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December 9, 2019

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento, California 95814

Subject: Comment on the Proposed Advanced Clean Trucks Regulation - Large Entity and Fleet Reporting Requirement

Dear Chairperson Nichols,

Please be advised that I am the General Counsel to the California Rental Association, a 501(c)(6) association representing over 600 rental equipment businesses in California and I appreciate the opportunity to provide comments to this proposed regulation.

Our members are very concerned with the broad scope and reporting requirements of this proposal. We have attempted to work with staff to identify the many issues we see with this proposal but we feel our concerns have not been adequately addressed. Following this letter is the letter we submitted in September regarding exclusions for heavy equipment rental and leasing companies, and vehicles used in repair and maintenance construction and industrial equipment. The previously submitted letter is attached to assist the Governing Board with a better understanding of why these exclusions are necessary and why electric (zero emissions) vehicle options are not viable for these applications.

In addition to the request for exclusions for rental and leasing companies, and construction and equipment repair vehicles, we would also like to identify several serious issues with the direction of this proposal:

1. As mentioned by so many that have provided public comments, the portion of the regulation identified by sections 2012-2012.2 needs to be separated from the equipment manufacturers' section, and brought to the Board at a later date, and only after adequate and meaningful engagement has occurred with directly impacted businesses. Only a small portion of the estimated 10,000 companies that will be affected by this proposal were made aware of this regulation by mid-year 2019, which, by then, did not allow for comments like those we provided in our September letters to be fully discussed to determine feasibility and viability.

2. The questions being asked are far too extensive, and many of thequestions that are asked about how much a company makes, how they contract business, what they own, are both intrusive and proprietary, especially to privately held businesses. How much a company makes should have no bearing on a questionnaire that ultimately leads to future regulation. Asking such questions will only lead to estimates and approximations, and likely some falsifications that the state would not have resources to prove, so at best you will end up with unreliable and inaccurate data.

3.Answering the detailed questions will require collection of data and maintenance of records that most companies are not currently required to maintain. For many it will require new, costly tracking systems. This will require a significant amount of additional company's resources, time, and cost.

4.This regulation does not provide any explanation of how out of state companies doing business in California will be managed to ensure California businesses are not put at a competitive disadvantage.

5.Any online reporting, even a questionnaire, that asks for so many specific company identification numbers (tax ID, motor carrier number, etc.) is a concern with any company and its security preservation with the recent data breaches.

An alternative approach would be to seek out the high percentage of vehicles that are light to medium duty that run delivery and pick-ups within a generally unvaried radius during the day. We also believe more emphasis should be put together an incentive-based voluntary program that focuses on those fleets where the current technology makes economic sense. With the current Public Safety Power Shutoff (PSPS) events being very real, regulations that may ultimately mandate electric vehicles on businesses must be well thought out and discussed thoroughly with impacted businesses, and unfortunately, that outreach has fallen short.

We thank you for the opportunity to present our comments to the Board, and we appreciate your consideration to delay approval of this regulation until such time adequate outreach has been accomplished, and sufficient interaction with impacted businesses has occurred. We also ask for your help in directing staff to address our concerns previously ignored and requests for exclusions presented in this letter.

If you have any questions or you require additional information, please contact me.

Thank you,

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September 11, 2019

California Air Resources Board
1001 I Street
Sacramento, California 95814
Attn: Mr. Tony Brasil

Subject: Exemption for Rental Companies from ACT Regulation

Dear Mr. Brasil,

Please be advised that I am the general counsel to the California Rental Association, a California 501 (c)(6) organization representing over 600 rental equipment operations (many are small stores) in the State of California. On behalf of our members, I wish to thank you and your staff for taking the time to discuss construction industry issues with the proposed ACT regulation, as well as, concerns with including heavy equipment rental and leasing companies in your suitability assessment for electric vehicle replacements. This letter shall elaborate on the reasons heavy equipment rental and leasing companies should be exempt from the Advanced Clean Truck Regulation, large entity, and large fleet reporting requirements. As mentioned during the workshop, there are several primary reasons rental and leasing companies, not just those engaged in heavy equipment rentals, should be exempt.

1. Rental and leasing companies have no control over how and where their equipment will be used by the renter or lessee. Heavy-duty rental companies (e.g. dump trucks, bucket trucks, water trucks, etc.) have quite diverse renters that vary day-to-day, and that utilize the vehicles differently from site to site and project to project.

2. Use of rental is also dependent upon fuel availability and without a charging station infrastructure at every facility (or construction site) that rents, specific to the type of vehicle, regulating any percentage of a rental or leasing fleet to be a certain percentage electric would not be feasible. Due to the fluidity and variability in the use of rental vehicles in the market place, and due to the dependence upon every possible site having charging stations compatible with rental fleets vehicles, an electrical vehicle in a rental fleet would be severely restricted as to where it can be used. The use limitation is unacceptable in the rental industry, specifically for the reason explained in the next bullet.

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3. Rental companies rely on high utilization to recover acquisition and other on-going costs so that their vehicles may be turned (sold) to cycle in to newer vehicles. The higher the utilization, the faster the inventory can be turned! So, if rental companies are forced to have electric vehicles in their fleet (i.e.: just to have such vehicles available) that are dependent upon an end user having the fueling stations, it would affect the rental company's ability to effectively recover their costs, and in turn it would affect the length of time a rental fleet must retain the vehicle before it can be sold.

4. Rental and leasing companies' inventory turns to rely on buyers being available, but if the only electric market is in California, it will severely limit where the used electric vehicles may be sold out of the rental fleets. You cannot equate a vehicle owned by a rental fleet to one owned by an end-user that will retain the vehicle for its intended life!

5. California rental companies compete with national fleets. Larger national rental fleets are likely to have better financial abilities to meet any electric vehicle mandates, and thus this regulation would put the <u>smaller</u> California fleets at a competitive disadvantage. Because the rental and leasing business is very competitive, California fleets will be <u>unable</u> to pass on the cost to consumers that National Fleets would be simply absorb.

6. What will be the source of electricity? Query: might not the producer of the electricity "burn" coal or fossil fuels and therefore, "cancel" any environmental damage?

7. The Costs for a charging station for each rental vehicle at numerous locations would be prohibitive. The number of rental vehicles at each rental location will vary day-to-day as the vehicles are moved from site to site to suit demand. This will require instillation of many spare charging stations at each location to ensure that every rental vehicle can be charge and be ready to rent.

8. Rental vehicles can have multiple users in a single day. The vehicle can easily be "topped-off" with fuel for immediate turn around to the next user. However, rental vehicle cannot be easily fully recharged for the next use; again, limiting the vehicles utilization.

The only logical way to deal with a rented or leased vehicle is to look at the company renting or leasing the vehicle (renter or lessee), and then, only those vehicles that may be on rent or lease on long term contracts (i.e: more than a year). Only those vehicles should be included in the end user's fleet reporting on their questionnaire!