Updated Informative Digest

Proposed Amendments to the Advanced Clean Fleets and Low Carbon Fuel Standard Regulations

Sections Affected:

The Board proposes to move the Zero-Emission Vehicles (ZEV) Fleet Milestones Option into Cal. Code Regs., title 13, section 2013 so that it only applies to SLG fleets; amend the Cal. Code Regs., title 13, sections 2013, 2013.1, 2013.2, 2013.3, 2013.4, 2013.5, and 2013.6; move parts of section 2013 into newly adopted sections 2013.5, 2013.6, and 2049; repeal Cal. Code Regs., title 13, sections 2014 and 2015; and amend Cal. Code Regs., title 17, section 95486.3.

Background and Effect of the Proposed Regulatory Action:

In October 2023, the California Air Resources Board (CARB or Board) adopted the Advanced Clean Fleets (ACF) regulation as another key step in CARB's decades-long history of reducing emissions from mobile sources to address significant air quality and climate concerns. The ACF regulation helps ensure that harmful emissions from trucks and buses in California's roads are reduced to the greatest extent feasible.

Achieving California's long-term air quality, climate, and public health goals will require zero-emission technologies everywhere feasible and near-zero-emission technologies powered by clean, low-carbon renewable fuels everywhere else. Promoting the development and use of zero-emission trucks will contribute to the goals set by the Governor's Executive Order N-79-20 and Sustainable Freight Action Plan and will help achieve emissions reductions as outlined in the State Implementation Plan, Senate Bill (SB) 350 (de León, Stats. 2015, ch. 547), Assembly Bill (AB) 32 (Nuñez, Stats. 2006, ch. 488), SB 32 (Pavley, Stats. 2016, ch. 249), and AB 1279 (Muratsuchi, Stats. 2022, ch. 337). This effort is part of a broader strategy to increase clean, affordable transportation options, such as zero-emission technologies, innovative methods to improve freight activity, and the efficiency of transportation systems in California.

These amendments to the ACF regulation fulfill CARB's obligations under Assembly Bill 1594 (Garcia, E., Stats. 2023, ch. 585), which directs CARB to amend the ACF regulation to provide additional flexibility to most public agency utilities. Specifically, the bill requires CARB to authorize most public agency utilities to purchase replacements of internal combustion engine (ICE) vehicles for traditional utility-specialized vehicles that are at the end of life when needed to maintain reliable service and respond to major foreseeable events, including severe weather, wildfires, natural disasters, and physical attacks on utility infrastructure, as specified. The bill defines "a public agency utility" to include a local publicly owned electric utility, as defined in section 224.3 of the Public Utilities Code, a community water system, as defined in section 116275 of the Health and Safety Code, a water district, as defined in section 20200 of the Water Code, and a wastewater treatment provider, as defined in section 116773.2 of the Health and Safety Code. AB 1594 requests CARB to consider the vehicle age when evaluating eligibility for exemptions, i.e., the ZEV Purchase Exemption and the Daily Usage Exemption.

AB 1594 also directs CARB to amend the Daily Usage Exemption to allow a public agency utility to submit a comprehensive usage report for the same vehicle class and configuration of vehicles in their fleet that does not exclusively rely on the lowest mileage reading and does not exclude the highest usage days. These statutory directives affect fleets that are subject to the State and Local Government (SLG) elements of the ACF regulation and are enacted through this rulemaking.

These amendments are also in response to changes in federal policy. On January 13, 2025, CARB withdrew its pending request for a waiver and authorization from the U.S. Environmental Protection Agency (U.S. EPA) to implement the drayage and high priority portions of the ACF regulation. The Trump administration had previously evidenced its opposition to California's authority to establish greenhouse gas and zero-emission standards for new motor vehicles,[1] and stated its continued opposition to that authority.[2] Accordingly, in light of the U.S. EPA's lack of final action on CARB's request for waiver and authorization before the incoming administration assumed its official duties on January 20, 2025, and given the incoming administration's past and continued hostility toward CARB's emissions control program, CARB determined that withdrawing its request was appropriate.

The proposed amendments would repeal parts of the ACF regulation in Cal. Code Regs., title 13, that would apply to federal or private fleets: specifically, the Drayage requirements in chapter 1, article 3.2, section 2014, and the High Priority and Federal Fleet requirements in chapter 1, article 3.2, section 2015. The SLG Agency Fleet Requirements portion of the ACF regulation would remain, subject to the proposed amendments described herein.

