

DAIMLER TRUCK

North America

June 23, 2022

Jennifer Lasseter, TCFP Program Coordinator
Texas Commission on Environmental Quality
Park 35
12100 North Interstate 35
Austin, TX 78753

Re: Comments on Draft Requirements for 2022-2023 Texas Clean Fleet Program

Daimler Truck North America (DTNA) submits the following comments in response to the Texas Commission on Environmental Quality's (TCEQ) invitation to comment on the proposed Texas Clean Fleet Program (TCFP).

DTNA is fully committed to supporting the emerging zero-emission vehicle (ZEV) market; we expect these technologies to play a significant part in the future of commercial transportation, and know they are a vital contributor to lowering NOx and GHG emissions. DTNA is investing heavily in the development of electric vehicles. We currently offer battery-electric school buses, walk-in van chassis (Class 4), as well as heavy-duty (Class 8) trucks for sale, and we are preparing for the market introduction of an all-electric medium-duty (Class 6/7) truck. We applaud the grant program put forth by TCEQ as a vital step toward accelerating adoption of ZEVs and therefore spurring investment in ZEV infrastructure.

We offer the following recommendations on the proposed program and scoring criteria:

- **Create a minimum of grant funding for zero-emission vehicles.** ZEVs offer maximum NOx emission reductions compared to hybrid or other alternatively fueled vehicles. Setting aside a dedicated fund for ZEVs ensures the program achieves its objective of maximizing emissions reductions.
- **Reweight the scoring for Cost-Effectiveness and Emissions Reduction.** As currently proposed, the scoring system provides up to 50 points to projects with the lowest cost per ton of NOx reductions, and up to 30 points to projects with the highest projected NOx reductions. While cost effectiveness is important, it should be granted no more weight than the primary objective of the program, which is a maximum reduction in NOx emissions. TCEQ should consider reweighting these categories to accurately reflect the Emissions Reduction category as the top priority.

DAIMLER TRUCK

North America

We appreciate the opportunity to provide feedback on the Texas Clean Fleet Program and look forward to helping Texans achieve their clean air goals.

Sean Waters

Sean T. Waters
Vice President, Compliance and Regulatory Affairs
Daimler Trucks North America and Detroit Diesel Corporation
Sean.Waters@DaimlerTruck.com



Volvo Group North America Comments
Texas Commission of Environmental Quality - Texas Clean Fleet Program

Volvo Group North America (VGNA) would like to thank the Texas Commission of Environmental Quality (TCEQ) for the opportunity to provide comments on the application guidelines for the Texas Clean Fleet Program (TCFP). Programs like the TCFP are vital to reduce costs and increase accessibility of clean technology to fleet operators.

In 2020, the Volvo Group made a global commitment to having 100% of product sales be fossil free by 2040, including a nearer term goal of 35% of product sales being zero-emission by 2030. We have more than 6,000 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, refuse trucks, and transit buses as well as compact construction equipment all being used in diverse revenue-generating operations for our customers.

VGNA is dedicated to making electric trucks a reality as demonstrated in our recent [Volvo LIGHTS project](#), where 30 battery electric Class 8 trucks were deployed to reliably move freight from LA's two major ports and warehouses throughout Southern California's Inland Empire with less noise and zero emissions. Public funding for grants and incentives were crucial in the deployment of Volvo LIGHTS and other early deployment projects of heavy duty zero-emissions vehicles (HD ZEVs).

The U.S. heavy duty truck market is on the cusp of a paradigm shift which has not been seen for more than one hundred years. Technological advances in recent years for HD ZEVs have resulted in significant improvements in battery capacity, design and cost. Nevertheless, significant barriers remain to adoption of HD ZEVs including higher upfront purchase costs.

