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PACT Comments on CEC Investment Plan Update

Please find attached the comments of Powering America's Commercial Transportation ("PACT") on the Draft Staff Report for the 2024-2025 Investment Plan Update for Clean Transportation Program.

Additional submitted attachment is included below.



PACT

June 21, 2024

The Honorable Patricia Monahan
California Energy Commission
1516 Ninth Street Sacramento, CA 95814
Docket #: 24-ALT-01

Re: Draft Staff Report of the 2024–2025 Clean Transportation Program Investment Plan

I. Introduction

Powering America’s Commercial Transportation (“PACT”) appreciates the opportunity to submit comments on the California Energy Commission (“CEC”) “*Draft Staff Report for the 2024-2025 Investment Plan Update for Clean Transportation Program.*” PACT applauds the CEC’s continued commitment to supporting medium- and heavy-duty charging infrastructure and hopes that these comments will sufficiently demonstrate the critical importance of sustaining such support.

II. About PACT

Powering America’s Commercial Transportation (“PACT”) is a coalition dedicated to accelerating the development and deployment of reliable nationwide charging infrastructure for medium- and heavy-duty (“M/HD”) zero-emission vehicles (“ZEVs”).¹

PACT’s membership comprises stakeholders across the transportation electrification ecosystem, including leading truck manufacturers, charging infrastructure technology providers and developers, commercial fleets, fleet management companies, and utilities.² PACT is committed to promoting productive, cross-sector collaboration to advance policies and regulations that improve access to and reduce barriers for M/HD charging infrastructure. PACT engages nationally on matters related to transportation electrification (“TE”), including but not limited to project energization timelines, infrastructure funding strategies, and make-ready programs to accelerate the deployment of M/HD ZEVs and its attendant infrastructure.

¹ M/HD refers to Class 6 - 8 vehicles, according to the Federal Highway Administration <https://afdc.energy.gov/data/10381>

² PACT membership comprises ABB E-mobility, Amazon, Alpitronic, BC Hydro, Burns & McDonnell, Chateau Energy Solutions, Cummins, Daimler Truck North America, EV Realty, Geotab, Greenlane, InductEV, J.B. Hunt Transport, Inc., Mortensen, Navistar Inc., Penske, Pilot Flying J, Pioneer eMobility, PittOhio, Prologis, Voltera, Volvo Group North America, WattEV, and Zeem Solutions.



III. Interest in this Matter

Industry faces regulatory requirements at both the state and federal level, including the Advanced Clean Trucks (“ACT”) and U.S. Environmental Protection Agency’s Greenhouse Gas Phase 3 (“GHG Phase 3”) rules. States beyond California have recognized the important role that transitioning M/HD vehicles to ZEVs plays in reaching decarbonization and clean air goals and, as such, have developed programs intended to incentivize the purchase of M/HD ZEVs. Industry is committed to meeting these requirements: M/HD ZEVs are available now, fleets are willing to purchase them, and electric vehicle supply equipment (“EVSE”) companies are ready to provide the necessary infrastructure. However, in order to meet these requirements, M/HD vehicles require affordable charging infrastructure and an electric grid ready to support that infrastructure at scale.

There are distinct and significant considerations for electrifying the M/HD sector. M/HD charging sites are major construction projects and have physical requirements which differ from those for light-duty vehicles. Site configuration for M/HD charging requires distinct considerations for ingress and egress, turning radii, various charging cable lengths, pull-through lanes, and often higher charging speeds to support larger batteries in commercial vehicles. Moreover, light-duty charging infrastructure cannot necessarily be “upgraded” to support M/HD vehicles. There is also a considerable misalignment in timelines between when an OEM is able to manufacture and deliver vehicles and when a utility can electrify a site that frequently requires long-lead upgrades. Such misalignment in timelines often leads to OEMs delivering trucks to fleets only to have those trucks sit on the lot, or fleets canceling ZEV truck orders. Developing clear and reliable timelines, and proactively beginning long-lead distribution upgrades, is essential to create a sense of certainty for industry, and certainty is essential for the successful transition to M/HD electrification.

Despite the challenges to M/HD electrification, stakeholders across the ecosystem are taking the steps needed to make the transition now. To support the industry, it is critical that sites are designed with the greatest degree of flexibility possible in order to accommodate a variety of vehicle use cases, business needs, and charging models. The M/HD sector is growing, but nascent, and flexibility will reap the most significant benefits. Site selection should also accommodate likely “first movers,” consider truck traffic and density, and not artificially constrain developers in a manner that triggers unintended consequences (*i.e.*, grid upgrades). Moreover, to support M/HD infrastructure, PACT encourages states to (1) expedite energization timelines; (2) streamline and expedite permitting and zoning amendments as needed to allow for



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construction and operation of M/HD ZEV infrastructure; (3) encourage utility incentives (e.g., “make-ready” programs, line extensions policies, and others) that will help defray grid upgrade costs to the customer; and (4) allow for flexibility in programs for public vs. private ZEV infrastructure and treat these programs equally in regards to funding.

