San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

HEALTHY AIR LIVING™

August 25, 2020

Kim Heroy-Rogalski, Chief
Mobile Source Regulatory Development Branch
California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812

RE: Comments for Proposed Heavy-Duty Engine and Vehicle Omnibus Regulation

Dear Ms. Heroy-Rogalski:

The San Joaquin Valley faces one of the most significant air quality challenges in the country due to its unique topography and geography, and is currently in nonattainment with the latest federal ozone and PM2.5 standards. The Valley's topography, climate, geography, and the presence of two major transportation corridors connecting Northern and Southern California all contribute to the region's air quality challenges. This difficult air quality challenge creates a significant public health challenge for Valley residents. The San Joaquin Valley is also home to a large number of the state's disadvantaged communities, including 20 of the 30 most disadvantaged communities in California. Three of those communities were selected as priority communities for action under the AB 617 Community Air Protection Program.

Building on past air quality efforts, the San Joaquin Valley Air Pollution Control District (Valley Air District), in partnership with the California Air Resources Board (CARB), recently adopted the *2018 Plan for the 1997, 2006, and 2012 PM2.5 Standards (2018 PM2.5 Plan)* that outlines the actions necessary for further improving the Valley's air quality and meeting the federal air quality standards for fine particulate matter (PM2.5) by the applicable deadlines of 2024 and 2025. Planning for attainment of the latest 8-hour ozone National Ambient Air Quality Standard (NAAQS, or standard) will necessitate even further control of Nitrogen Oxides (NOx) emissions from mobile sources. Moving forward with these attainment efforts will be a major endeavor only achievable through a collaborative approach with Valley residents and businesses, and significant support and investment at the local, state, and federal level.

Given the severity of the Valley's air quality challenges and the need for ongoing emission reductions, CARB and the Valley Air District have worked together to

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adopt the most stringent mobile and stationary source emissions control strategy in the nation. Reduced emissions from trucks will result in reductions of criteria pollutant emissions critical to the Valley's attainment of the NAAQS for both ozone and fine particulate matter. Heavy-duty trucks are the largest source of Valley NOx emissions, and attaining the health-based ozone and particulate standards will require significant additional reductions in truck emissions through the development and implementation of advanced truck technology. Additionally, given the significant toxic impacts in the San Joaquin Valley from freight-related diesel particulate matter, reducing emissions from heavy-duty trucks will provide significant health benefits for communities in the Valley and throughout the state, particularly disadvantaged communities located near major freight corridors.

As a part of recent attainment planning efforts for the federal PM2.5 standards, the State committed to reduce an aggregate 32 tons per day (tpd) of NOx and 1 tpd of PM2.5 by 2024/2025 in the Valley. These commitments were included in the *San Joaquin Valley Supplement to the 2016 State Strategy for the State Implementation Plan,* adopted by CARB on October 25, 2018, and were subsequently included in the *2018 PM2.5 Plan.* The emission reduction commitment in the SIP for the California low-NOx engine standard is 0.7 tpd in 2024 and 2 tpd in 2025 of NOx reductions. The Initial Statement of Reasons for this regulation, published June 23, 2020, estimates a statewide NOx reduction of 0.36 tpd in 2024 and 2.31 tpd in 2025, with only 0.1 tpd of the NOx reductions in 2024 expected to occur in the Valley. While the Valley Air District appreciates the significant long-term benefits to be achieved by the proposed regulatory package, emission reductions estimated to occur from the currently proposed low-NOx standard represent a significant shortfall in the State's commitment in the 2024/2025 timeframe.

The Valley Air District appreciates CARB staff efforts and the opportunity to review the proposed Heavy-Duty Engine and Vehicle Omnibus Regulation and supports CARB adoption of new heavy-duty truck regulatory and incentive-based measures that assist the Valley in meeting our collective air quality and public health goals. Towards that end, the Valley Air District offers the following comments:

Consider Accelerated Timeframe for New Heavy Duty Truck NOx Standards as Necessary to Meet Near-Term Public Health Goals for the San Joaquin Valley

In proposing the regulatory package, CARB staff identify two alternative scenarios for establishing new heavy duty truck NOx standards that may be considered instead of the current CARB proposal in Appendix D to the CARB Low-NOx Omnibus Staff Report, *Emissions Inventory Methods and Results for the Proposed Amendments*. Alternative Scenario 1 advances engine NOx requirements to start in model year 2022 and is estimated to result in 5 tpd in 2024 and 8.2 tpd in 2025 of NOx statewide reductions. Without implementing

Alternative Scenario 1, the proposed amendment will result in a significant shortfall from the NOx reduction commitments in the *2018 PM2.5 Plan*. The Valley Air District recommends that CARB carefully consider Alternative Scenario 1, which would allow for additional early emission reductions to be achieved statewide and in the Valley.