VGNA applauds TCEQ's TCFP as a means to bring down costs of alternative fuel vehicles and increase accessibility of cleaner technology to fleets across the State. To maximize the impacts of this program, VGNA respectfully offers the following feedback:

- We commend TCEQ's leadership in developing a provision for scrappage flexibility and see this as a critical step for successful program implementation. It is important to have flexibility in scrappage program requirements since many fleets, especially those most willing to take on risk of new technology, may not have older vehicles in their fleet, making fleets ineligible for incentives unless a waiver or alternative solution is provided. Please consider providing clear explanations and guidance on how a scrappage waiver would be implemented. Consider consulting with other states that offer scrappage alternatives such as New York State.
- We strongly encourage TCEQ to create a minimum grant allotment specifically for HD ZEVs. Setting aside dedicated funding for HD ZEVs is important to achieve 100 percent reduction in nitrogen oxides and to demonstrate compliance with the state implementation plan.
- Keeping in mind the nascent stage of these advanced technologies, VGNA recommends reducing the vehicle procurement requirement from ten to a minimum of two vehicles.

Thank you for your consideration

June 27, 2022



June 27, 2022

Texas Commission on Environmental Quality
Air Quality Division
Re: Comments on Texas Clean Fleet Program Guidelines

To Whom it May Concern:

Thank you for the opportunity to submit comments on the Texas Clean Fleet Program (TCFP) your agency administers through the TERP program. We recognize this is a step above and beyond your traditional process and welcome the opportunity to provide feedback.

Environmental Defense Fund has a clear yet challenging mission: preserve the natural systems on which all life depends. Guided by science and economics, we find practical and lasting solutions to the most serious environmental problems. As it relates to transportation and air quality, we employ in-house scientists and economists that partner with leading experts from across the world to develop solutions that can yield immediate and lasting results to the most critical problems facing our planet.

We have reviewed the proposed guidelines for the TCFP. The following are ideas we would like to share about them, before the program is opened for applications:

1. Create a Minimum of Grant Funding for Zero-Emission Vehicles

The way to maximize NOx emission reductions is to replace diesel-powered vehicles with zero-emission vehicles. The TCEQ should establish a minimum amount of grant funds available through the TCFP for applicants seeking to purchase zero-emission alternatives. This would align the program's funding priorities with the agency's statutory directive to utilize TERP dollars to "achieve maximum reductions in oxides of nitrogen to demonstrate compliance with the state implementation plan."¹

Setting aside a specific set of funding for zero-emission vehicles would also be consistent with the agency's recently published guidelines for the Alternative Fueling Facility Program.² The 50/50 split of funding between Compressed Natural Gas (CNG) and/or Liquefied Natural Gas (LNG) projects and all other fuel types established in that program is a good model that could be replicated with the TCFP grants – that is, at least 50% of funds should be used for zero-emission vehicles.

¹ [Texas Health and Safety Code](#), Sec. 386.052(b).

² [TCEQ FY 22 Webinar](#), May 25, 2022, Page 2.

While we believe zero-emission vehicles should have their own pot of money, including a certain number of plug-in hybrid vehicles to this category could be workable – providing the competitive scoring for NOx emissions reflected the benefits of ZEVs over hybrids and the rules establish a minimum electric range for these vehicles.

2. Balance Scoring for Cost-Effectiveness and Emissions Reductions

The proposed guidelines will award up to 50 points to projects with the lowest cost per ton of NOx reduced, and up to 30 points to projects with the highest projected NOx reductions.

The TCEQ should consider equalizing these two scoring options. As stated above, reducing NOx emissions is the primary objective of the TERP program. While cost effectiveness is important, it should be granted equal weight to the primary purpose of the TERP program – or, potentially, adjusted to recognize the broader societal benefits of greater reduced emissions, such as lower health care costs for individuals who get sick, which translates into less financial pressure on health care systems and less economic productivity lost since people would be sick less. Absent a recalculation of cost effectiveness to include these broader yet quantifiable cost metrics, adjusting the scoring criterion is another viable option for the agency to clearly prioritize emissions reductions.

3. Details for Waiver Requirements

The information regarding what qualifies for a waiver is more detailed than guidelines published for the TCFP in March 2020,³ which is a good improvement. We appreciate that TCEQ has worked with EDF to clarify that third-party scrappage – allowing an entity that is purchasing new trucks to acquire and remove from the road a diesel truck from an outside entity – is a permissible waiver request that TCEQ can consider.