With respect to California, PACT’s engagement with CEC’s sister agencies has been multipronged. PACT has engaged in ongoing proceedings at the California Public Utilities Commission (“CPUC”) including the (1) Rulemaking to Establish Energization Timelines; (2) Rulemaking Regarding Transportation Electrification Policy and Infrastructure; and (3) Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future. Before the California Air Resources Board (“CARB”), PACT has engaged on the proposal to amend the Low Carbon Fuel Standard, and before the CEC on the staff report tracking and improving reliability of California’s electric vehicle chargers. PACT acknowledges the ongoing coordination across these sister agencies and the importance of working in concert to achieve California’s TE goals. PACT members have a vested interest in ensuring that the programs and policies designed to support this transition are effective and represent the needs of the M/HD ZEV ecosystem. Swift deployment of M/HD ZEV infrastructure will support the effort to meet state regulatory, decarbonization, and climate goals, and send clear signals to industry that the requisite support is behind this transition.

As the CEC considers forthcoming investments in clean transportation, PACT sees this as a key juncture to ensure that the Commission continues to allocate dedicated funding for M/HD EV infrastructure. PACT appreciates the hard work that Staff have put into developing the next iteration of the Clean Transportation Program Investment Plan, as well as the feedback shared by the Advisory Committee during the June 7, 2024, public meeting. PACT hopes to see the proposed investments maintained, if not augmented, once further statewide budgetary matters are realized and resolved. PACT looks forward to continuing to engage with the Commission, and looks forward to review of the Publish Revised Staff Draft which is scheduled to be released on September 18.

IV. PACT Comments on the *2024–2025 Investment Plan Update for the Clean Transportation Program*

The FY 2024-2025 proposal includes \$55.2 million in Clean Transportation Program funding for the medium- and heavy-duty sectors, in addition to \$160 million from the general fund. At the public meeting of the Advisory Committee for the Clean Transportation Program Investment Plan on June 7, 2024, Staff asked whether, given the evolving state budget and federal funding



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context, the proposed allocation of Clean Transportation Program base funds strike the right balance. PACT adamantly supports the proposal to allocate funding for M/HD EV infrastructure and encourages CEC to, at a minimum, maintain the current proposed funding in the final investment plan.

The evolving state budget is concerning; Gov. Newsom's budget proposed reducing spending on various Zero-Emissions Vehicle programs by \$38.1 million.³ Other spending on EV programs, including for the California Air Resources Board's ("CARB") Low Carbon Transportation Programs, has been delayed until FY 2027-28. While the May budget revision proposed additional general funds and Greenhouse Gas Reduction Funds for medium- and heavy-duty ZEV infrastructure in future fiscal years, there is no guarantee that these funds will be maintained in the final budget or delayed in future budget cycles. Moreover, federal funding has not kept pace with the rate of transition required to achieve California's ZEV milestones. The first round of awards under the Charging and Fueling Infrastructure ("CFI") grant program were just announced in January 2024, and the second funding round only recently opened (May 30, 2024). Projects awarded funding under the first round will take time to come online and additional funding will take even longer to be awarded and distributed. Federal funding is useful but alone is not sufficient to achieve California's climate and decarbonization goals, and should not be relied on to supplement California budgetary shortfalls.

Dedicated funding for M/HD EV infrastructure is critical at this juncture, and not just in light of state budget cuts. Obligated parties must meet deadlines mandated by CARB's Advanced Clean Fleets ("ACF") and Advanced Clean Trucks ("ACT") rules, as well as GHG Phase 3. These deadlines must be treated as firm and as industry has taken the necessary steps to comply with requirements, California must take the necessary steps in support. The CEC's continued commitment to supporting M/HD EV charging infrastructure is critical for the survival of the industry. This is not hyperbole - demonstrated support through the allocation of funding provides industry with the certainty needed to make investments in California's TE future today. CEC's own analysis has found that 264,500 chargers will be needed by 2035 for M/HD EVs. Therefore the remainder of the \$55.2 million for M/HD, after the 15% allocation for hydrogen infrastructure, should, at a minimum, be reserved for M/HD EV charging infrastructure.

