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Pacific Clean Fuels Comments on 24-EVI-01 RFI - Tri-State USDOT CFI

Please see attached this submittal for the 24-EVI-01: RFI Ideas and Considerations for Tri-State USDOT CFI, representing PapÃ© and Pacific Clean Fuelâ€™s interests in continued participation in this topic. Thank you for the opportunity and please feel free to contact me with any questions or concerns.

Sincerely,
Gabriel Olson
Director, Alternative Energy and Infrastructure
PapÃ© Group
Pacific Clean Fuels, Inc.

Additional submitted attachment is included below.

June 10, 2024

California Energy Commission
715 P Street
Sacramento, CA 95814

RE: CEC Docket No. 24-EVI-01 Request of Information for the Tri-State Application for the DOT CFI Program on the DOE's Use of Demand-side Support for Clean Energy Technologies.

Dear California Energy Commissioners:

Pacific Clean Fuels and Papé are very pleased to provide feedback on the Request for Information (RFI) for the California Energy Commission (CEC) Tri-State Application for the U.S. Department of Transportation (DOT) Charging and Fueling Infrastructure (CFI) Program under CEC Docket: 24-EVI-01).

Introduction

For over 85 years, the Papé Group has been a critical component of the transportation sector for on-road and off-road vehicles, spanning all class sizes, and all sectors. Headquartered in Eugene, Oregon, we are a privately held, family-owned business, with over 185 locations and 900 service bays across nine Western states. We have over 4,400 employees and we sell and service over 2,000 heavy duty trucks annually as well as rent and own on-road and off-road Class 1 through Class 8 vehicles. Our service territory includes California (CA), Oregon (OR), Washington (WA), Alaska, Arizona, Nevada, Idaho, Montana, Wyoming, and Hawaii. Our locations are across the West Coast along freeways, highways, and major trucking routes (**Figure 1**). Additionally, some of our locations are in areas that are considered priority corridors and identified as disadvantaged communities.

Figure 1: *PCF Locations*

Papé works across industries to bring clean fuel equipment, services, and solutions to the transportation, agriculture, forestry, construction, and material handling sectors. From field to factory and across the highways of the West, we provide end-to-end solutions that keep businesses and the West Coast industries thriving. We are the largest dealership and service provider for heavy duty on-road equipment for Kenworth Trucks and offroad equipment for John Deere in the Western United States. We also represent other heavy equipment original equipment manufacturers (OEMs) in the agricultural, construction, forestry, mining, material handling, and

warehousing sectors such as Hyster-Yale. We have an internal vehicle fleet of over 3,000 vehicles, including over 200 Class 8 tractors to serve our customer service needs, rentals and our own operations.

As the transportation sector transforms to meet clean fuel policies and ZEV vehicle demands, Papé created Pacific Clean Fuels (PCF) to meet our customers' needs. PCF is a wholly owned subsidiary of Papé with the goal of providing Papé customers with the electric and hydrogen (H2) fuels our customers will need. PCF is leading the way for our customers to meet their clean fuels requirements and goals.

The announcement of the Joint Office of Energy and Transportation (JOET) release of its National Zero-Emission Freight Corridor Strategy provides the foundation for investment and continued growth of infrastructure in this sector, and the ongoing participation and guidance from industry is critical to ensure diverse stakeholder perspectives and technology pathways are included. Additionally, PCF believes that the coordinated efforts of diverse stakeholders is essential to establish a functionally sustainable charging and fueling network that stretches from the Mexican border in the south, to the Canadian border in the north.

2. Would you consider applying for CFI grant funding for site development if the tri-state agencies are awarded funding?

PCF is uniquely positioned across the Western U.S. to deliver alternative energy fuels, infrastructure, products, and services to Papé customers as well as service Papé's fleet. PCF also has goals to expand public access via extensive market presence and store locations. With the continued development of electric charging and hydrogen (H2) fueling infrastructure, PCF plans to accelerate zero emission vehicle (ZEV) adoption across our customer base.

If eligible, we are very interested in applying for CFI grant funding. This includes funding for clean fuels infrastructure across California, Oregon and Washington to create a tri-state clean fuels corridor for our customers.

It is critical that funding opportunities consider end-user needs, and economic limitations of fleet and truck operators. This will ensure that opportunities are flexible and technology agnostic, rather than being limited to just battery electric (BEV) or just fuel cell electric vehicle (FCEV) technologies. As a dealer, Papé continually advocates for the needs of our customers, and works with them to identify ZEVs and energy delivery solutions that address their specific requirements.

As a dealer for heavy duty equipment, Papé represents the interests of our customers (fleet operators), and also serve as a steward of the natural environment as we take a leadership role in our industry in supporting sustainable freight and transportation. PCF is engaged in planning for the deployment of BEV charging and H2 fueling infrastructure needed to support Papé customers at both existing facilities, and future dedicated fueling properties.

