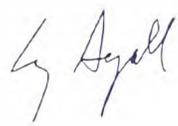


To: Liane M. Randolph, Chair
Honorable Board Members

From: Craig Segall, Deputy Executive Officer 

Date: June 6, 2022

Subject: Comment Letter on the Proposed Advanced Clean Fleets Regulation Submitted by the Otay Mesa Chamber of Commerce

We regularly meet with stakeholders on our fleet rules and are actively partnering with many of them to figure out the best way to ensure implementation goes smoothly. One of those stakeholders, the Otay Mesa Chamber of Commerce (Chamber), asked that the attached letter be forwarded to the Board. We are happy to oblige, and are including this note with some additional context regarding our ongoing work on these issues with the Chamber. The border crossing at Otay Mesa has some important challenges, but is also an opportunity to partner on both sides of the border to clean up truck fleets.

CARB's engagement with the Otay Mesa Chamber of Commerce

Ms Alejandra Mier y Teran, Executive Director of the Chamber, asked we share the attached letter with you.

In this letter and through conversations, the Chamber has expressed concerns over CARB's pending Advanced Clean Fleets (ACF) regulation, which helps fulfill the public health and air quality mandate set by EO N-19-20, and that staff will present to the Board in October. CARB staff take the concerns expressed in this letter very seriously. We understand the critical economic and trade allowed by the Otay-Mesa crossing, the busiest commercial land port in California, and the value it provides California and our partner jurisdictions in Mexico. CARB staff are actively working with the Chamber in Otay-Mesa and other stakeholders in the area to discuss the design of the regulation, to connect them with funding and other resources, and to make sure fueling and charging infrastructure agencies are involved. Those conversations will continue.

The Chamber is concerned with how the ACF's priority fleets and drayage truck provisions will affect Otay-Mesa operators, and whether sufficient medium- and heavy-duty (MHD) zero-emission (ZE) charging and/or fueling infrastructure will be operational in time. CARB staff appreciates the feedback and the unique perspective of the Otay-Mesa land-crossing. Staff also notes that such concerns are not unique to the region and believes that there are several opportunities to further address the concerns expressed in this letter in partnership with Otay-Mesa.

To assist fleets in the Otay-Mesa area, and address the concerns of the Chamber, staff has taken the following actions.

- On October 22, 2021, staff met with Ms. Mier y Teran to discuss MHD regulations including ACF and the Inspection and Maintenance regulation. Staff also presented this information at a Chamber member meeting.
- On February 9, 2022, staff met with Ms. Mier y Teran and Mr. Gustavo de la Fuente of PROBAJA, the business development arm of the government of Baja California, to hear her initial concerns about the draft text of ACF regulation.
- Between February and May of 2022, staff organized meetings across other state and local agencies including, California Environmental Protection Agency, CARB, California Energy Commission, California Department of Transportation, California Transportation Commission, the Lieutenant Governor's office and San Diego Association of Governments, to help gather expertise and information on charging infrastructure plans and funding opportunities that could assist fleets using the Otay-Mesa crossing. Two meetings included the Chamber to relay information that could help bring electric vehicle infrastructure to support ZE trucks in Otay-Mesa.
- In May 2022, staff held two public workshops on the ACF regulation. During those meetings, the Chamber asked questions about its priority fleet and drayage provisions, which staff addressed.

CARB staff plans to keep in regular communication with the Chamber to ensure their concerns are heard, to provide potential solutions and updates on regulatory development, and to share the Chamber's thoughts with CARB's rule development staff. In addition, CARB staff intends to continue to coordinate with other state agencies, companies, and international partners in Mexico who play a larger role in the planning, funding, siting and development of charging/fueling stations and infrastructure. We are happy to help further connect the Chamber with this expertise and information that Otay-Mesa region will need. Staff are also ready to answer questions the Board may have on this important matter.

Attachment A (Otay-Mesa Chamber of Commerce Letter)



May 12, 2022

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Innovative Cold Storage

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HD Suspension & Alignment
Metropolitan Airpark LLC
Multimodal Esquer, Inc.
PayCargo
Poly
Quality Suites - Otay Mesa
Sycuan Casino
TOOTRIS
TRI Pointe Homes

California Air Resources Board (CARB)
Liane Randolph, Chair, California Air Resources Board
California Air Resources Board Members
1001 I St., 6th Floor
Sacramento, CA 95814

Dear Chair Randolph and Board Members,

On behalf of the Otay Mesa Chamber of Commerce, we would like to comment on the Advanced Clean Fleets regulations being proposed by CARB.

