

# State of California Air Resources Board

## Board Item Summary

### **Item # 25-6-8: Public Hearing to Consider Proposed Amendments to the Advanced Clean Fleets and Low Carbon Fuel Standard Regulations**

#### **Staff Recommendation:**

Staff recommends that the California Air Resources Board (CARB) approve for adoption the proposed amendments to the Advanced Clean Fleets (ACF) regulation (Cal. Code Regs., Title 13, Sections 2013, 2013.1, 2013.2, 2013.3, 2013.4, 2013.5, 2013.6, & 2013.7), repeal the High Priority Fleets and Drayage Fleets Sections (Cal. Code Regs., Title 13, Sections 2014, 2014.1, 2014.2, 2014.3, 2015, 2015.1, 2015.2, 2015.3, 2015.4, 2015.5, & 2015.6), as well as approve for adoption the proposed amendment to the Low Carbon Fuel Standard (LCFS) Regulation (Cal. Code Regs., Title 17, Section 95486.3).

The proposed amendments to the ACF regulation make changes pursuant to Assembly Bill (AB) 1594 (Garcia, E., Stats. 2023, Ch. 585) that would provide public agency utilities more flexibility under the State and Local Government (SLG) requirements. The proposed amendments would also repeal the High Priority Fleets and Drayage sections of the ACF regulation as well as reorganize and consolidate the remaining regulation text that applies to SLG fleets. The proposed minor amendment to the LCFS Regulation would modify the derating factors for light-and-medium-duty hydrogen refueling infrastructure (LMD-HRI) crediting calculation.

#### **Discussion:**

AB 1594 was enacted in 2023 and directed CARB to amend the ACF regulation to provide additional flexibility for public agency utilities when purchasing their traditional utility-specialized vehicles necessary to maintain reliable service and respond to major foreseeable events. Amendments to the ACF regulation in response to AB 1594 have been implemented in two phases. The first phase, completed in 2024, was to make amendments under Section 100 of the Administrative Procedures Act, which allows for non-discretionary changes to be made through an expedited process. These Section 100 changes defined a "public agency utility" and allowed the entire public agency utility fleet to get broader access to the Daily Usage Exemption. During the second phase in these proposed amendments, CARB staff consulted with affected utilities to help identify which vehicles would be defined as "traditional utility-specialized vehicles" and would be eligible for additional flexibilities established in AB 1594. In addition to the requirements of AB 1594,

staff is making numerous changes that provide more clarity and certainty to fleets who are requesting exemptions.

The proposed amendments would also repeal the High Priority Fleets and Drayage requirements of the ACF regulation. Early 2025, CARB withdrew its request for a waiver and authorization from the federal government as it was clear the incoming administration was not likely to grant one. CARB does not intend to enforce the High Priority Fleets and Drayage sections of the ACF regulation and keeping such elements in place may cause confusion and uncertainty for those entities. CARB staff copied the alternative compliance pathway from the high priority fleets section of ACF regulation that was previously available to SLG's into the SLG requirements in order to maintain continuity and readability for those entities.

The LCFS amendments will provide stronger crediting support for hydrogen stations and more adequately support the development of stations that can accommodate the refueling demand of larger medium-duty hydrogen fuel cell electric vehicles. The change will not increase the total Hydrogen Refueling Infrastructure (HRI) credits generated by the HRI program in aggregate due to an existing cap on program-wide HRI crediting. Hydrogen refueling stations approved for HRI crediting receive credits for their unused refueling capacity in addition to credits generated for dispensing fuel to fuel cell electric vehicles. Staff proposes to reduce the derating factor, such that LMD-HRI stations may receive HRI credits for the full 100% nameplate capacity (up to 1,200 kilograms per day) for public stations, and 50% of the nameplate capacity for private stations.

## Summary and Impacts:

The proposed AB 1594 amendments that apply to SLG fleets are classified as a minor regulation which means the total economic impact falls under \$50 million dollars in any one year. The proposed amendments for public agency utilities have estimated costs of up to \$31 million and could also save those entities up to \$14 million over the regulatory analysis period from 2026 to 2029 when compared to the Baseline which consists of all existing regulations including the recent Section 100 changes to the ACF Regulation. The majority of these increased costs are associated with allowing a faster vehicle turnover which is a discretionary choice by public agency utilities. The proposed amendments that limit the Daily Usage Exemption flexibility from the entire public agency utility fleet to only their traditional utility-specialized vehicles amounts to deploying 276 battery-electric (rather than internal combustion engine, or ICE) vehicles over the regulatory analysis period from 2026 to 2029, which will achieve modest emission reductions and health benefits.

Repealing the Drayage and High Priority Fleets requirements from ACF provides greater certainty that affected entities do not need to demonstrate compliance. There are no impacts on costs or emissions due to this administrative action.

The proposed LCFS amendments provide additional LCFS crediting revenue options for owners of hydrogen refueling infrastructure and have no impact on cost or emissions.

CARB, as the lead agency for the proposed amendments to the ACF regulation and the LCFS regulation, has concluded that these actions are exempt from California Environmental Quality Act (CEQA), as described in Pub. Resources Code § 21080(b)(4), and it is also exempt as described in CEQA Guidelines §§ 15061(b)(3), 15301, 15307, 15308 and 15311. Even if these actions did not qualify for the CEQA exemptions, the proposed actions do not present any of the circumstances requiring further environmental review because there are no changes that involve new significant environmental effects, or a substantial increase in severity of previously identified significant effects, or any other circumstances requiring further environmental review beyond the Final ACF Environmental Analysis certified in April 2023 and the Final LCFS Environmental Impact Analysis certified in November 2024.