Additionally, given recent advancements in heavy-duty truck technologies, the Valley Air District believes that it is technologically-feasible and cost-effective to further improve current technology and ensure the emissions reduction are realized by adopting a lower Optional Low NOx Standard (OLNS) of 0.01 g/hp starting in as early as 2022, instead of the proposed 2027 phase-in date. This would encourage continued development of lower-emitting truck technologies by providing a mechanism for certifying and recognizing the additional emissions reductions available through these technologies.

Consider Additional Funding and Policy Incentives as Necessary to Meet Near-Term Public Health Goals for the San Joaquin Valley

In order to meet the emission reduction and public health goals for the San Joaquin Valley by the 2024/2025 timeframe, it is clear that additional grant funding and policy incentives are needed to accelerate the deployment of 0.02 g NOx heavy-duty truck technologies. With respect to incentive funding opportunities, this is particularly important in light of the impacts of the COVID-19 pandemic on the State's ability to allocate funding towards its Valley incentive-based emission reduction commitments. The State's SIP commitments for the Valley include achieving 10 tpd in 2024 and 8 tpd in 2025 of NOx towards the aggregate commitment from accelerated turnover of trucks and buses through incentive programs. This represents an aggressive target for incentive-based reductions, requiring an estimated $3.3 billion of the total estimated $5 billion in incentive measure commitments included in the *2018 PM2.5 Plan*. Significant additional investment in incentive programs in the Valley, as well the development of additional policy incentives to drive this significant transition in this short timeframe, will be necessary meet the State's commitments and achieve the necessary emissions reductions by the 2024/2025 timeframe.

The Averaging, Banking, and Trading (ABT) credits proposed as a part of the Heavy-Duty Engine and Vehicle Omnibus Regulation appear to be insufficient to meet these early commitments in the Valley. The District understands and appreciates the benefit for manufacturers to gain credits for selling clean trucks before the required years; however, the magnitude of the incentive provided towards accelerating the deployment of zero/near-zero trucks created by the proposed credit is unclear. In fact, as proposed, any trucks sold under the proposed regulatory credit would be ineligible to participate in an incentive grant program in the future. As summarized previously, CARB and the District are depending on incentive grant-based accelerated turnover of heavy-duty trucks to achieve significant NOx reductions as a part of the State's commitment for the

Valley's PM2.5 SIP, and the proposed ABT program does not seem to be designed to work in concert with the existing incentive funding commitments included in the Valley's PM2.5 SIP. To ensure a more rapid transition to currently available near-zero 0.02 g NOx and a new OLNS of 0.01 g NOx heavy-duty truck technologies, the District recommends that additional credit multipliers be considered, while ensuring that the short term and long term emissions implications of the regulatory credit structure (including compliance with the Advanced Clean Truck regulation) are also carefully considered. As part of this evaluation, CARB staff could consider alternative approaches that would allow for a combination of regulatory credits and incentive funding to expedite the transition to zero and near-zero technologies in the shorter term, including continued efforts to identify additional incentive funding sources (such as settlements) to reduce NOx and diesel particulate matter emissions.

In summary, the Valley Air District recommends that CARB consider additional measures and incentives for achieving the near-term fleet turnover and emissions reductions required to meet the air quality and public health goals of the San Joaquin Valley. Adopting new emissions standards is an essential component of CARB's strategy to significantly reduce emissions in the San Joaquin Valley and protect public health by reducing pollution from the operation of heavy-duty trucks. Given currently available and rapidly developing zero and near-zero heavy-duty truck technologies, the Valley Air District urges CARB to adopt an Omnibus package that identifies additional regulatory and incentive-based opportunities for accelerating fleet turnover in a manner that is most broadly and expeditiously achievable by fleets that operate in the San Joaquin Valley and California. In addition to the proposed Omnibus regulatory package, CARB's commitment to develop and adopt a new heavy-duty truck inspection and maintenance program that takes advantage of the latest on-board diagnostics technologies will also be crucial to the Valley's air quality attainment efforts.

The District thanks CARB for the opportunity to provide comments on this critical regulation, and for its ongoing efforts to further reduce emissions from mobile sources, especially this effort to reduce NOx from heavy-duty vehicles operating within the San Joaquin Valley and across the State. If you have any questions, please contact Jonathan Klassen, Director of Air Quality Science and Planning, at (559) 230-6000 or jon.klassen@valleyair.org.

Sincerely,

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