As a technical matter, it would be good to know if there will be a sample form for waiver requests that TCEQ will provide for entities to use if desired. This would especially be helpful for those that need the extra guidance and/or assistance, as EDF continues to build partnerships between larger fleets with the capital to purchase 10 or more trucks at once and the smaller businesses looking to utilize third-party scrappage or other lease arrangements to qualify for the benefits of the program.

³ [TCEQ](#) Texas Clean Fleet Program guidelines, March 2020, Page 28

4. Travel in Clean Transportation Zones

The requirement to ensure at least 25% of the total annual mileage of any new vehicle occur in a Clean Transportation Zone makes sense towards the objective of reducing emissions. However, it does not necessarily reflect the way heavy-duty vehicles pollute.

For example, imagine heavy-duty vehicle moving goods from Dallas to Amarillo. On this approximate 365-mile one-way trip, only about 77 miles (21%) of the *mileage* occurs in Clean Transportation Zones – but up to 30% of the *travel time* could occur in these areas. An LNG or CNG truck making the trip would be releasing NOx emissions the entire drive. Use of a zero-emission vehicle, however, would utilize zero-emission fuel when in the Clean Transportation Zones – thereby eliminating any NOx emissions in key areas. As well, routes of vehicles that originate in these zones could potentially be structured to ensure that plug-in hybrids are utilizing zero-emission fuel while in these zones and switch over to traditional diesel fuel once in other counties. GPS would allow fleets and the agency to measure this alternative method for traveling in CTZs.

Though complicated, this type of travel accounting – measuring by time spent in CTZ areas either in addition to or in lieu of miles driven – should be in consideration for how TCEQ awards TCFP funds. EDF would be happy to work with the agency on further developing this idea, whether it is for this or future grant cycles.

5. Clarify the Definition for Plug-in Hybrid Vehicles

We would like for TCEQ to provide more information on how the agency defines a plug-in hybrid vehicle. One common definition is that the vehicle must have plug-in capabilities and utilize a minimum all-electric range (AER) to qualify. A clarifying definition defining of that type of hybrid vehicle would be beneficial to applicants.

6. Opportunity for Narrative Comments

Easily quantifiable metrics are critical to the administration of a grant program, especially one as wide-ranging as the Texas Emissions Reduction Program. As such, EDF recognizes that providing consideration or weight for a narrative, qualitative discussion of why an entity should receive grant funding can be a difficult and risky way to award state funding.



However, especially as it applies to ZEV trucks, there are numerous efforts underway throughout the state where securing ZEV trucks is part of a larger emissions reduction goal in a region of the state that violates health-based standards. Additionally, there are some companies driving in environmental justice communities where the switch from diesel to zero-emission trucks would be considerably more impactful to the people living in those areas, as compared to other areas of the state. While these companies may not be readily able to quantify the impact to their health, they can understand on a high level the concerns that communities have and how a transition to zero-emission trucks can help to mitigate those impacts.

Even if it is a component of an application that cannot be scored, we know from our work with fleets that there are some companies that would appreciate the opportunity to provide a narrative component of their application – even if it is just for the public record of submission, and as something they can share with their company and partners.

We hope you find these comments helpful as you prepare final guidance for the Texas Clean Fleet Program. EDF welcomes the opportunity to collaborate with TCEQ in these and other areas in the weeks, months, and years ahead. Should you have any questions, please do not hesitate to contact me directly.

Sincerely,

Phillip Martin
Manager, Zero-Emission Truck Initiative
Environmental Defense Fund
pmartin@edf.org



June 27, 2022

Texas Commission on Environmental Quality
Air Quality Division
Re: Comments on Texas Clean Fleet Program Guidelines

To Whom it May Concern:

Thank you for the opportunity to submit comments on the Texas Clean Fleet Program your agency administers through the TERP program. We welcome the opportunity to provide feedback.

