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NATSO, SIGMA Comments

Please see attached for comments from NATSO and SIGMA.

Additional submitted attachment is included below.

February 7, 2025

California Energy Commission
715 P Street
Sacramento, California 95814

RE: Request for Information, Medium- and Heavy-Duty Zero-Emission Vehicle Public Charging, Docket #19-TRAN-02

Dear Commissioners:

NATSO, Representing America's Travel Centers and Truckstops and SIGMA: America's Leading Fuel Marketers (together, the "Associations")[1], submit these comments in response to the California Energy Commission's (the "Commission's) request for information ("RFI") that seeks to inform the development of eligibility criteria for public charging technologies for medium- and heavy-duty ("MHD") electric vehicles ("EVs") in California.[2]

The Associations are eager to work with the Commission to support the development of MHD EV refueling infrastructure in California through effective public-private partnerships and other incentive programs. Over the past several decades, the Associations' members have leveraged both federal and state incentives to lower the price consumers pay for fuel while simultaneously displacing petroleum-based fuels with more environmentally attractive alternatives. This began with biofuels, renewable natural gas, and other liquid alternative fuels. In recent years, it has expanded to include "zero" emission fuels such as electricity and hydrogen.

The existing refueling network serving MHD trucks today is a logical place to site alternative refueling infrastructure. Our members' locations are strategically located throughout California where HD refueling demand is greatest. The Associations' members are eager to be productive participants in the Clean Transportation Program. To that end, we also encourage the Commission to continue to support the success of hydrogen refueling infrastructure. Clean hydrogen represents one of the most viable pathways to decarbonize MHD transportation in the medium- to long-term, and is also included under the Clean Transportation Program.

With respect to nascent industries like MHD charging, government incentives should be designed to maximize benefits across all market participants while allowing consumer-oriented innovation to flourish. The Commission should avoid establishing excessively prescriptive eligibility criteria for MHD charging stations. Doing so will impede the development of the industry in the long run. What may seem like the best approach to charging today may soon be

[1] NATSO currently represents approximately 5,000 travel plazas and truck stops nationwide, comprised of both national chains and small, independent locations. SIGMA represents a diverse membership of approximately 260 independent chain retailers and marketers of motor fuel. Together, the "Associations" collectively represent approximately 90 percent of motor fuel sales in the United States.

[2] Federal Highway Administration, Department of Transportation, "Notice of Request for Information (RFI) on Medium- and Heavy-Duty Electric Charging Technologies and Infrastructure Needs," 89 Fed. Reg. 74356 (September 12, 2024), *available at* https://www.federalregister.gov/d/2024-20423.

proven commercially impracticable or technologically outdated. The Commission should avoid inhibiting innovation in this regard. The private sector is best suited to identify and develop charging models that seamlessly integrate new innovations while also avoiding approaches that prove to be suboptimal.

Instead of establishing restrictive eligibility criteria, the Commission should focus its attention on engendering a charging marketplace wherein participants are incentivized not only to install chargers, but also to keep them in good working order over time and provide amenities that trucking companies and drivers need. Policy should bring costs down to create pathways to private sector profitability, while allowing the market to experiment and flourish. This should be the primary focus of the Commission.

The Associations look forward to working with the Commission on MHD charging in California and offer the following comments on both eligibility criteria for future funding programs, and the state of MHD charging more generally.

I. General Considerations for MHD Charging in California.

Despite regulatory and legislative initiatives mandating the production of electric trucks,[3] fleets in California will not purchase electric trucks if they do not feel confident in the charging network. Trucking companies will expect a seamless, predictable charging experience not unlike their current refueling experience, which is grounded in reliability, convenience, and affordable, competitive pricing. Replicating the market dynamics that govern today's liquid refueling sector – wherein private capital systemically and efficiently flows in response to refueling needs – is the optimal approach to facilitating greater MHD EV adoption.

Long-haul trucking is undoubtedly the most economically challenging use case for over-the-road electrification. For instance, utility demand charges, which are fees designed to meet spikes in commercial demand, are particularly difficult to overcome for HD chargers. HD chargers for long-haul trucks will require enormous amounts of power in a short time period, and the businesses operating those chargers will have to absorb massive electricity cost increases. There are also concerns around power providers' ability to generate and transmit the electricity necessary to accommodate HD fast charging facilities, including the dedicated substations and other behind-the-meter resources.

These are challenges that we can overcome, but only if there is a viable marketplace to incentivize the private sector to risk capital in order to make it happen. This is what public investments should be designed to foster. Amid continued policy uncertainty resulting from California's recent rescission of the Advanced Clean Fleets Clean Air Act waiver petition, it remains critical for regulators to design incentive programs that improve the business case for MHD charging installations.

