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California Energy Commission
Docket Unit, MS-4
Re: Docket No. 19-TRAN-02
715 P Street
Sacramento, CA 95814

Comments of Center for Sustainable Energy® regarding the California Air Resources Board Request for Information on a Used Truck Voucher Pilot Concept

Center for Sustainable Energy® (CSE) appreciates the opportunity to provide comments on the California Air Resources Board (CARB) Request for Information (RFI) on a Used Truck Voucher Pilot Concept for small fleets.

CSE is a national nonprofit that accelerates adoption of clean transportation and distributed energy through effective and equitable program design and administration. Governments, utilities, and the private sector trust CSE for its data-driven and software-enabled approach, deep domain expertise, and customer-focused team. CSE's fee-for-service business model frees it from the influence of shareholders, members, and donors, and ensures its independence. Our vision is a future with sustainable, equitable and resilient transportation, buildings, and communities. CSE provides these comments based on our experience designing, implementing, and evaluating statewide incentive programs in multiple states, which collectively translates to over $1 billion worth of program value under management.

CSE supports CARB's proposal to develop a Used Truck Voucher Pilot Concept. To inform the development of this concept, CSE offers the following overarching recommendations:

1. Establish a used truck voucher pilot to provide small fleets with the financial assistance necessary to procure used trucks and associated equipment.
2. Support the development of complementary initiatives, including vehicle battery certifications, charging infrastructure deployment, and fleet advisory services.
3. Develop reporting requirements to enable the collection, aggregation, and analysis of data on medium- and heavy-duty (MD/HD) truck charging behavior.

CSE's recommendations and responses to select questions posed in the RFI are discussed in detail below.

Background and Overarching Recommendations

CSE appreciates and supports CARB's proposal to develop a Used Truck Voucher Pilot Concept, which will support the electrification of the MD/HD zero-emission vehicle (ZEV) market. Specifically, CSE contends that used truck vouchers will provide small fleets with the incentive support necessary to procure used ZEV trucks. Small fleets, including those with 10 or fewer vehicles, comprise a significant portion of trucking fleets in California but often have greater financial constraints and tend to purchase used vehicles.[1] Accordingly, it is appropriate for CARB to develop a used truck voucher pilot focused on small fleets.

CSE encourages CARB to implement the used truck voucher pilot in a comprehensive manner that leverages existing programs and resources, including vehicle battery certifications, ZEV infrastructure programs, and fleet advisory services. For example, the used truck vouchers could be highlighted in services such as Cal Fleet Advisor, which helps fleets transition to ZEVs. Similarly, the used truck voucher pilot could include resources that help fleet operators access charging infrastructure for their vehicles, since charger availability is often cited as a barrier to ZEV adoption.

CSE also recommends CARB develop reporting and recordkeeping requirements in order to collect data on fleets' MD/HD ZEV charging behavior and the importance of incentives. As detailed in the response to question seven below, this data can help identify how fleets' charging patterns impact vehicle batteries over time and can inform the development of MD/HD charging infrastructure projects.

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

CSE recommends CARB work with fleet representatives and trade groups, Original Equipment Manufacturers (OEMs), dealers' associations, and related entities to design and implement the Used Truck Voucher Pilot Concept. CSE also suggests CARB seek feedback from the Truck Regulation Implementation Group (TRIG), which was convened to support the implementation of the Advanced Clean Fleets (ACF) regulation. Although the ACF regulation is currently only being implemented for state and local government agency fleets, the TRIG members likely have experience in procuring MD/HD ZEVs and can provide valuable insights into the needs of small fleets. Where appropriate, CSE encourages CARB to share data from the Used Truck Voucher Pilot Concept with entities implementing complementary initiatives, such as certification of

[1] CALSTART, Zeroing In on Zero-Emission Trucks, at 25. https://calstart.org/wp-content/uploads/2024/01/ZIO-ZET-2024_010924_Final.pdf

battery state of health, deployment of charging infrastructure for MD/HD ZEVs, and provision of fleet advisory services. This information sharing will help provide a comprehensive approach to support the MD/HD ZEV market.

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

CSE supports the proposal to offer used truck vouchers through approved dealers under the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP). CSE suggests that additional training may be necessary to ensure that dealers are equipped to address questions focused specifically on used trucks, which may have different maintenance and repair needs than new vehicles.

