

**Hearing on the Proposed Maryland Zero-Emission Truck Act of 2022 (SB 0687 and HB 0829) and the Proposed Incorporation by Reference of California’s Advanced Clean Truck Rule**

**February 24-25, 2022**

**Written Testimony**

**Introduction**

The Partners for a Zero Emission Vehicle Future (PZEVF) appreciates the opportunity to submit comments regarding Maryland’s proposed legislation to accelerate the deployment of medium-duty (MD) and heavy-duty (HD) zero-emission vehicles (ZEVs) in the State.

PZEVF is a growing coalition of stakeholders from across the transportation sector united by a commitment to minimize transportation emissions and support the adoption of medium- and heavy-duty ZEVs. We support Maryland’s interest in accelerating the adoption of zero-emission trucks to address the State’s air quality and climate change goals, but we believe that the adoption by reference of California’s Advanced Clean Truck regulation will not support their realization.

As you are no doubt aware, the EPA has announced plans to develop a “Clean Trucks Plan” which will reduce greenhouse gas (GHG) and criteria pollutant emissions through a series of rulemakings over the next three years. While the details of plan components still need to be defined, we would strongly urge the Maryland General Assembly to align its programs with those inherently more effective nationwide regulations. That nationwide federal program will advance the goals we all share to implement next tier emission-standards for conventionally fueled trucks, while also accelerating the deployment of ZEV trucks. To do that effectively, however, we need a nationwide strategy and significant federal and state infrastructure funding, all as part of a larger effort to address climate change. State-specific mandates, such as the ACT Rule, while directionally correct, are not well-suited to the scope of these issues, and may work to hinder, not accelerate, the deployment of ZEV trucks.

The manufacturers, purchasers and users of ZEV trucks all support the Assembly’s goals for clean air and a strong program to reduce greenhouse gas emissions. Moreover, we all acknowledge that ZEV trucks are and should be the future of the medium- and heavy-duty commercial vehicle market.

But in light of these national developments, and for the additional reasons detailed below, we respectfully request the Maryland General Assembly delay the proposed adoption of California’s Advanced Clean Truck (ACT) Rule and oppose HB829 (or SB687), until it can more fully analyze the state’s heavy-duty fleet and assess what complementary policies and programs would best address the obstacles to medium- and heavy-duty ZEV adoption in the state.

**Cost Impact to Maryland’s Fleets and Businesses**

The cost impacts specific to fleets and businesses located in the state have not been thoroughly assessed. According to the Maryland Motor Truck Association, there are over 20,000, primarily small and locally owned, trucking companies in the state and over 115,180 jobs in the trucking sector. Maryland is a very different state than California and the nuances of the state's trucking sector must be considered. The state cannot assume that what may work in California will work in Maryland. The Assembly and the Department of the Environment must study the real impacts to the trucking industry prior to moving forward with such a regulation.

Additionally, compared to conventionally fueled trucks, ZEV trucks currently have purchase prices that are 2-to-3 times higher than their diesel equivalents. California, even before the implementation of the ACT Rule, is dedicating over \$10 billion from budgets over the last two years for support of electric vehicle related initiatives. In addition, California's HVIP program has been in existence for more than 10 years, funding more than 7,000 advanced technology vehicles, and the state intends to dedicate hundreds of millions of dollars more in the coming years.

Maryland has no such funding available for medium- or heavy-duty trucks. And while it is true that the state will receive additional funding under federal actions such as the IIIA and potentially the Build Back Better plan, these funds will still be insufficient and will not be deployed in time to provide meaningful support for fleets to purchase required ZEV sales in early years of the ACT.

### **Insufficient Infrastructure and Investment for ZEV Charging and Refueling.**

Maryland will also need to make significant investments to install and maintain the necessary heavy-duty ZEV-charging and refueling infrastructure that is virtually nonexistent today.

Maryland's Department of the Environment programs provide some financial and technical support through programs such as the Alternative Fuel Infrastructure Program (AFIP), but it is inadequate to support fleets in the state who are expected to install their own fueling system in support of the ACT's requirements. While Maryland is investing and has a long-term plan for light-duty vehicle charging infrastructure, that envisioned build-out is vastly different from the necessary heavy-duty vehicle charging infrastructure in terms of power needs, as well as station structure, equipment and needed square footage.