Forum Mobility provides zero-emission trucks as a service - we build charging infrastructure, buy class 8 electric trucks, and wrap all the costs, including charging and maintenance, into one monthly fee for drivers or fleet owners. In places where the incentives are right, we can provide ZEV trucks at rates competitive with diesel operations - but without the emissions or fuel volatility exposure. We are currently operating in California, but are looking to expand to additional states as programs develop.

We'd like to offer some comments to the development of the Texas Clean Fleet Program:

1. We recommend establishing a fund specifically for zero-emission heavy-duty trucks. Electric vehicles require an ecosystem of charging infrastructure - and making that investment requires some certainty of asset utilization. A policy commitment to a center of gravity for a ZEV transition is crucial.
2. We also recommend a scoring system that gives equal weight to emissions reductions as it does for cost effectiveness. ZEV trucks have the potential to reach total cost of ownership levels below diesel - with investment in scale and infrastructure. And cargo owners are looking at emissions throughout their operations due to net-zero commitments and ESG considerations. Shippers that can provide a way to address Scope 3 emissions will be increasingly important. The more support the grant program can give towards ZEV trucks, the better Texas will be able to deliver on the needs of cargo owners.

Thank you for taking the time to consider our comments, and we look forward to the final guidelines posted for the program. If you have any questions or would like to discuss further, please contact Adam Browning at abrowning@forummobility.com or 510.520.0630.

Sincerely,

Adam Browning
Boardmember, Forum Mobility



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Jacqueline W. Gelb
Vice President
Government Relations

July 27, 2022

June 23, 2022

Jennifer Lasseter, TCFP Program Coordinator
Texas Commission on Environmental Quality
Park 35
12100 North Interstate 35
Austin, TX 78753
Submitted electronically to: terp@tceq.texas.gov

RE: Comments on Draft Requirements for 2022-2023 Texas Clean Fleet Program

Ms. Lasseter:

Thank you for the opportunity to comment on the Texas Council on Environmental Quality's (TCEQ) Texas Clean Fleet Program (TCFP). The TCFP has been instrumental in turning over trucks in the state of Texas for many years.


Navistar, Inc. (Navistar) is a leading commercial vehicle manufacturer that sells International® brand Class 4-8 commercial trucks, IC Bus® (IC) brand school and commercial buses, proprietary diesel engines, and parts for trucks and engines. The company is based in Lisle, Illinois and has more than 14,000 employees worldwide in its headquarters, technical design centers, manufacturing and parts distributions facilities. In addition to conventional trucks and buses, Navistar is investing significant resources into both battery and fuel cell electric commercial vehicles. Navistar is currently delivering battery electric school buses and International eMV Series medium-duty trucks to customers and is committed to accelerating sustainable transportation solutions. to the transformation of the trucking industry.

Navistar would like to provide the following comments on the TCFP:

- The state should look to develop dedicated programs to fund zero emission trucks. A new program would need to be funded separately to not divert funds from existing programs. Funding zero emission trucks would advance the deployment of zero emission technologies in the state. Zero emission technologies have no tailpipe emissions and would significantly help reduce emission in nonattainment areas specifically.
- The state should approve the waiver provision that provides the TCEQ the ability to waive one or more of the ownership, registration, or operation requirements for eligibility. This will make it easier for users to benefit from the program. As a specific example, a user that does not have older trucks could pass down their truck to another user that has an older truck to scrap. This change will result in more program participation and increased emission reductions. If approved, a draft of the waiver process should be made available to stakeholders to provide feedback prior to adoption.

Thank you again for the opportunity to comment and we look forward to working with the TCEQ on this and upcoming grant opportunities.

Sincerely,

A handwritten signature in black ink, appearing to read "Jacqueline Gelb". The signature is written in a cursive style with a large, stylized initial "J" and "G".

