

DOCKETED	
Docket Number:	23-SB-100
Project Title:	SB 100 Joint Agency Report
TN #:	258622
Document Title:	Daimler Truck North America Comments on SB100 Demand Scenario Workshop
Description:	N/A
Filer:	System
Organization:	Daimler Truck North America
Submitter Role:	Public
Submission Date:	8/21/2024 4:57:10 PM
Docketed Date:	8/21/2024

*Comment Received From: Daimler Truck North America
Submitted On: 8/21/2024
Docket Number: 23-SB-100*

DTNA Comments on SB100 Demand Scenario Workshop

Additional submitted attachment is included below.

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North America

August 21, 2024

California Energy Commission

Re: 2025 SB 100 Report Demand Scenarios Project Webinar Docket 23-SB-100

Daimler Truck North America (DTNA) submits the following comments in response to the Workshop on 2025 SB 100 Report Demand Scenarios, held August 7, 2024.

DTNA is the largest producer of medium- and heavy-duty (M/HD) vehicles in North America. DTNA is fully committed to supporting the emerging zero-emission vehicle (ZEV) market; we expect these technologies to play a significant role in the future of commercial transportation, and know they are a vital contributor to lowering NOx and GHG emissions. DTNA is investing significantly in the development of electric vehicles. We currently offer battery electric school buses, walk-in van chassis (Class 5/6), as well as medium-duty (Class 6/7) and heavy-duty (Class 8) tractors for sale, suitable for local pickup and delivery. In addition, DTNA, along with NextEra Energy and BlackRock, has formed a joint venture, Greenlane, focused on nation-wide commercial public charging and hydrogen refueling in the future to help accelerate infrastructure that meets the needs of M/HD vehicles. Finally, DTNA offers Detroit eFill, a charging solution designed for efficiency and compatibility, and has an expert eConsulting team dedicated to supporting fleets with all aspects of the ZEV transition, including site design and interfacing with utilities.

Electrifying Commercial Vehicles is a Clear State Policy Priority

DTNA commends CEC for holding this workshop to explore demand scenarios as part of the periodic joint-agency report to the legislature in accordance with the 100 Percent Clean Energy Act of 2018 (SB 100). In addition to the state's clean energy goals, electrifying the state's vehicle fleet, including medium- and heavy-duty commercial vehicles, is a clear California policy priority. Executive Order N-79-20 outlines the State's zero-emission vehicle goals, including 100% M/HD vehicles by 2045 where feasible, and 100% ZEVs by 2035 for drayage trucks. In accordance with this Executive Order, CARB has adopted regulatory requirements for both OEMs and fleets, requiring the sale and acquisition of commercial zero-emission vehicles.

Interagency Collaboration is Critically Important to the State's Policy Goals

Converting the state to 100% clean electricity by 2045 is a monumental task that requires an all-of-government approach. At the same time, California's utilities will need to increase power delivery to customers to support a range of electrification policies, including for transportation. M/HD commercial vehicles require significantly more power than light-duty passenger vehicles, and typically concentrate in capacity-constrained freight hubs and distribution centers. There is significant doubt that the state's distribution grid can deliver increased power to California

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customers consistent with state policy objectives, and solving these challenges will require close coordination between CARB, CEC, and CPUC.

DTNA is concerned that the CPUC’s insights are missing in this work leading up to the publication of the 2025 report, and the agency may not be fully aligned with CARB and CEC. For example, in the recent Proposed Decision related to Proceeding R2401018, Establishing Target Energization Time Periods¹ (Energization), CPUC set the targeted timelines for upstream capacity upgrade projects as follows:

Table 5: Large Electric IOU Timelines for Upstream Capacity Upgrade Projects ⁶³

Upstream Capacity Project Type	Statewide Timeline (calendar days)	Statewide Timeline (business days)
New/Upgraded Circuit	684	469
Substation Upgrade	1021	700
New Substation	3242	2223

DTNA is concerned that these proposed timelines do not support the state’s policy goals, and fleet customers with obligations under the Advanced Clean Fleets regulation will not be able to obtain the required infrastructure on time to meet their business needs.

In addition to the Energization docket, there are a number of ongoing proceedings at the CPUC, including Southern California Edison’s General Rate Case. Within this GRC, SCE has testified portions of their distribution grid are antiquated and they will need far more distribution capacity than what is available today to serve their customers. There are a number of stakeholders in this proceeding that are raising affordability concerns, and arguing that grid capacity additions are not needed at this time. CPUC has not yet issued a Proposed Decision in this GRC, but DTNA is concerned that under mounting affordability concerns, the investments required to ensure California customers have the capacity they need when they need it will not be approved. It is critical that CPUC is aligned with CEC and CARB to approve the necessary capacity additions, while also meeting SB 100 obligations.

DTNA Comments on Demand Forecasting Methodology

¹ <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M537/K633/537633346.PDF>

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It is also critically important that CEC's IEPR forecast is reflective of CARB's vehicle forecasts and fleet charging needs, as the IEPR is the foundation on which California IOUs build their General Rate Cases. While DTNA is generally supportive of the 2023 IEPR AATE3 forecasting methodology, we are concerned CEC continues to over-rely on off-peak overnight charging of commercial battery-electric vehicles. M/HD vehicles are purchased to fulfill specific needs: hauling freight, making deliveries, picking up refuse, transporting people, building critical infrastructure, plowing snow, etc. Unlike personal light-duty vehicles that park many hours a day and are often responsive to time-of-use (TOU) rates, commercial business needs will dictate when they can and cannot charge, not the utility's TOU rates.

In this workshop, CEC staff presented a "High Hydrogen Use" scenario that presumes higher adoption of fuel cell trucks instead of battery electric vehicles. DTNA generally supports CEC's approach to hydrogen fueled trucks in the 2023 IEPR AATE3 forecast. While DTNA is investing in the development of hydrogen fuel cell electric vehicle (FCEVs), significant uncertainty exists around the total cost of ownership as well as the availability of medium- and heavy-duty accessible hydrogen refueling infrastructure. DTNA believes the ACF regulation may drive some early decade FCEV adoption, as High Priority and Federal Fleets following the Milestone Schedule must begin electrifying their Group 3 (sleeper cab and specialty vehicles) in 2030, and we believe these segments may favor FCEVs over BEVs. However, given the uncertainties, we caution CEC from leaning in to a "High Hydrogen Use" scenario, and note the electricity needed for hydrogen production is not included in the AATE3 forecast.

There was considerable discussion in this workshop related to behind-the-meter (BTM) energy storage. CEC staff is assuming all BTM storage is connected to the grid and can be relied upon for a two-way exchange of power. DTNA believes this assumption is flawed, and recommends CEC reduce reliance on distributed energy resources (DERs). There are existing examples today of M/HD charging sites using on-site generation and energy storage because they can't get capacity from their local utility, and these microgrids are not integrated into the grid. It is likely that customers who invest in on-site generation and storage will reserve that energy for resiliency to serve the M/HD vehicle fleet in the event of a grid outage.

Conclusion

DTNA commends CEC for hosting this demand scenario workshop

Sincerely,



Alissa Recker
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