SLG fleets remain subject to the ZEV Purchase Schedule, which requires most government fleets, when adding new on-road medium- and heavy-duty vehicles to their fleets on an annual basis, for at least 50% of those vehicles to be ZEVs, if available, unless they are located within a designated low-population county or own 10 or fewer covered vehicles. This percentage increases to 100% beginning in 2030 for most government fleets unless they utilize flexibility within the regulation. Alternatively, SLG fleets can opt-in to the ZEV Milestones Option (Cal. Code Regs., tit. 13, § 2013.6). The ZEV Milestones Option allows fleet owners to phase-in ZEVs as a percentage of the total fleet based on key dates.

Other amendments concern the derating factors for light- and medium-duty hydrogen refueling infrastructure (LMD-HRI) crediting within the Low Carbon Fuel Standard (LCFS) regulation.

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[1] On September 27, 2019, the U.S. EPA, in conjunction with the National Highway Traffic Safety Agency, published ''The Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule Part One: One National Program'' (SAFE 1), 84 Fed. Reg. 51310 (Sept. 27, 2019), in which it withdrew a portion of the waiver it had previously granted for California's Advanced Clean Cars (ACC) program–specifically, for California's zero-emission vehicle (ZEV) mandate and the greenhouse gas emissions standards within California's ACC program. In April 2022, U.S. EPA reconsidered its SAFE 1 action and rescinded its 2019 withdrawal of California's waiver. 87 Fed. Reg. 14332 (March 14, 2022).

[2] Donald J. Trump, *Twitter* (Sep. 18, 2019 11:19:24 AM EST) ("The Trump Administration is revoking California's Federal Waiver on emissions…"). When President Trump was inaugurated for a second term, he issued an Executive Order on his first day in office declaring that state emission waivers that limit the sale of gasoline vehicles should be terminated. *Unleashing American Energy Executive Order* (Jan. 20, 2025), available at https://perma.cc/33NL-LQKE, last visited May 5, 2025.

(A) Summary of the Proposed Amendments

a. Proposed State and Local Government Amendments

The amendments include the following modifications to the SLG requirements:

- Extend the 50% ZEV purchase requirement until January 1, 2030, which delays the start date for small fleets and those in designated low population counties by three years, while providing additional time for all other fleets to designate 50% of their new vehicle purchases as internal combustion engine (ICE) vehicles. This change better aligns the regulation with the current and expected state of the ZEV market while providing fleets with the flexibility to better manage any concerns such as towing, payload, range, cost, and commercial availability. Further, this allows them to continue focusing their ZEV purchases on best-fit applications.
- The Daily Usage Exemption and the ZEV Purchase Exemption were modified to allow vehicles of all model years to be considered eligible for exemptions. The eligibility for the Daily Usage Exemption was expanded to allow fleet owners to use all mileage data instead of excluding the three highest days of usage. Through these modifications, the Proposed SLG Amendments fully meet the requirements of AB 1594 to provide additional flexibility to public utilities. These additional flexibilities were also made available for all SLG fleets. Additionally, the Daily Usage Exemption was revised to improve readability and provide clarity, and to better align with operational data fleets already collect.
- An exemption was added under the ZEV Milestones Option for captive waste and wastewater fleets that produce biomethane on-site. This provision allows the fleets to use and dispense their own renewable biofuel for engines that have lower oxides of nitrogen (NOx) emissions than the applicable standard. The provision grants these fleets the ability to purchase such low-NOx ICE vehicles fueled by renewable biofuel until January 1, 2035. The exemption can apply to as many vehicles as the fleet facility's excess renewable biofuel capacity can support. Any ICE vehicle purchased through this exemption will be guaranteed its full useful life.[3]
- The ZEV Purchase Exemption availability criteria was expanded to ensure minimum ZEV warranty requirements and manufacturer experience or reliability. Additional minor modifications were also made to better streamline the exemption process. These include expanding the types of verification documents fleets can submit within the application process and expanding the types of vehicles staff will consider for automatic exemptions where fleets would not need to submit any documentation to receive the exemption.
- The Fleet Resiliency Exemption, formerly the Mutual Aid Exemption, previously required that the fleet consist of at least 25% ZEVs before 2032 to access the exemption, at least