Jacqueline Gelb
Vice President
Government Relations

From: [Julie Brooks](#)
To: [TERP](#)
Cc: [Terry Manies](#)
Subject: Comments on the Texas Clean Fleets Program
Date: Monday, June 27, 2022 9:24:32 AM

To whom it may concern,

We respectfully request that yard truck (aka terminal truck) replacements be specifically included in this round of the Texas Clean Fleet Program. Yard trucks can be equipped with either on-road or non-road engines, and can be used in both on-road and non-road capacities.

After their Run on Less – Electric (RoL-E) demonstration in September 2021, the North American Council for Freight Efficiency (NACFE) concluded that “...terminal tractors one of the best, if not THE best, paths for a heavy-duty tractor fleet to learn about and implement a BEV in a fleet operation.”

Electric yard trucks are a proven advancement in the heavy-duty truck industry and, in Orange EV’s experience, have often been a critical first, successful step on a fleet’s path to electrification.

Please contact us with questions or if you require further information.

Thank you,
-Julie

Julie Brooks
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The #1 OEM of PURE ELECTRIC TERMINAL TRUCKS

Zero Emissions • More Reliable • Lower TCO



June 27, 2022

The Lion Electric Co. USA Inc.
4522 Parker Ave, Suite 350
McClellan Park, CA 95652

Texas Commission of Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087

Subject: The Lion Electric Co. USA Inc. Comments on the Texas Clean Fleet Program

Dear program staff,

The Lion Electric Co. USA Inc. (Lion) is grateful for the opportunity to provide comments on the Texas Commission of Environmental Quality (TCEQ) proposed policy changes for the Texas Clean Fleet Program (TCFP) for fiscal year 2022–2023. TCFP has served as a flagship of Texas light-, medium- and heavy-duty clean vehicle funding programs since its inception, and Lion is appreciative of the chance to provide input to help shape this great program in its future years. Given the severe air quality challenges in many parts of the state, Lion applauds TCEQ’s dedication to continuously improve TCFP to serve Texas fleets, reduce diesel emissions, and accelerate zero-emission commercial vehicle adoption.

As you may know, Lion is the leading original equipment manufacturer (OEM) of purpose-built, all-electric medium- and heavy-duty vehicles, including zero-emission trucks, school buses, and shuttle buses. Lion has successfully deployed these vehicles in California, Florida, New York, Massachusetts, Minnesota, and other states across the nation. With over 600 commercial electric vehicles on the road throughout North America, we offer an industry-leading 200 miles of range with our all-electric Class 6 truck, 170 miles with our Class 8 trucks, and 155 miles with our all-electric buses. Lion is also proud to have announced our state-of-the-art, automated facility in Joliet, Illinois, that will build up to 20,000 medium- and heavy-duty electric vehicles each year. This new factory of 900,000 square feet will be the largest commercial electric vehicle plant in the US, with the first vehicles expected off the production line in H2, 2022. Over a decade of knowledge, performance, and innovation have culminated in our dominance of this industry in which many other medium- and heavy-duty vehicle manufacturers are just now taking their first steps into the electric arena.

Lion strongly supports TCEQ’s proposal to offer up to 80% of the incremental cost associated with the purchase of the grant-funded vehicle, including vehicles that have lease-to-own agreements. This will allow fleet owners and operators to access the required financing to lease-to-own their new zero-emission vehicles while still having access to the funding amount offered through the TCFP.

Lion respectfully requests that TCEQ reconsider the fleet size that determines eligible applicants. Rather than eliminating fleets of minimum 75 vehicles from TCFP in 2022-2023, we suggest that TCEQ consider including fleets with 50 or more vehicles in the eligible applicant category. It is important to note that smaller Texas fleets may not consider purchasing zero-emission vehicles if funding is unavailable for them at the state level. It is well known that larger fleets tend to have newer vehicles with more frequent turnover rates than smaller fleets. Lion asserts that offering eligibility to smaller fleets will encourage the deployment of

zero-emission vehicles, especially for medium- and heavy-duty all-electric vehicles that have higher purchasing costs. Furthermore, Lion recommends that the minimum number of vehicles to replace be lowered from 10 to between three and five. This would allow a greater participation in the program since many fleets may not have the means to replace 10 vehicles, even if they are awarded the grant amount offered through the TCFP.