This is why we request that the CEC consider both infrastructure and customer/dealer incentive programs for BEV and FCEV which support truck operator adoption as the market develops. We have identified the upfront cost of ZEVs as well as lack of available charging and fueling infrastructure as a significant barrier to adoption. There is a gap between future customer needs and available infrastructure funding as well as low-cost ZEV vehicles. To put it into context, we currently sell BEV heavy-duty trucks and are taking preorders for FCEV heavy duty trucks. The sales of these vehicles are

currently less than 1% of our total annual sales. The total cost of ownership for ZEV has higher acquisition costs and lower performance versus internal combustion electric (ICE) vehicles. Our customers also experience substantial up-front costs due to required infrastructure upgrades and additional equipment needed to fuel/charge these vehicles at their facilities.

Another hurdle for us and our customers is identifying the correct partners needed to meet various funding requirements, the substantial amount of time and effort needed to apply for funding, and navigating the litany of funding requirements and deadlines, making it hard to impossible to move quickly to apply for funding. Additionally, funding opportunities typically do not consider or align with the end-users' specific needs and goals.

CEC should seek to achieve wider funding goals that meet the needs of the end-user, rather than just the manufacturer or developer. The diversity of interests and stakeholders involved, and the lack of alignment is a barrier to applying for funding.

4. What type of MDHD ZEV public charging do you anticipate being most important in the next three years (2024-2027) – en route or overnight charging? For what purposes do you anticipate needing public charging infrastructure – drayage, last-mile, delivery, long-haul freight, other?

Near to medium term, PCF is planning for the deployment of EV charging equipment at Papé facilities needed to support both Papé fleet charging, and customer vehicle servicing needs. We already operate a small but growing number of EV chargers at store locations, with plans to deploy additional chargers at over 100 locations in CA, OR and WA. These chargers include both Level 2 and Level 3 rapid charging technology and are intended for Pape fleet vehicles and customer vehicle service (e.g., repair) activities. However, these chargers will contribute to overall EV charging availability across our service territory.

5. From 2024-2027, what is your first priority for power level and number of charging ports for public enroute charging at a station? For public overnight charging? Do you have a second or third configuration preference?

PCF sees a growing long-term role for H2 in supporting rapid refueling, long distance travel, and to mitigate electrical grid constraints and the limitations of current battery technology. PCF is already working to establish an H2 production, storage and distribution network along the Interstate 5 corridor across the West Coast. We are deploying a modular, small-scale production technology that enables rapid implementation and production close to the end-user. Our initial H2 production and distribution site is planned in Stockton, CA, with additional facilities planned in Bakersfield, CA; Sacramento, CA; San Fransico Bay Area; Eugene, OR; Portland, OR; Federal Way, WA; and the Seattle Metro Area. Each location will supply between 400kg and 6000kg per day of hydrogen, growing as demand requires over time. Initially, we plan to provide H2 fueling services "behind the fence" to support contracted customer offtake. We will consider retail fueling operations as demand grows.

7. What distance should separate charging stations be to support zero-emission trucks along the I-5 corridor? Provide description of typical route or use-case considered when making this recommendation. Describe the vehicle class and vocation if it differs from the information provided in question 1.

Clean fuels stations should consider differing distances depending on the type of station. Over time, we see potential for commercial retail fueling and charging for the medium- and heavy duty (MDHD) hydrogen sectors. These sites will be located approximately 50 – 100 miles apart, to meet local and regional demand, enabling shorter delivery distances, and easy access and availability for customers traveling along the Interstate corridors.

Conclusion

We hope that CEC considers opportunities that provide additional funding support for customer and dealer initiatives, customer infrastructure and upgrades, truck purchases, and improved return on investment opportunities to help narrow the gap for truck operators when considering electric and H2 projects and vehicles. Additionally, we ask the CEC to consider support for project design, regional demand studies, and clear and transparent commitments from known early adopters in the CA, OR and WA markets – specifically those fleets who are required under Advanced Clean Fleet rules to adopt ZEV technologies first – Drayage, Public Agencies, and Transit.

PCF and Papé are excited to participate in the development of the growing charging and fueling ecosystem in the Tri-State area. PCF greatly appreciates the opportunity to contribute to the important development of charging and fueling infrastructure, with the consideration of the diverse economy and geographic context across the United States and the West. Thank you for your consideration and we welcome any feedback or questions you may have.

Best regards,

Gabriel Olson
Director, Alternative Energy and Infrastructure
Papé Group
Pacific Clean Fuels, Inc.
golson@pape.com
(541) 852-8590