One of the primary structural challenges the Associations' members face today is that there are virtually no wholesale purchasing options or pricing structures for retailers to provide

[3] California Air Resources Board, "Advanced Clean Fleets | California Air Resources Board," ww2.arb.ca.gov, https://ww2.arb.ca.gov/our-work/programs/advanced-clean-fleets.

electricity as a fuel. This pricing structure, which exists because of the regulatory scheme in which the utility industry operates, is notable because pricing is set and controlled by local electric utilities, and ultimately public utility commissions. To create a sustainable market for private investment, all market participants should face the same competitive risks and the same pricing for the electricity needed to charge HD vehicles. Non-utility EV charging station owners today must pay retail prices for electricity, *and* demand charges, *i.e.*, additional charges that most commercial consumers are charged to provide reserve capacity. There is no business case for buying at retail prices and selling at retail prices. Cognizant of these regulatory impediments, HD electrification policies should be designed to help the market overcome these structural obstacles.

II. Considerations for Potential Eligibility Criteria.

a. *Reservation System Requirements*

The Commission should evaluate applicants for funding programs on a case-by-case basis and allow a wide array of site models to be eligible for funding. In other words, the Commission should neither prohibit, nor mandate, the availability of a reservation system or specific charging model (such as "first-come, first-serve").

"Reservation systems" are a novel technology that differ substantially from traditional fueling models. The utility and efficacy of reservation systems for MHD fleets or individual vehicles will vary significantly across the State, and the logistics of each fleet operation. As such, the Commission should provide as much flexibility as possible as to whether, and to what extent, funding program participants provide reservation systems for refueling infrastructure. In some use-cases, it may be prudent to allow all chargers to be reserved in advance. In other cases, it may be a better approach to adopt a first-come, first-serve model.

Charging installations that rely on reservation systems run the risk of relying on bookings that are not always honored. Such failures result in substantial operational inefficiencies, including instances where vehicles arrive at unoccupied charging stations only to experience delays due to pending reservations. These inefficiencies are exacerbated by the inherent unpredictability of driver and vehicle arrival and departure times. Further complicating matters is the necessity of accounting for factors such as battery capacity, initial charge levels, thermal management parameters, permissible charge rates, and environmental conditions. The complex logistics of MHD charging demands a highly precise and reliable system to ensure effective resource allocation, which cannot always be assured.

Regardless, each individual charging infrastructure provider will be best suited to identify the facility model that is most conducive to the highest utilization rate of their sites. A top-down, single approach to reservation models will prevent the industry from properly evaluating the efficacy of various public charging models.

b. *Public Accessibility*

The Associations generally oppose public incentives subsidizing private "behind-the-gate" charging facilities that benefit a limited universe of consumers. The Commission should resist efforts to direct HD charging investments toward non-publicly accessible locations. These use-cases are less economically challenging: the facilities will generally not need fast chargers and

thus will not be exposed to the same exorbitant demand charges and upfront capital expenditures as publicly accessible facilities. Between the companies that have access to facilities and the utility providing power to facilities, sufficient capital can be raised to justify these investments. That is simply not the case with public HD fast charging facilities. HD incentive programs should not provide grants that prohibit public access and thus support only a single or small number of companies' refueling needs. Smaller and independent fleets, in particular, do not have the resources to install and rely on private charging capacity. The Commission should consider, however, opportunities to explore and incentivize "Trucking-as-a-Service" models when such "services" are provided publicly.

III. Technology-Neutral Energization Policy

As the Commission continues to develop and administer the Clean Transportation Program, which also provides funding for hydrogen-powered transportation infrastructure, it is essential that the California Public Utilities Commission ("CPUC") provide an energization tariff for hydrogen refueling stations. Energization tariffs are needed to enable electric utilities to issue separate meters to stations, which in turn allows the utilities to connect service to refueling stations at far reduced (approximately 25 percent lower) cost than if the refueling station is forced to utilize use its existing meter.

EV charging stations and hydrogen refueling stations with comparable kilowatt draw should both have access to separate metering, as is already required for EV charging installations.[4] The Commission should work closely with the CPUC to adopt a technology-neutral approach to refueling installations to best support the success of the Clean Transportation Program.

IV. Conclusion.

Thank you for the opportunity to submit this letter and for your consideration of this important issue. The Associations stand ready to be of any further assistance as the Commission continues its important work developing eligibility criteria for forthcoming funding opportunities.

Sincerely,

NATSO, Representing America's Travel Centers and Truck Stops
SIGMA: America's Leading Fuel Marketers

[4] The CPUC has created an energization tariff for EV chargers to enable separate electricity meters at charging stations and authorized utilities to pay for service upgrades needed to energize EV charging stations out of ratepayer funds. Neither of these regulatory supports are yet granted to hydrogen refueling stations.