smaller fleets that primarily purchase from the secondary market.

2. Would a voucher process through an HVIP-approved dealer work for this pilot concept?

Yes – a voucher concept is ideal. Pilot believes that “cash on the hood” incentives vs. reimbursement grants like the Carl Moyer Program are better for fleet operators, and even more so for small fleet operators. Voucher programs do not require fleets to carry the cost of the truck in the interim period between purchase and receiving the funds. This can result in the exclusion of many smaller fleets. Vouchers also reduce the burden of reporting and operational requirements as compared to grants.

Importantly, program administrators must ensure vouchers do not sit idle in the program queue, unused for long periods of time. Vouchers should have a shelf life which once expired are returned to the program.

Voucher amounts must be large enough to be meaningful for the market they are targeting – smaller lower income fleet operators. The value must offset enough of the cost of the truck to make it worth operating a ZE truck in the targeted market (drayage, regional, long-haul, etc.). The amount of the voucher could be fixed or a percentage of value (i.e. 80%). This is particularly important for smaller fleets buying trucks on the secondary market.

3. Should the Used Truck Voucher Pilot Concept have a fleet size and revenue cap?

a. If so, please provide input

In general, Pilot believes it is better to place fewer restrictions on programs designed to incentivize adoption of new technologies. As more becomes known, programs can be adjusted to meet market demands.

4. What should the incentive level be?

a. Should incentives vary based on mileage, vehicle body type, and/or battery capacity?

The primary focus of any voucher program should be to ensure the amount of the voucher is meaningful enough to entice fleets to utilize it and continue the adoption of ZE trucks. See response above.

5. What type of certification should a used vehicle have to ensure quality?

a. Original Equipment Manufacturer Certified?

b. Battery state of health?

c. Others?

ZE trucks should have an OEM Certification to ensure they are safe to operate and will qualify for any potential warranty offered by dealers or manufacturers. This will drive confidence in secondary products and help establish a both a residual value for the initial purchase and resale value for the secondary market.

Pilot recommends the CARB program administrators rely on OEMs for specific information.

CARB, program administrators, and all parties involved in the launch of the Used Truck Voucher Pilot should recognize that there will be many unknowns at this stage. This steering committee needs to remain flexible until several cycles of the program have been completed and OEMs have gained a better understanding of their products and its value in a secondary market. Flexibility

will allow for necessary revisions and iterations along the way ensuring the development of the best possible program that achieves the program's objectives.

6. Should eligible vehicles be capped at a specific mileage or age?

In general, Pilot believes it is better to place fewer restrictions on programs designed to incentivize adoption of new technologies. As more becomes known, programs can be adjusted to meet market demands.

7. What sort of recordkeeping or reporting requirements would be appropriate for fleets awarded a voucher?

CARB and program administrators are encouraged to implement minimal requirements and to find alignment between gathering enough information to satisfy state requirements while simultaneously reducing the reporting burden on fleets to the greatest extent possible. The fleets that will be utilizing a secondary market voucher will likely have fewer resources available to take on reporting requirements. Reducing this burden to the extent possible is recommended.

8. Is there value in funding/requiring extended warranties? What would be an effective strategy?

Pilot believes there is an advantage in offering certifications and/or extended warranties for these units during the first few years of the program. That said, Pilot defers to the OEMs on the cost/benefit of extended warranties.

9. Would there be reasons why you would avoid purchasing a used zero-emission vehicle? If so, please elaborate.

Pilot's business model is to only purchase new vehicles.

10. Are there additional strategies, comments, or feedback that you would like CARB staff to consider as they explore the design of a Used Truck Voucher Pilot Concept?

CARB, program administrators, and other state agencies and leadership must consider the new regulatory paradigm in the State of California. The Advanced Clean Fleet regulation is not available for at least the next several years. As it applies to private fleets, which account for the majority of freight movements and miles traveled, adoption of ZE trucks is no longer mandatory, but voluntary. To meet the state's air quality and low-carbon goals for the heavy-duty transportation sector, incentives must be meaningful, consider the full value chain and bring the total cost of ownership (TCO) for fleet operators and shippers as close to the incumbent fuel, diesel, as possible if ZE truck adoption is to continue. This means funding levels must be much higher than they are currently.

Further, state level funding for ZE truck incentives (and infrastructure) is limited. Translating this into success under the new regulatory paradigm – meaningful incentives in a voluntary ZE truck market – may require fewer deployments/programs that are laser focused on key projects that drive private fleet adoption near term (i.e. higher incentives per truck resulting in fewer truck deployments given limited program budget).

- With the Advanced Clean Fleet (ACF) regulation being withdrawn in early 2025, it is more important than ever the State to provide “meaningful” incentives to support the deployment of new BETs and FCETs so that eventually, a secondary market will flourish.

State vouchers should be aligned with public charging/fueling infrastructure. This can help grow demand for public infrastructure projects that have been funded through previous California Energy Commission (CEC) infrastructure incentive programs- such as EnergIZE, Blueprints and CRITICAL PATHS.

- Pilot does not support public monies to support private refueling centers or fleets that use private refueling center. Public funds should be directed toward projects and assets (trucks) that support the public, not a single enterprise.

Pilot Travel Centers appreciates the opportunity to respond to this RFI. Thank you for your consideration.

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