

**\*\* Electronic Rulemaking Comment \*\***

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First Name: Dawn

Last Name: Fenton

Affiliation: Volvo Group North America

City: Washington

State: DC

Zip: 20007

Email: dawn.fenton@volvo.com

Rule Proposal: DEP Dkt. No. 05-21-03, Air Pollution Control Rules, Advanced Clean Trucks Program and Fleet Reporting Requirements

Comments: Dear NJDEP Staff,

The Volvo Group recognizes the persistent and challenging air quality issues faced by the state of New Jersey and appreciates this opportunity to comment on the NJDEP's proposed adoption of California's Advanced Clean Trucks Program and Fleet Reporting Requirements.

#### Introduction

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 is headquartered in Gothenburg, Sweden, employs nearly 100,000 people and serves customers in more than 190 markets.

Volvo Group North America, with headquarters in Greensboro, NC, employs around 13,000 people in the United States and operates 11 manufacturing and remanufacturing facilities in seven states. In New Jersey, the company together with its truck dealers employ over 500 people. The Volvo Group is the only major truck manufacturer that produces all its vehicles for the North American market in the U.S. In 2020, the Volvo Group's global net sales amounted to about \$36.8 billion. Volvo shares are listed on Nasdaq Stockholm. For more information, please visit [www.volvogroup.com](http://www.volvogroup.com).

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. We have more than 5,000 electric transit buses in service throughout the world and have been selling heavy-duty battery electric trucks in Europe since 2019. In the United States, we have Class 8 battery-electric tractors and refuse trucks as well as compact construction equipment all being used in customers' commercial operations. In addition to batteries, we recognize that hydrogen fuel cells will be needed to power electric drivelines for heavy transport and demanding long-haul applications and we have formed a joint venture with Daimler Trucks to accelerate the development of this technology.

## Overall Comments

The California Air Resources Board (CARB) passed its Advanced Clean Truck (ACT) regulation in June 2020. Volvo Group North America opposed the adoption of this regulation, with the comments outlining the reasons for doing so available [here](#).

Since the submission of those initial comments two years ago, Volvo Group North America (VGNA) held its formal commercial launch of the Class 8 VNR Electric truck (order and delivery availability in 2021) as well as the commercial production of the Mack LR Electric refuse truck, Nova Bus fully electric LFSe, and the electric mini excavator and wheel loader by Volvo Construction Equipment. Moreover, VGNA has gained substantial additional understanding of both the expected advancements in battery technology and the needed marketplace conditions to support battery electric vehicles through the CARB funded Volvo LIGHTS project operating in southern California ([www.lightsproject.com](http://www.lightsproject.com)).

In those initial comments, we outlined in detail why a sales mandate was not needed to force truck OEMs to bring ZEV trucks to market and the regulation details that would create winners and losers among truck OEMs in the marketplace. While these concerns remain, we remain most notably steadfast in the statement that \_our biggest concerns about the ACT are not related to technology viability, but rather to other conditions beyond our control that are critical to ensure a favorable market environment.\_

While we opposed the Advanced Clean Truck regulation as written, we are encouraged by the many actions the state of California has taken to further support the transition to greater use of zero-emission vehicles which this regulation requires. First of all, the state\_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. In addition, several utilities in California have established well-funded charging infrastructure incentive (\_make-ready\_) programs available several years in advanced of regulatory requirements. Not only has California provided funding for purchase incentives and charging infrastructure expansion, but the California Air Resources Board has funded several commercial pilot projects like Volvo LIGHTS to improve awareness and understanding among the complex web of stakeholders about the essential role they must play to achieve meaningful penetration of zero-emission vehicles in the marketplace. Finally, in terms of policy initiatives, the California Air Resources Board has committed to passing an Advanced Clean Fleet regulation in addition to other regulations which further support the achievement of the state\_s ZEV goals.

In the case of New Jersey, these concerns loom even larger than in California since the state has far less funding available to support heavy-duty charging infrastructure investments and purchase incentives; the utilities operating in the state have less experience preparing for the impact of the unprecedented demands of heavy-duty vehicles on the grid; and fleets have far less familiarity with operating battery electric trucks in their commercial operations.

California's Advanced Clean Truck Regulation was adopted to address very unique air quality concerns and environmental commitments codified in California law. The Governor's Office of Business and Economic Development has also worked extensively on a Zero Emission Vehicle Market Development Strategy (ZEV Strategy), soliciting stakeholder input and outlining needs for state agency coordination. The ACT has been only part of an extensive state effort based on California's specific needs and resources and should not be adopted as a one-size fits all solution for other states which face different environmental and economic circumstances. Failure to understand the implications of the regulation based on New Jersey-specific conditions risks unintended consequences that could be avoided.

Adoption of the ACT alone in New Jersey will not ensure the penetration of zero emission trucks in the marketplace. Unlike the case of consumers purchasing light duty vehicles, heavy-duty fleets evaluate and purchase commercial vehicles based mainly on their 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 make it nearly impossible for fleets to purchase these vehicles and integrate them into their operations without substantial public funding. A mandate on manufacturers, especially without proper incentives in place, will fail to deliver the desired environmental outcome that both NJDEP and the Volvo Group seek.

Realistic national standards and regulations offer the best way to prevent unintended consequences and detrimental implications for state-based stakeholders. The Biden Administration is expected to announce its plans for future regulations on medium- and heavy-duty vehicles in the coming months. At the same time, Congress is considering multiple pieces of legislation which include provisions supporting the deployment of zero emissions medium and heavy-duty vehicles and infrastructure in the marketplace. Since New Jersey has expressed its intention of adopting the Advanced Clean Truck Regulation in 2025, we would strongly urge the New Jersey DEP, at a minimum, to postpone action on the ACT until the second half of 2022 so that it can better understand how to complement federal action and further develop and learn from its own New Jersey Zero Emission Incentive Program (NJ ZIP).

## Conclusion

We laud the state's efforts to build a more sustainable economy and wish to be partners in this endeavor, but the proposed regulation will do little to help reach those goals and has the potential to have negative implications for the adoption of heavy-duty zero emission trucks in New Jersey.

Volvo Group North America urges NJDEP to reconsider adopting California's regulations or at least postpone action until federal action becomes clearer later this year and a more credible assessment of the regulatory impacts of this action on the state of New Jersey can be completed. Instead, NJDEP should focus on crafting coordinated state and federal policy that supports the transition to ZEVs through robust infrastructure investment and vehicle purchase

incentives that will protect New Jersey jobs and the environment. We appreciate NJDEP's consideration of these comments and look forward to working collaboratively with you on how to accelerate the penetration of medium- and heavy-duty zero-emission vehicles in the state.