3. Should the Used Truck Voucher Pilot Concept have a fleet size and revenue cap? If so, please provide input.

CSE recommends CARB adopt a maximum fleet size and revenue cap that is consistent with the HVIP Innovative Small E-Fleet (ISEF) set-aside, which is currently limited to small fleets of 20 or fewer vehicles with an annual revenue of less than $15 million. Aligning these eligibility criteria will help ensure that limited program funds are targeted towards the small fleets who are most reliant on incentive support. Additionally, in order to be consistent with ISEF, CSE recommends that CARB exempt fleets operated by government agencies and non-profits from the revenue cap requirements. This exemption could be particularly helpful for those state and local government agency fleets that are subject to the ACF regulation, which requires these fleets to ensure that 100 percent of new fleet vehicles are ZEVs, beginning on January 1, 2027.[2]

4. What should the incentive level be? Should incentives vary based on mileage, vehicle body type, and/or battery capacity?

At this time, CSE does not recommend specific incentive levels. Rather, CSE suggests that it may be appropriate to index incentive levels for used trucks at some percentage of incentive levels for comparative new vehicles under HVIP. CSE also suggests that it is appropriate to vary incentives by vehicle types and classes as well as battery state of health. Varying incentives by mileage may be more complicated, since high-mileage vehicles may require more frequent maintenance and repairs. Additionally, high-mileage vehicles may be transitioned to different duty-cycles. Accordingly, CSE encourages CARB to seek feedback on appropriate incentive levels

[2] Title 13, California Code of Regulations, Section 2013(d)(1)(B).

for high-mileage vehicles. CSE also recommends CARB utilize market data to ensure that incentive levels are based on real-world costs and are priced at a level that provides meaningful benefits to small fleets.

5. What type of certification should a used vehicle have to ensure quality? Original Equipment Manufacturer Certified? Battery state of health? Others?

CSE recommends CARB utilize certifications from Original Equipment Manufacturers (OEMs) as well as third-party entities that are able to certify battery state of health, noting however, that there may not be many third-party entities that currently have the capacity to make these certifications. Accordingly, CARB could work with OEMs and standards organizations to develop certification programs that provide certainty for fleets and other industry participants.

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

At this time, CSE does not recommend any particular vehicle eligibility restrictions based on mileage or age. If CARB chooses to establish such restrictions, CSE suggests that these restrictions be based on comparable programs, while accounting for the expected higher mileage of used trucks. For example, HVIP includes a requirement that vehicles have no more than 3,500 miles in order to be eligible for vouchers. Similarly, the Federal Clean Heavy-Duty Vehicle Grant Program includes a requirement that any vehicles being replaced using Federal funding accrue at least 7,000 miles per year for the two years prior to be replaced. CSE suggests that exemptions to these mileage or age restrictions may be warranted for vehicles with batteries that remain in satisfactory state of health, especially if these vehicles will be used for duty-cycles in which mileage or age is less of a factor.

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

As discussed above, CSE recommends CARB develop recordkeeping and reporting requirements that enable CARB to collect, aggregate, and analyze data on MD/HD ZEV charging behavior. This data will help characterize battery state of health and yield insights into fleet charging needs. For example, vehicles that engage in high-powered public charging may deplete their batteries more quickly than those that rely on low-powered depot charging. MD/HD ZEV charging data can also identify fleets' charging needs over time and inform complementary efforts such as the development of charging infrastructure projections and grid planning initiatives. Additionally, CSE recommends CARB track data on incentive levels, the impact that incentives had on fleets'

ability to purchase used trucks, and how long fleets held on to a vehicle after receiving an incentive. This data can help determine what level of additional, sustained incentive support may be necessary to achieve California's fleet electrification goals.

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

CSE notes that smaller fleets may be reluctant to purchase used ZEVs since these vehicles may require more frequent repairs and maintenance, which could present additional costs for small fleets. Additionally, given the nascent stage of the MD/HD ZEV market, there may be OEMs who have gone out of business but still have vehicles on the road. Fleets who own these vehicles may struggle to repair these vehicles or find replacement parts. In order to address these concerns, CSE recommends CARB develop consumer protection measures as part of the used truck voucher pilot.

Conclusion

CSE appreciates the opportunity to provide these comments in response to CARB's RFI for a Used Truck Voucher Pilot Concept. CSE looks forward to CARB's proposals to support the deployment of MD/HD ZEVs and infrastructure.

Sincerely,

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