Regarding the selection and scoring component of the TCFP, Lion highly recommends that projects with the highest projected NO_x reduction should be given more points than projects with the lowest cost per ton of NO_x reduced. Attributing more points for zero-emission vehicles, such as battery-electric vehicles, will attract more adopters and help attain the GHG emission reduction target set by the State of Texas.

Lion thanks TCEQ for the opportunity to provide comments on the proposed policy changes for TCFP for fiscal year 2022–2023. TCEQ's dedication to constantly improve air quality to relieve the health and environmental burden of air pollution in Texas is both admirable and necessary. Lion stands ready to support TCEQ in its efforts to reduce emissions by providing purpose-built, all-electric trucks and buses to fleets across the state.

Thank you for taking the time to read our comments. We look forward to working with you to promote clean air for communities throughout Texas.

Sincerely,

The Lion Electric Co. USA Inc. Team



Penske Truck Leasing
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Andrew Cullen
Senior Vice President – Fuels & Facility Services

June 27, 2022

Ms. Laurie Barker, Acting Deputy Director
Texas Commission on Environmental Quality (TCEQ)
12100 Park 35 Circle
Austin, TX 78753

Re: Penske Truck Leasing Comments on the Texas Clean Fleet Program (TCFP)

Dear Ms. Barker:

Penske Truck Leasing (Penske) would like to thank the Texas Commission on Environmental Quality (TCEQ) for the opportunity to provide comments on the Texas Clean Fleet Program (TCFP). This program is very timely as transportation is undergoing a significant transformation driven by tremendous technological innovation, public and private investment, regulatory pressure, and significant fleet sustainability commitments. The recent Federal Bipartisan Infrastructure Law and National Electric Vehicle Infrastructure (NEVI) Program have set the ball rolling for over \$400 million in zero-emission infrastructure to be deployed in Texas over the next 50 years. As Texas continues to become a technology hub and large manufacturing base of zero-emission vehicle technologies with the arrival of Tesla, Peterbilt, Navistar, Hylion, Toshiba and others each contributing to the emergence of zero emission transportation industry hub in Texas, funding agencies will be tasked with harmonizing the deployment of infrastructure with vehicle deployment.

Penske's commitment to a shift to zero-emission transportation technology is reflected by our investments over the last several years in multiple medium- and heavy-duty electrification demonstration and deployment projects. We consistently evaluate and test emerging zero-emission equipment technologies, working with our vehicle and facility vendors to adopt the latest and lowest emission technologies. These developments demonstrate that Penske can be a natural partner with the TCEQ in achieving its goals to reduce emissions from commercial vehicles.

As one of the nation's leading transportation solutions providers, Penske has significant operations in Texas, including the deployment of thousands of vehicles across 150 locations. Penske maintains a large presence in Texas and serves as a critical partner for small businesses in a wide array of industries that require our fleet operation solutions. This also holds true for the larger fleets in Texas that do not have the financial capital and necessary experience to purchase and maintain alternative fueled and zero emission vehicles. In this capacity, Penske has remained the 'tip of the spear' for deploying commercially available, clean transportation technologies and

continues to enable fleets to adopt and commit to advanced fuel technologies—including zero-emission vehicles.

Penske's growing familiarity with ZEVs, coupled with our comprehensive and incomparable understanding of charging infrastructure and real-world commercial fleet applications, uniquely positions us to serve as a resource for TCEQ for front-line data and information on the availability, use, and application of ZEVs, and allows us to serve as a partner in your efforts to draft and adopt a successful program.

Please see below for Penske's specific recommendations to the TCEQ on the TCFP.

