

SB 0687/HB 0829
Timothy A. French (tfrench@clpchicago.com)
Truck and Engine Manufacturers Association
Unfavorable

**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

My name is Tim French, testifying on behalf of the Truck and Engine Manufacturers Association. EMA represents the world's leading manufacturers of medium-duty and heavy-duty trucks and truck engines — the types of commercial vehicles that would be covered under the proposed Zero-Emission Truck Act and the resultant incorporation by reference of California's Advanced Clean Trucks (ACT) Rule. EMA actively participated in the underlying California rulemaking process, and we appreciate the opportunity to present our testimony today.

EMA and its members fully support a conversion of the commercial trucking fleet to ZEVs, and agree that 2045 is a reasonable target date for the broad deployment of ZEV trucks wherever feasible. EMA members are spending billions of dollars toward that end, and already are producing ZEVs for some applications. However, to bring about our shared vision for the future, a comprehensive and coordinated state and federal strategy is required to develop and implement the widespread deployment of ZEV trucks, not the adoption of stand-alone state-specific ZEV-truck sales mandates.

To ensure the successful deployment of ZEV trucks on an accelerated timeline, very large public investments will be required **up-front**, not after ZEV-sales mandates are put in place. More specifically, a critical first step in accelerating the deployment of ZEV trucks – **before** the

incorporation by reference of the increasing sales mandates under CARB's ACT program – is the establishment of a comprehensive program to invest in and develop the robust infrastructure necessary to recharge or refuel ZEV trucks. Maryland can and must be a leader in those broad-based **up-front** efforts which, for trucks, will involve longer planning and installation timelines, greater demands on the State's electricity grid, and significantly larger public investments than for passenger cars.

In addition, it must be acknowledged that the cost of a ZEV-truck is currently 2-3 times higher than for a conventionally-fueled truck. That is very significant, since, under the CARB ACT Rule at issue, there is no obligation whatsoever that any fleet operator buy any of the higher-priced ZEV products that EMA's members would be obligated to sell in increasing numbers if the Zero-Emission Truck Act is adopted. As a result, and as another critical first step **before** mandating an opt-in to CARB's ACT Rule, Maryland will need to provide sustained incentive funding to offset the significantly higher price differential for ZEV trucks. Otherwise, the assumed increasing purchases of ZEV trucks will simply not occur. In addition, Maryland should set an example by requiring the purchase of ZEV trucks for a portion of all of the State's purchases of new heavy-duty vehicles going forward.

Given the size and nature of the challenges to develop and provide for the comprehensive infrastructure build-out and the significant purchase incentives required for any viable ZEV-truck deployment initiative, federal leadership and action is needed. The Biden Administration is providing that leadership. Within the next month, and on top of the ZEV-funding dollars allocated under the recent Infrastructure Bill, the Biden Administration, through U.S. EPA, will be proposing new advanced emission requirements for heavy-duty and medium-duty trucks, which "low-NO_x" regulations will be finalized before the end of this year. Those low-NO_x requirements

will be followed by new lower greenhouse gas (GHG) standards, that will accelerate the growing deployment of ZEVs. Maryland should be a leader in advocating for those **nationwide** Clean Trucks programs. Without that coordinated push for federal standards, there is a significant risk that disparate state-specific ZEV-sales mandates will undermine the fully integrated strategy that is needed to accelerate the deployment of ZEV trucks, resulting in potentially significant adverse impacts on Maryland's ability to meet its emissions-reduction targets.

In light of what we will see from U.S. EPA in the coming weeks, the adoption of the Zero-Emission Truck Act should, at the very least, be deferred until such time as all stakeholders can evaluate the steps that the federal government will be taking to build toward a ZEV-based future for the commercial trucking industry. Then the Legislature, along with the other relevant state agencies and stakeholders, can supplement those federal efforts, if still necessary, in a truly coordinated manner to leverage and accelerate ZEV-truck deployments as appropriate in Maryland. Not waiting to see what the federal government will do could short-circuit those national efforts, not advance them.

Deferral also makes sense to allow the Legislature to fully assess all of the CARB regulations that Maryland would need to adopt to maintain a program "identical" to CARB's, something required under the federal Clean Air Act. More specifically, CARB will be significantly revising the ACT Rule next year to require 100% ZEV-truck sales by 2040 (or even earlier), and CARB's Advanced Clean Fleets Rule is being delayed until the end of 2022. Maryland should wait for California to finalize all of the other elements of its medium-duty and heavy-duty truck program. Without understanding all of the actual costs, benefits and consequences of incorporating all of the relevant CARB rules, the Legislature cannot properly assess the impacts of mandating that Maryland follow California's regulatory path.

In sum, the proposed Zero-Emission Truck Act would put the cart before the horse. For ZEV-truck sales mandates to work, the purchasers of heavy-duty trucks must be willing to buy those trucks. If the ZEV-truck recharging/hydrogen-refueling infrastructure is not in place in a widespread manner, and if sufficiently-large purchase incentives are not in place and available, truck purchasers will not buy the ZEV trucks that manufacturers would be obligated to sell. The net result would be a fundamental imbalance in the ZEV-truck market in Maryland, and the establishment of unworkable mandates that would more likely frustrate, not foster, the emerging market for ZEV trucks. Faced with non-viable sales mandates, ZEV-truck manufacturers are more likely to be pushed out of the Maryland market than they are to be pulled into it. Again, putting the cart before the horse is not a sound basis for public policy decisions of this magnitude.

Thank you for the opportunity to submit testimony on this matter.