Chair Matt Walker House Committee on Transportation Vermont House of Representatives 115 State Street Montpelier, VT 05633 mwalker@leg.state.vt.us

April 28, 2025

Re: H.503 Attack on Advanced Clean Trucks Rule

Dear Chair Walker, Vice Chair Corcoran, and Members of the House Transportation Committee:

The undersigned organizations write to express our concern regarding the proposed delay of the requirements of the Advanced Clean Trucks (ACT) rule in H.503 (An act relating to delaying the requirements of the Advanced Clean Trucks rule). We urge you not to support legislation that would institute delays, carve-outs, or exemptions to the ACT rule.

The ACT rule in Vermont adopts standards passed by California in 2020 to increase the availability of zero-emission trucks for sale, thereby reducing emissions from combustion trucks. The rule was adopted in 2022 — the latest in a thirty-year history of Vermont's adoption of the California rules.¹ In the absence of sufficient federal standards, state leadership is critical to protect public health and the environment, help mitigate climate change, and stimulate the economy.

A legislatively-imposed delay in the ACT rule wouldn't just delay carbon pollution reduction in <u>Vermont—it is simply unnecessary</u>. As detailed below, the ACT rule contains multiple mechanisms to ensure flexibility for manufacturers. It contains no requirement for manufacturers to withhold vehicles from Vermont dealerships — or dealerships from customers. It will continue to allow for a portion of all covered vehicle types to be diesel-powered, even a decade from now. And at no point in the history of related zero-emission vehicles rules have fines ever been imposed on manufacturers.

How The Rule Works

The rule regulates <u>only</u> truck manufacturers, which are generally located outside of Vermont. The rule does not require dealers or customers to make any changes.² The rule starts with modest

¹ Section 177 of the Clean Air Act allows states to adopt vehicle emissions standards that are stricter than federal standards if they are identical to those adopted by California. 42 U.S.C. § 7507. Ten states have adopted the Advanced Clean Trucks Rule. U.S. Department of Energy, <u>Adoption of California's Clean Vehicle Standards by State</u>, last accessed on April 21, 2025.

² To learn more about how the Advanced Clean Trucks rule works, <u>see</u> Northeast States for Coordinate Air Use Management (NESCAUM), <u>Advanced Clean Trucks FAQ</u>, September 17, 2024; California Air Resources Board, <u>Misinformation vs. Facts</u>, March 2025.

sales requirements and gradually increases, leaving time for technology to improve and vehicle prices to decline. The rule also permits a high degree of compliance flexibility. For example, the ACT rule allows zero-emission credit trading between manufacturers, enabling manufacturers to shift credits from truck segments ripe for electrification to those that are less suitable. The ACT rule can also accommodate potential fluctuations in vehicle sales from year-to-year by basing manufacturers' zero-emission vehicle (ZEV) credit requirements on average truck sales data from the previous three years. In that way, peaks or troughs in purchases due to economic or regulatory forces are smoothed and have minimal impact on the overall trajectory of ZEV sales. In the history of the Clean Cars and Trucks programs, there have <u>never</u> been any penalties assessed on manufacturers for non-compliance with applicable sales percentages.

Misguided Attacks On The Rule

Recent attacks on ACT programs are happening nationwide by vehicle manufacturers in an attempt to roll back enforcement of the standards. Manufacturers have a playbook in states across the country to create a crisis and build pressure on regulators to delay pollution rules. <u>H.503 is part of that playbook.</u>

Manufacturer False Messaging	
Manufacturers are:	Facts:
Requiring dealerships to purchase a specified number of electric trucks before receiving any allotment of diesel-powered vehicles, even in applications for which there is no electric vehicle availability.	This practice, known as "rationing," is not required by ACT.
Telling dealerships that limited product availability is being driven by compliance with ACT regulations.	Manufacturers are telling the California Air Resources Board (CARB) that they can comply with the ACT rule.

Exaggerating the risk of fines.	Manufacturers are only subject to significant fines and penalties when there is evidence of deliberate, fraudulent, and criminal efforts to violate the rule. CARB enforces requirements by working with manufacturers throughout the product planning process to ensure they are on track to comply with overall requirements and that new vehicles meet consumer expectations. All manufacturers, individually and collectively, remain in compliance and no fines have been assessed to date for the ZEV regulations.
Seeding fears about range anxiety.	Daily mileage of most trucks on the road falls well within the range of currently available zero-emission models. ³ <u>Over 85</u> <u>percent of MHDVs travel fewer than 100</u> <u>miles each day</u> , meaning that many fleets could reasonably meet their daily duty cycles with zero-emission trucks and refuel overnight at their depots. And the rule never reaches a 100% ZEV requirement for any vehicle type, meaning diesel vehicles will remain available for higher-mileage use cases.

H.503 Is Unnecessary

The ACT rule is not even in effect yet; industry opponents want legislation to delay all enforcement before the program even has a chance to get off the ground. The rule is designed to spawn innovation; delay is premature. And even if enforcement is delayed, the ultimate compliance date of 2035 will not change. Pushing back the program start just incentivizes manufacturers to avoid compliance, steepening a curve that CARB intentionally made to be gentle to facilitate a smooth market response.

³ Union of Concerned Scientists, <u>Ready for Work 2.0: On the Road to Clean Trucks</u>, February 18, 2025.

<u>Most importantly for the legislature, the ACT rule is just that — a rule, made by an executive agency</u>. Any lawful revisions to implementation plans of Vermont's ACT rule should be performed by the Agency of Natural Resources (ANR) as a function of rulemaking. This is standard. In fact, earlier this month the Massachusetts Department of Environmental Protection announced that it would use its "enforcement discretion" to create flexibility for manufacturers who are not engaging in the ratio practice.⁴

ANR may fear the consequences of watering down the only regulatory action it has taken to implement the Global Warming Solutions Act in the five years since its passage. But this is not a sufficient justification to take the onus off the agency to find a regulatory solution if ever there is a regulatory problem. Any concerns an agency may have with implementation of its own regulations should be borne by that agency — not the legislature. To proceed otherwise sets dangerous precedent about the respective roles of the branches of government in Vermont.

The undersigned urge you not to act on H.503 and to allow the ACT program to get off the ground under ANR's supervision. This perspective is shared by our organizations' members and the many Vermonters that care about climate change and public health. That perspective may not be sufficiently represented on this issue, however, because the Committee has primarily heard from representatives of industry. If invited, we would welcome the opportunity to share our insights on the viability of the ACT rule and its appropriate place within ANR's jurisdiction.

Thank you for your consideration.

Sincerely,

350VT Conservation Law Foundation Old Spokes Home Plug In America Renewable Energy Vermont Sierra Club Third Act Vermont Vermont Clean Communities Vermont Climate and Health Alliance Vermont Conservation Voters Vermont Interfaith Power and Light Vermont Natural Resources Council VPIRG

⁴ Massachusetts Department of Environmental Protection, <u>Enforcement Discretion for Advanced Clean Trucks</u> <u>Requirements</u>, April 14, 2025.

Cc: Speaker Jill Krowinski Chair Kath James