Otay Mesa is home to California's largest commercial land port of entry with an estimated 7,000-9,000 truck crossings per day (3,500-4,500 northbound and 3,500-4,500 southbound). Otay Mesa has a unique trucking community, which travels to the maritime ports in the Los Angeles area and works with large manufacturers in Baja California. This phenomenon makes some of our truckers -even small size fleet operators-, fall under the high priority fleet category and/or drayage categories which requires very aggressive transition timelines. We request CARB consider the following changes to the Advanced Clean Fleets regulations:

- **The January 1, 2024 deadline after which only zero-emission (ZE) drayage trucks may be added to CARB's drayage reporting system should be moved to a future date, when it is actually viable to purchase a ZE truck. Preventing diesel trucks from entering maritime ports will be extremely detrimental to California business and trade.**
- **The CARB exemption should also consider pricing and not just availability. If there are very few ZE trucks available, pricing could soar and it would be financially impossible to purchase a ZE truck. Studies show new battery electric trucks cost approximately three times more than the cost of a traditional diesel truck. In addition, the life cycle of a battery electric truck could be much shorter than a regular truck.**

It is important for CARB to truly understand the cross-border manufacturing phenomena that moves billions of dollars in both Otay Mesa and Calexico. The amount of truck trips these industries require is certainly not viable to acquire with the new dedicated services being offered and many of them -if not all of them- are restricted from acquiring 100% of trucks trips in California because of Mexican regulations.

Infrastructure to Fuel/charge Zero Emission Vehicle (ZEV) trucks

The proposed regulation does not ensure the required infrastructure will be in place to handle re-fueling/charging ZE trucks along important freight corridors. In addition, investments are being focused on maritime ports and highways even though California's land ports are the gateway to commerce in California. There is a complete disconnect between the timeline CARB is

proposing and the development of charging/re-fueling stations which. CARB should not assume this will be coordinated by the private sector and other California agencies.

Currently, there are no plans to develop a ZE re-fueling/charging station in Otay Mesa, other than a small station that could handle 2 trucks and one private fleet operator that is not a cross-border trucker.

Operators that fall under the priority ruling have trucks in Baja California in addition to Otay Mesa and ZE charging/re-fueling stations are not being developed or even planned in Baja California.

- **We ask that CARB ensure a public charging/re-fueling station(s) that can handle cross-border trucking needs be funded and built in the vicinity of California's most important commercial land port of entry and the proposed new East Otay Port, so that critical essential goods can keep being transported before the mandate takes place. In FY 2021, more than \$56 billion of imports and exports were processed through the Otay Mesa commercial port of entry.**

Timeframes for Hydrogen Technology

Related to timeframes, it is important to note that there are many advantages to hydrogen fuel cell technology, especially for long-haul truck use cases, because hydrogen is lighter, it takes less time to re-fuel, and the range is similar to diesel fuel. Hydrogen technology is several years behind battery electric technology. The Otay Mesa community needs time to wait for hydrogen fuel cell technology to be ready to use, investing in a large number of electric charging stations that may become obsolete in a few years when companies have more hydrogen options would result in significant financial loss. Time should be given to industry to plan for the use of hydrogen in the next five years (2028).

Funding Opportunities

Regarding California's incentive funding programs to comply with this regulation:

- **We ask that you consider funding equity by region, vulnerable populations and size of company, so small and medium size Hispanic operators are not left out.**

Before moving forward with this mandate, the California Energy Commission should have an accurate estimate of energy projections for the increased usage these regulations will generate and ensure the PUC has worked out the viability of this additional energy supply with the California utilities. **Specifically, the energy demand estimates being developed in response to Assembly Bill 2127 (2018) and Senate Bill 643 (2021) should be incorporated into the demand estimate used by the PUC.** It seems quite logical to state but the fact is that these energy estimates have not been quantified or incorporated into any supply plan.

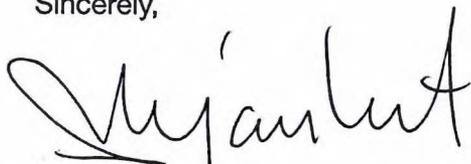
If approved as is, this new regulation will have a dramatic and catastrophic impact on supply chains and inflation. While we completely agree with the climate action challenges our world is encountering, we respectfully request the following:

- **We ask that the State of California provide an in-depth economic expert analysis of this proposed regulation before implementing, to avoid any potential catastrophic disruptions to our supply chains and California's economy.**

Finally, while we appreciate CARB's goal to protect vulnerable communities,

- **We ask that CARB be forceful in mandating their land use guideline document to Cities and Counties, which would ensure residential communities are not placed adjacent to industrial areas: a simple solution that would protect families from being placed in heavy truck traffic areas.**

Sincerely,

A handwritten signature in black ink, appearing to read 'Alejandra Mier y Teran'. The signature is fluid and cursive, with a large initial 'A'.

Alejandra Mier y Teran
Executive Director