[3] "Minimum useful life" means the minimum time period a vehicle may remain in the California fleet. It is the later of the dates specified in subsection (A) or (B) below, as modified by subsection (C): (A) Thirteen years commencing from the model year that the engine and emissions control system in a vehicle was first certified for use by CARB or United States Environmental Protection Agency (U.S. EPA); or (B) The date that the vehicle exceeded 800,000 vehicle miles traveled or 18 years from the model year that the engine and emissions control system of that vehicle was first certified for use by CARB or U.S. EPA (whichever is earlier). (C) If the vehicle no longer has its originally equipped engine, or the model year of the originally equipped engine is not able to be determined, the model year of the vehicle less one year shall be used to determine when the thresholds described in subsections (A) and (B) above are met.

50% before 2036, and at least 75% starting in 2036. This provision was modified to provide earlier access to this provision by lowering the ZEV penetration threshold from 25% of the fleet to 5% of the fleet, where it stays. The modifications also expand eligibility to all vehicle types and no longer exclude pickup trucks, buses, box trucks, vans, and tractors. These modifications help fleet owners address their resiliency concerns regarding towing, secondary response, and other issues. Other minor modifications made within the Fleet Resiliency Exemption include delaying mobile fueling requirements and streamlining the application process.

- The ZEV Milestones Option and other language applicable to public fleets were moved from the sections being repealed to the SLG requirements, to reflect that these provisions apply but only as to public fleets.
- In response to stakeholder requests for clarification during the First 15-Day Comment Period, updates made explicit the existing requirement that vehicles being operated by State and local governments, including those through a contractual arrangement, are part of the government entity’s fleet for purposes of the regulation. The amendments do not bring in private fleets, as contracted fleets only need to be included when the contracted fleets are dispatched. The definition of dispatched vehicles makes clear that it only applies when a fleet owner is providing direction or instructions for routing a specific vehicle and not when providing general instructions to the hired entity, such as a contract that specifies the areas to service by a garbage truck fleet or a contract that specifies when and where road repair activities need to be made, which is stated in the ISOR on page 37.
- Other changes were made to streamline or simplify implementation.

b. Proposed Repeal of Portions of the Advanced Clean Fleets Regulation

Sections of the ACF regulation applicable to High-Priority Fleets and Drayage Trucks were repealed. Repealing these sections provided greater certainty to entities that are not required to demonstrate compliance with those requirements. There are no impacts on costs or emissions due to the proposed repeal, as these sections are not being implemented and were never enforceable absent a federal preemption waiver. The SLG portion of the ACF regulation remains unaffected because it does not require a federal waiver or authorization.

c. Low Carbon Fuel Standard Regulation Amendments

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

Objectives and Benefits of the Proposed Regulatory Action:

(A) Benefits to Public Agencies

The proposed SLG amendments include numerous adjustments to existing ZEV purchase requirements and exemptions that offer increased flexibilities to public agencies, providing more assurance in their ability to maintain their public services while still moving toward zero-emission technology. Specifically, the amendments:

- Delay the 100% ZEV purchase requirement under the default ZEV Purchase Schedule to January 1, 2030, thereby delaying implementation for small fleets and fleets in designated low population counties by three years and allowing additional time for other fleets to designate up to 50% of new vehicle purchases as ICE;
- Expand exemption flexibility beyond the existing ACF framework by applying these provisions to all vehicles, including both utility and non-utility vehicles, enabling fleet owners to better manage concerns related to ZEV availability and functionality, market conditions, costs, and infrastructure;
- Modify the Fleet Resiliency provision by removing limitations on eligible vehicle types and allowing fleet owners with mutual aid agreements to purchase new ICE vehicles to replace Class 2b-8 vehicles, once a 5% ZEV threshold is met, until 25% of total fleet size have exemptions, thereby broadening access to the provision and giving fleet owners flexibility to continue using ICE vehicles to support their emergency response capabilities;
- Allow captive fleets fueled by on-site biogas at waste and wastewater treatment facilities to receive exemptions to purchase new ICE vehicles if they are equipped with engines that are cleaner than applicable NOx engine standards, through January 1, 2035.