Maryland need only look to other states for examples of the substantial time, education, investment and coordination among affected stakeholders to achieve its goal of a zero-emission vehicle future. A recently released audit of New York Power Authority's Charge NY and EVolve NY programs found that despite more than \$250 million of planned investment the program failed to place charging ports in nearly half of all counties over the course of six years and did not complete any of the planned projects for Phase 1 of the EVolve NY Program by its deadline. In the report, NYPA officials cited supply chain challenges, permitting and utility interconnection timelines as factors impacting the rollout.

Maryland utilities will also need to make significant investments to support the electric grid's resiliency and ensure power is available to meet the increased demand throughout the regions where ZEV trucks will be in operation. California utilities have established and made available well-funded charging infrastructure incentive programs in anticipation of the California ACT Rule. This is all in addition to significant investment and effort needed to ensure the electric grid will have the power available to meet the increased demand throughout the regions where ZEV trucks will be in operation.

### **Premature ACT Adoption Undermines Maryland's Environmental Goals**

Instead of accelerating fleet adoption of ZEVs, the premature adoption of California's ACT Rule in Maryland could hinder the emerging market for zero-emission commercial vehicles by asking fleets to incur charging and uptime challenges exceeding their risk tolerance. Though well-intentioned, this regulation could undermine the air quality and climate change benefits it purports to advance if fleets experience negative consequences, making the transition to ZEVs even longer than it might otherwise be.

Unlike the case of consumers purchasing light duty vehicles, heavy-duty fleets evaluate and purchase commercial vehicles based mainly on the certainty of a return on investment and total cost of ownership. Today's vehicle and battery prices, together with the uncertainty of electricity charging costs, charging structure buildout, and vehicle residual values makes users extremely hesitant to move to new technologies. It is also important to note that technologies are being tested in California and not in cold weather states. A state like Maryland reaches much lower temperatures that impact the operating capabilities of an electric truck. Extreme cold, such as negative temperatures that Maryland can experience, has significant impact on electric vehicles. Similar efficiency losses, or more, can be expected from much larger electric trucks. With these significant concerns, it is likely users will merely keep their older trucks on the road, which would undermine the emission reduction efforts of the state.

Imposing ZEV truck sales mandates while the state has insufficiently prepared to incentivize ZEV truck purchases and support ZEV truck use will signal that Maryland is not taking the necessary time to implement a viable ZEV truck strategy. Without a coordinated strategy, trucking fleets will be less likely to purchase ZEV trucks for the foreseeable future. That result is the exact opposite of our shared objective to accelerate the deployment of ZEV trucks.

### **A Better Path Forward**

We believe that there is a better path forward to advance our common objectives:

- *Advocate for a National Approach:* Maryland, along with the other MOU states, should advocate for next-tier EPA regulations for heavy- and medium-duty trucks and should work to avoid the disparate state-by-state patchwork of ZEV-truck requirements that would disproportionately benefit the businesses in some states at

the expense of businesses in other states.

- *Invest in Incentives and Infrastructure:* Before adopting ZEV truck sales mandates, such as the ACT Rule, Maryland must prioritize the development of a viable and sustainable program to facilitate the purchase of ZEV trucks and infrastructure. Robust incentives must be established to offset all of the ZEV truck life-cycle costs that exceed current commercial vehicle costs, including: the higher purchase prices; the relative operational inefficiencies (*i.e.* it takes more ZEV trucks to perform the work of conventionally fueled trucks); the lower residual values; and the required investments in new maintenance facilities, training and parts inventories.

These concerns, along with the inherent benefits of coordinating around a nationwide Clean Trucks Plan, warrant a delay in the Assembly's adoption of the proposed ACT Rule and opposition to HB829 (or SB687) to allow for the implementation of a better roadmap toward a successful ZEV truck future.

We stand ready to partner with Maryland toward that goal.

Respectfully Submitted,

Partners for a Zero Emission Vehicle Future

*American Truck Dealers*

*New Jersey Coalition of Automotive Retailers*

*American Trucking Associations*

*PACCAR*

*Cleanfleets.net*

*Trucking and Engine Manufacturers Association*

*Daimler Truck North America*

*Truck Renting and Leasing Association*

*Navistar*

*Volvo Group North America*