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Volvo Comments on Proposed 2018-19 ARFVTP Investment Plan

The Volvo Group appreciates the opportunity to comment on the revised staff report: "2018-2019 Investment Plan Update for the Alternative and Renewable Fuel and Vehicle Technology Program."

The Volvo Group is one of the world's leading manufacturers of trucks, buses, construction equipment and marine and industrial engines. The Group also provides complete solutions for financing and service. Volvo Group, which employs some 100,000 people worldwide, has production facilities in 19 countries and sells products in more than 190 markets. In the United States, Volvo Group employs more than 12,000 people and has nine manufacturing plants in six states.

We understand that there is an effort to redirect a significant portion of the ARFVTP's annual funding to light-duty electric vehicle charging infrastructure in response to Governor Brown's Executive Order E-48-18, which sets an aggressive target of deploying 5 million zero-emission vehicles (ZEV) by 2030, and deploying 250,000 electric vehicle charging stations by 2025.

In January this year, the Volvo Group announced its commitment to begin selling battery electric commercial trucks in Europe next year and its interest in further development of this technology for the California market. However, we remain very concerned about the lack of higher-power, fast-charging infrastructure that is needed for this technology to be embraced by medium- and heavy-duty fleets.

We understand that the 5 million ZEV target will be light-duty and sufficient charging stations for them remain a significant barrier. Nevertheless, conventional medium- and heavy-duty (MHD) vehicles are the most concentrated source of the transportation sector's annual greenhouse gas emissions, causing 23 percent of transportation emissions while only making up 3% of vehicles. MHD vehicles are also a dominant source of air pollution that disproportionately impacts disadvantaged communities, especially those near freight hubs and corridors.

The MHD ZEV market is steadily growing, but will require significant new state investment to help it fully mature. While programs such as the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project have been critical to deploying zero-emission MHD vehicles, the lack of sufficient infrastructure installed where needed to address drayage and heavy-duty fleet charging needs will undermine the goals of the Clean Air Action Plan and the state's Sustainable Freight Strategy.

The Volvo Group is committed to working together with the State of California to find solutions to its transportation and climate change challenges. Without confidence that there will be sufficient charging infrastructure for our fleet customers, we cannot take meaningful steps towards the commercialization of MHD ZEVs. As a result, we hope the California Energy Commission will dedicate a significant percentage of its 2018-2019 portfolio for ZEV infrastructure towards meeting the needs of MHD vehicles.

Sincerely,

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