1. Vehicles Being Replaced (old vehicle)

- *TCEQ may waive one or more of the ownership, registration, or operation requirements [listed above]. Waivers must be submitted with the application, including any requests to consider the replacement of a third-party vehicle, not owned directly by the applicant for the preceding two years.*

Penske enthusiastically welcomes this addition to the program. Few fleets have the financial and technical wherewithal to make the transition to zero emission trucks that Penske does. Unfortunately, we routinely cycle new trucks through our inventory in three to seven years, which prevents us from having the Model Year 2009 or older vehicles required by the FTCP. On the other hand are fleet operators that operate the older trucks TCEQ seeks to replace but clearly do not have the capacity or capability to integrate advanced clean truck technology into their operations.

This waiver provision makes grant participation easier for the fleets that do not have older diesel vehicles to surrender but are determined to obtain and deploy the cleanest new vehicles available; while simultaneously encouraging fleets with the oldest, dirtiest vehicles to replace this target inventory with newer, less polluting models. Penske recognizes the advantage of allowing 3rd party scrappage to encourage fleets to scrap their older trucks while facilitating grant awards that will reduce the lease cost as they move toward leasing a new advanced fuel vehicle.

In time, Penske suggests that the TCFP evolve to accommodate lease scenarios with third-party scrappage without going through a separate waiver. Penske also recommends flexibility be built into the TCFP to allow funding for new vehicle fleet expansion and consider not requiring scrappage of older model vehicles. These elements will bolster the growing lease and rental industry, which Penske believes can serve as a catalyst for TCEQ's efforts to clean up the trucking sector and accelerate the adoption of cleaner truck technology.

Additionally, in the past, TERP has allowed the applicant to certify that the replaced vehicle would either be destroyed or that the vehicle will never again be operated in the State of Texas. We do not see this language in the current draft. Can TCEQ please clarify whether this option still exists in the proposed TCFP?

2. Selection and Scoring

- *Applications will be evaluated, scored, and ranked based upon the cost effectiveness of the project, the projected amount of NOx reduced, and the location of the project.*

Penske recommends that TCEQ adopt a separate funding bucket for zero-emission vehicle technologies. Although there are no cost effectiveness criteria (cost per ton of NOx reduced) for submission of an application, a cost effectiveness calculation will still be used when TCEQ evaluates, scores, ranks, and prioritizes projects within the TCFP. The cost of zero-emission technologies, which maximize the emission reduction benefit to the most vulnerable and readily exposed Texans, is still greater than CNG and other alternative fuel technologies targeted by the TCFP. Thus, battery and fuel cell electric trucks will generally suffer from worse cost effectiveness and end up not getting funded. To encourage obtaining and deploying ZEVs, TCEQ should set aside a portion of TCFP funds for this important technology. There is precedent for such a set aside, as it is similar to the way that TERP developed a separate program for CNG and LNG vehicles in the Texas Natural Gas Vehicle Grant Program (TNGVGP). A separate allotment of funds for zero-emission vehicles will provide certainty for these technologies to be deployed.

As near zero and zero emission trucks continue to be significantly more expensive than conventionally fueled vehicles, funding programs like TERP are still needed to encourage fleets to purchase and deploy these cleaner technologies. We are encouraged to see the commitment of the TCEQ to increase access to resources to support companies like Penske who are willing to invest and take risks in order to get these cleaner trucks in to the hands of our customers. Understanding the unique nature of fleets and what they need is Penske's specialty, so please do not hesitate to lean on us as you go forward in the development of this program.

We believe there are very few, if any, large transportation providers doing more than Penske to advance alternative fuel, zero emission and clean truck vehicles and infrastructure. As such, Penske is eager to work with the TCEQ to contribute to the development of programs, such as the TCFP, that support the market. Please do not hesitate to contact me if you have any questions.

Sincerely,



Andrew Cullen
Senior Vice President – Fuels & Facility Services

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June 28, 2022

Texas Commission on Environmental Quality
Air Quality Division
12100 Park 35 Circle
Austin, TX 78753

Re: Comments on Texas Clean Fleet Program Guidelines

Thank you for the opportunity to submit comments regarding the Texas Clean Fleet Program that your agency administers through the TERP program. We recognize this is a step above and beyond your traditional process and welcome the opportunity to provide feedback.