These changes help to ensure that public agencies have the vehicles needed to maintain reliable service and respond to major unforeseeable events. CARB estimates that public agency fleets will purchase 3,159 fewer ZEVs by 2035, which will result in reduced upfront costs but increased operation costs.

(B) Proposed Repeal of Portions of the Advanced Clean Fleets Regulation

The proposed repeal definitively clarifies that the High-Priority Fleets and Drayage Trucks requirements of the ACF regulation will not be implemented nor enforced. The proposed repeal will reduce uncertainty among businesses and federal entities. Additionally, some grant and incentive programs for cleaner trucks cannot fund projects (i.e., fleets and vehicles) that are used to comply with a regulation. The proposed repeal will clarify eligibility for these funding programs.

(C) Proposed Amendments to the Low Carbon Fuel Standard Regulation

The proposed LCFS amendments will benefit individual stations by providing more credits, but the net effect of the proposal will be zero additional economic benefit in aggregate. The LCFS program currently caps total credits that may be generated under the LMD-HRI provision, and this cap is not part of the proposed amendments. Staff assumes that the LMD-HRI provision would have been fully utilized under the existing LCFS regulatory text, but would not have supported stations large enough for medium-duty vehicles. Under this proposal, staff similarly assumes that the provision will be fully utilized, with no net change to total credit revenue.

Description of Regulatory Action

The *Staff Report: Initial Statement of Reasons for Rulemaking* (Staff Report), entitled *Public Hearing to Consider Proposed Amendments to the Advanced Clean Fleets and Low Carbon Fuel Standard regulations*, released July 29, 2025, is incorporated by reference herein. The Staff Report contains a description of the rationale for the proposed amendments. On July 29, 2025, all references relied upon and identified in the Staff Report were made available to the public.

The proposed amendments were presented to the Board at the public hearing held on September 25, 2025. The Board received 108 written comment letters during the 45-day comment period which includes seven written comments that were submitted on the day of the hearing. A total of 57 stakeholders gave oral testimony during the hearing. At the conclusion of the hearing, Resolution 25-9 was approved, adding the ZEV Fleet Milestones Option into the State and Local Government Fleet requirements in section 2013 (thus continuing the ZEV Fleet Milestones Option as to SLG fleets only, and not applied to private fleets) amending the Cal. Code Regs., title 13, sections 2013, 2013.1, 2013.2, 2013.3, 2013.4, 2013.5, and 2013.6; moving parts of section 2013 into newly adopted sections 2013.5, 2013.6, and 2049; repealing Cal. Code Regs., title 13, sections 2014 and 2015; and amending Cal. Code Regs., title 17, section 95486.3.

Under the delegated and directed authority of the Board, and in response to stakeholder comments received, CARB staff proposed additional changes (First 15-Day changes) which were made available, in addition to supporting documents, for a 15-Day comment period through a “Notice of Public Availability of Modified Text” (First 15-Day Notice). The First 15-Day Notice and modified regulatory language were posted on March 26, 2026, for public review and comment through April 10, 2026. The Board received 232 written comment letters during the First 15-Day Comment Period. Based on feedback received, and under the delegated and directed authority of the Board, CARB has developed proposed modifications (Second 15-Day changes) which were made available for a second 15-Day Comment Period through a “Notice of Public Availability of Modified Text” (Second 15-Day Notice). The Second 15-Day Notice and modified regulatory text were posted on June 2, 2026, for public review and comment through June 17, 2026. The Board received 86 written comment letters during the Second 15-Day comment period.

The text of the proposed regulatory and Staff Report modifications were posted on CARB’s ACF website at *https://ww2.arb.ca.gov/rulemaking/2025/acfab1594*, accessible to all stakeholders and interested parties.

Comparable Federal Regulations:

There is no federal regulation comparable to the ACF regulation, and there is no federal regulation comparable to the ACF amendments. There is no federal regulation comparable to the LCFS regulation.

An Evaluation of Inconsistency or Incompatibility with Existing State Regulations (Gov. Code, § 11346.5, subd. (a)(3)(D)):

During the process of developing the proposed regulatory action, CARB conducted a search for similar regulations on this topic and concluded these regulations are neither inconsistent nor incompatible with existing State regulations.