Given the state's TE policy priorities and the aforementioned mandates, maintaining funding for M/HD infrastructure is a prudent allocation of resources. Industry has thus far demonstrated a

³ <https://calbudgetcenter.org/resources/first-look-understanding-the-governors-2024-25-state-budget-proposal/#proposed-budget-reduces-or-delays-funds-for-a-range-of-climate-investments>



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willingness to transition to M/HD EVs by making the necessary investments in the charging infrastructure and the vehicles. With CEC’s continued support, these investments will continue.

Staff also asked about high-level recommendations for medium- and heavy-duty infrastructure. PACT’s recommendations include:

- *Equal treatment for public vs. private infrastructure.* Funding should be equally available to both public and private charging infrastructure. To meet California’s regulatory mandates, trucks refueling at private depots and trucks refueling at public stations will both need the necessary infrastructure to continue operations. Furthermore, with respect to meeting regulatory and air quality targets, the benefits provided by electric trucks do not depend on whether the charging infrastructure used is public or private. Establishing parity will help set uniform market signals, reflect current market dynamics and business needs, and better help California achieve its climate and decarbonization goals.
- *Considerations for private and shared fleets.* The definition of “publicly accessible” infrastructure frequently does not account for the unique charging needs for private and shared fleets. “Publicly accessible” charging infrastructure, as commonly defined in relation to M/HD charging infrastructure, may prohibit chargers that are open to multiple authorized commercial motor vehicle operators from multiple companies. PACT encourages the CEC to employ a definition of “publicly accessible” charging infrastructure that also includes equipment that is available to authorized commercial motor vehicle operators from more than one company. The CEC should consider aligning with the definition of shared M/HD charging site in CARB’s proposed amendments to the Low Carbon Fuel Standard Program.⁴ Utilizing this definition of “publicly accessible” will better align CEC programs with current market realities and the unique considerations for private and shared fleets.
- *Flexibility in site design and location.* Developers should be awarded the greatest degree of flexibility possible in order to accommodate a variety of vehicle use cases, business needs, and charging models. Funding should be administered with minimal locational requirements to meet the needs of likely “first movers,” allow for consideration of truck traffic and density, and to not artificially constrain developers in a manner that triggers unintended consequences such as grid upgrades.

⁴ “Shared MHD-FCI charging site” means an EV fast charging site that is available to at least two MHD EV fleets under different ownership, or to the public for at least 12 hours each day. The site must not have obstructions or obstacles precluding the fleet vehicles from entering site premises, and no registered equipment training shall be required for individuals to use the site.



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- *Expeditious energization.* It is critical that M/HD sites are rapidly energized. PACT acknowledges the CEC's critical role in this effort, and endeavors undertaken thus far in concert with California's sister agencies, including the CPUC, CARB, and others. PACT appreciates California agencies' diligent work to develop policies and programs for M/HD charging infrastructure that emphasize expeditious energization. While the CEC's work to date is commendable, we encourage the CEC to continue to accelerate projects and policies that help the state to achieve its ambitious ZEV goals.

V. Additional Areas for CEC Consideration

As the CEC considers how to spend funds within each of the investment categories, PACT would offer the following recommendations to help inform those decisions.

PACT appreciates CEC's funding programs to support M/HD EVs to date, including but not limited to the Energiize program. PACT believes it is imperative that the CEC continue funding these critical programs. The CEC's regularly occurring programs have been impactful thus far in advancing M/HD EV infrastructure and PACT believes it is necessary that a portion of the proposed investment continues to flow through block grants. While PACT appreciates the emerging opportunities for clean transportation, core programs to support large-scale infrastructure deployment should not be deprioritized. PACT echoes comments made during the June 7 Advisory Committee Meeting in support of block grant programs and encourages the CEC to prioritize investing a portion of the allocated funds through existing, streamlined block grants like Energiize or other new, similar projects. At the same time, PACT notes that Energiize as currently constructed contains some provisions (*e.g.*, small project size cap) that limit its effectiveness in supporting larger scale depots. PACT recommends continued consideration of how best to support large-scale charging depots in the near-term, whether through an updated iteration of Energiize, separate targeted solicitations, or a combination of the two.

PACT also echoes the commenters who have expressed that while \$55.2 million is a sizable allocation, it will only get the industry so far, and supplemental resources will be needed. PACT would appreciate the CEC's consideration of how to bring additional resources to the table and what additional strategies can be leveraged to support the transition to M/HD EVs.



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VI. Conclusion

PACT appreciates the opportunity to submit these comments on the Clean Transportation Program's Draft Staff Report for the 2024-2025 Investment Plan Update. It is critical that the CEC continues to support M/HD EV infrastructure and PACT hopes that the Commission will, at a minimum, maintain the funding amount proposed in the draft staff report. PACT looks forward to further engagement with CEC and Staff to help inform investments in clean transportation.

Sincerely,

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On behalf of PACT