

V O L V O

TO: The Honorable Brian Feldman, Chair
Members, Senate Education, Energy & Environment Committee
The Moore Administration

FROM: Richard A. Tabuteau

DATE: February 28, 2023

RE: **FAVORABLE** – Senate Bill 548 – *Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act)*

The Volvo Group drives prosperity through transport and infrastructure solutions, offering trucks, buses, construction equipment, power solutions for marine and industrial applications, financing and services that increase our customers' uptime and productivity. Founded in 1927, the Volvo Group is committed to shaping the future landscape of sustainable transport and infrastructure solutions. The Volvo Group employs more than 100,000 people worldwide and serves customers in more than 190 markets. Volvo Group North America employs around 14,000 people in the United States and operates 11 manufacturing and remanufacturing facilities in seven states.

In Maryland, Volvo Group's Hagerstown Powertrain Production facility employs nearly 2,000 people including over 1,400 members of the UAW Locals 171 and 1247 and is the last major automotive manufacturer in the state. The plant develops, manufactures, and tests heavy-duty powertrains, transmissions and axles for its Mack and Volvo trucks as well as Prevost and Volvo buses at its 280-acre campus. Volvo Group also employs more than 60 people at one of its U.S. parts distribution facilities in Elkridge.

In 2020, the Volvo Group made a global commitment to having 100% of its product sales being fossil free by 2040, including a nearer term goal of 35% of product sales being zero-emission by 2030. The Hagerstown plant plays a key role in this transition through the manufacturing of all modular power boxes for the Volvo VNR electric and Mack LR electric Class 8 trucks. It has also taken action to reduce its own emissions through completion of two solar installations and committing to using 100% renewable sources to meet its energy needs, part of overall energy efficiency measures under the U.S. Energy Department's Better Buildings Better Plants Program.

Senate Bill 548 alters the Medium-Duty and Heavy-Duty Zero-Emission Vehicle Grant Program by providing an applicant to the program to receive up to 100% of the incremental cost of a qualified medium-duty or heavy-duty zero-emission vehicle, qualified medium-duty or heavy-duty zero-emission vehicle supply equipment, or zero-emission heavy equipment property. Incremental cost is defined as the difference in price of a conventional model vehicle

and a zero-emission model that is attributable to the functional features of the vehicle or the cost to retrofit a conventional model vehicle to operate as a zero-emission vehicle.

As one of the North American industry leaders in Zero-Emission (ZE) Class 8 truck sales, Volvo Group applauds the Moore Administration's commitment to the environment and shares the same goal of accelerating medium- and heavy-duty zero-emission vehicles in the marketplace. Early generation ZE Class 8 trucks are approximately 2-3 times more expensive than their diesel-powered equivalents. This, together with the cost of installing charging infrastructure and equipment, makes it virtually impossible for commercial fleets to absorb these higher up-front costs until the vehicle's total cost of ownership is similar to that of today's diesel vehicles. The changes to the Medium-Duty and Heavy-Duty Zero-Emission Vehicle Grant Program proposed in Senate Bill 548 will spur purchases of zero emission Class 8 vehicles by providing meaningful financial incentives to support their adoption.

We share the Administration's belief that incentives and other supportive policies are key enablers to a successful transition to a zero emission commercial vehicle future, and very much look forward to working with the Administration to ensure that this Program is supported with adequate and sustained funding. As such, Volvo Group urges the Senate Education, Energy & Environment Committee to give Senate Bill 548 a favorable report.

For more information call:

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