CMA CGM America (CCA) is a part of CMA CGM Group, the world's 4th largest container shipping company and a member of the Ocean Alliance. The Group provides 36 services with 96 weekly calls on 19 major US ports, including the Port of Houston. We employ more than 12,000 team members across the United States.

The US operations of CEVA Logistics, the Group's subsidiary freight management and contract logistics firm, are headquartered in Houston. In addition to calling the Port of Houston, CMA CGM operates a portion of Bayport Terminal for empty containers, has a sales office in Houston, shares operations space with the Houston Port Authority, and recently opened a customer service office in Dallas. Accordingly, CMA CGM is not only a global supply chain and logistics leader but also a prominent player in Texas.

CMA CGM and CEVA are focused on providing sustainable improvements to logistics operations with a goal to be carbon neutral by 2050. These efforts align with the Texas Clean Fleet Program's support for sustainable and alternative fuel sources.

We have reviewed the proposed guidelines for the Texas Clean Fleet Program. The following are ideas we would like to share about them, before the program is opened for applications:

1. We would appreciate knowing that there is a fixed amount for zero-emission heavy-duty trucks. Reviewing the proposed guidelines and understanding the greater upfront cost of ZEV trucks as compared to other alternative fuels, we believe the agency setting aside a fixed dollar amount that would be made available for ZEV trucks will help us put together a competitive grant application.

As mentioned above, CMA CGM and CEVA are committed to reaching carbon neutrality by 2050. To get there, its land-based transportation operations need to be zero-emission. Thus, ZEV trucks are essential to the company's goals.



2. If there cannot be a fixed amount for zero-emission heavy-duty trucks, we would also welcome a scoring system that gave equal weight to emissions reductions as it does for cost effectiveness. If we were only looking to save money, we would not be applying for these funds. Our company and the clients we serve are asking us to adopt as many environment-friendly policies as possible. The more support the grant program can give towards ZEV trucks, the better we can serve our clients and remain competitive in our industry.
3. We appreciate the additional information on the waiver requirements. We are looking at third-party scrappage options, which we know is an option the agency has reviewed in recent months. If there is any additional guidance on how these waivers should be submitted – either a sample form or example of a successful waiver request that we could review – we would greatly appreciate it.
4. We would encourage the agency to review how emissions impacts in Clean Transportation Zones are calculated. The routes we drive for these types of trucks may not necessarily require 25% of mileage in these areas, but the driving time spent in those areas can reach and exceed 25% of travel time there – especially high-traffic areas in the larger counties. We would be happy to visit more with the agency about this specific guideline if it is helpful.

Finally, we recognize there are some program requirements dictated by state law and are not possible to alter for this grant period – including the 75-truck ownership minimum, the requirement to purchase 10 vehicles to qualify for the program, and the total amount of dollars appropriated to this program. There is a learning curve in transitioning a fleet from diesel to ZEV trucks – discussions about charging infrastructure, driver schedules, maintenance total cost of ownership, and other logistics can take significant time to plan and review. It can be beneficial for a company to secure one or two trucks to better understand how they work and how to integrate them into their operations before making a purchase of 10 or more vehicles.

We believe this program could be more successful, in the long-term, if there were more options for a company to apply for funds without having to commit to purchasing 10 trucks all at once. We look forward to working with the agency and the appropriate elected officials in the months and years ahead on different and even creative solutions to this component of the program.

Thank you for taking the time to consider our comments, and we look forward to the final guidelines posted for the program. If you have any questions, you may contact the signatories below.

Sincerely,

A handwritten signature in black ink, appearing to read "Heather L. Wood". The signature is fluid and cursive, with the first name being the most prominent.

Heather L. Wood
Director, Sustainability – North America
E-Mail: ORF.HWOOD@CMA-CGM.COM

A handwritten signature in black ink, appearing to read "Dustin Rinehart". The signature is more stylized and blocky than the one to its left, with a prominent "D" and "R".

Dustin Rinehart
Director, State Government Relations
ORF.DRINEHART@CMA-CGM.COM