



August 2023

Here is our recap from the Advanced Clean Fleet (ACF, known as Zero Emission) Event with CARB coupled with new info from CARB webinars:

Regulation Clarifications

Regarding the ACF regulations, here are the links to the adopted regulations ([High Priority](#) and [Drayage-Maritime](#) and Rail Yard Truck Operators) and our intention is not to summarize them but to point out new information we acquired and/or clarifications on the drayage and high priority ruling, which are the ones of interest to our community.

- 1) CARB requires all trucks using maritime ports to be registered in the online system, [TRUCRS](#). The ruling states that as of January 1, 2024 all new trucks registered in this system need to be Zero Emission, meaning full electric or hydrogen trucks. If you use the maritime ports and have diesel or natural gas trucks you will need to register in the TRUCRS system no later than December 31, 2023.

MANUFACTURERS IN BAJA

2) Regarding the High Priority Ruling, in our border world, many manufacturers (think IMMEX, maquilas) do not own trucks and some own a few; if they report over \$50 million in revenue to a country's tax authority, such as the IRS or SAT (including affiliates and subsidiaries), they could fall under the high priority requirement, assuming they hire truckers to move their merchandise to go into California, AND if they hire these fleets under common ownership or control.** The ACF ruling requires fleets or controlling parties subject to the regulation to report which method of the High Priority ruling they will be using. CARB is developing a FAQ to try to clarify common ownership dynamics and that should be available in the near future. Even if you do not have trucks or hire vendors that do not fall under common ownership or control, you would still have to verify that your vendors are compliant with the AFC rule or are not subject to it.

So three potential scenarios:

- A) Your entity reports over \$50 million, your entity does not own any trucks and you hire truck operators but do not fall under the common ownership relationship (described in the footnote). You would only be subject to the ACF hiring entity requirements in section 2015(g) starting January 1, 2024.

Entity would need to first verify if the hired fleet is listed as compliant on the ACF webpage (CARB will have a fleet lookup tool that will display whether a fleet is compliant or not). If the fleet is not listed, the entity will need to obtain a signed statement from the fleet owner stating the fleet is not subject to the regulation; this would protect the hiring entity from liability if the fleet owner misrepresents their compliance status or whether they are subject to ACF. Next, the hiring entity would need to provide the disclosure statement in (2) to the hired fleet in the contract or as an addendum - this ensures that hired fleets are aware that they may be hired to operate in California, and that there are potential requirements if they do operate in California. Last, the hiring entity would need to keep records that this disclosure was provided, and that the fleet owner has provided the hiring entity a certificate of compliance, or the signed statement that they are not subject to the regulation.

- B) Your entity reports over \$50 million, you own a few trucks in Mexico or in the US that operate in California, then you fall under the ACF Ruling, which means you will have to choose between the two models proposed and comply with the reporting requirements as of February 2024. If you in addition hire truck operators not under the common ownership rule, then your non owned trucks would not be considered part of your fleet for reporting purposes, but you would still need to follow the hiring fleet requirements of section 2015(g).
- C) Your entity reports over \$50 million, your entity either owns or does not own any trucks and you hire truck operators under the common ownership relationship (described in the footnote). You would be subject to the ACF ruling, which means you will have to choose between the two models proposed and comply with the reporting requirements as of February 2024, and include all common ownership or control vehicles in your fleet for compliance and reporting purposes.

This means that manufactures that do fall under the ACF ruling will be requiring, as of 2030 assuming they choose the flexible scenario and are using sleeper cab tractors*, certain vendors to be Zero Emission (electric or hydrogen) to comply with California law. So even if a truck operator does not fall under the high priority category, your client may require a truck operator to be ZE or it would be a competitive advantage for you the truck operator to be in that category.**

Get Personalized Clarifications:

You can send an email to zevfleet@arb.ca.gov with your particular case on the regulation and CARB will clarify you if fall under any ACF ruling category and if our logistics dynamics are considered "common ownership."

Incentives -Vehicless

CALSTART

Regarding incentives, we learned two very important things: California has a free service for California truckers to navigate through this transition; they help you explore your options, they

coordinate with the different agencies that coordinate incentive programs (quite a few) and they actually coordinate probably the biggest financial incentive program for the State of California -HVIP- Here is their info, and don't miss out on this opportunity. It's a no brainer: [start here!](#)

Vehicle Incentives managed by CalStart:

HVIP

ISEF (if your global fleet is less than 20)- Much higher subsidies for small fleets.

Operators in Otay Mesa also have access to additional subsidies because it is considered a disadvantaged community (sometimes-we are trying to figure out when)

Lots of monies are now available in these pots and you have to use these funds **before** it is mandatory for your to comply with the ACF ruling.

For Mexican Operators

Mexican operators are also eligible for this funding with one very important caveat that we hope can be modified shortly. The requirements are that the trucks have a DMV registration and that the companies be registered within the California Secretary of State. **There is an out of state filing that can be completed.**

See the following [link](#). This crucial information was only learned this morning in the webinar with CARB.

The big caveat is that funding is applied through the California dealerships, so for now, the trucks would have to be purchased by the Mexican entities in the CA dealerships, **if that is even possible**. The Otay Mesa Chamber has requested a meeting with CARB to develop a program where cross-border truckers would be eligible, including the Mexican operators since their operations are crucial in maintaining our supply chains and CA operators are most likely not even able to comply with all the requirements and demand to pick up merchandise in manufacturing facilities in Baja California.

Air Pollution Control District funding

Moyer based on the percentage of time you spend in San Diego County.

Zero Emission Truck Pilot Program if you travel to the maritime ports in San Diego at least 52 times a year

[Federal Income Tax Credit](#) for the purchase of (up to 7,500 per vehicle)- this applies for various clean vehicles -not only zero emission-

Incentives - Charging/Fueling Infrastructure

SDGE

Power your Fleets – Requirements include a commitment to procure a minimum of 2 electric fleet vehicles or retrofit to electric from diesel, and own or lease the property where chargers are installed within SDG&E's service area and operate and maintain vehicles and chargers for a minimum of 10 years.

Rule 45- other scenarios

California Energy Commission Incentives ([Energize \[energize.org\]](https://energize.org)) – After starting the electrification process with SDG&E, they can provide the necessary information to connect with ENERGIIZE to determine eligibility.

- A) EV Jump Start Funding Lane ((Otay would be considered under this program and it must be a shovel ready infrastructure project))
- B) EV Fast Track lane
- C) Hydrogen Funding Lane

** Common ownership or control is defined as follows: “Common ownership or control” means being owned or managed on a day-to-day basis by the same persons or entities. Vehicles managed by the same directors, officers, or managers, or by distinct corporations that are controlled by the same majority stockholders are under common ownership or control, even if their titles are held by different business entities or they have different taxpayer identification numbers. A vehicle is under an entity’s control if the vehicle is operated using that entity’s state or federal operating authority or other registration. Vehicles owned by different entities but operated using common or shared resources to manage the day-to-day operations using the same motor carrier number, displaying the same name or logo, or contractors whose services are under the day-to-day control of the hiring entity are under common ownership or control. Common ownership or control includes relationships where the controlling party has the right to direct or control the vehicle as to the details of when, where, and how work is to be performed or where expenses for operating the vehicle, such as fuel or insurance, are shared. Common ownership or control does not include agreements for individual loads that are competitively bid and issued to the lowest qualifying bid.

*** Companies using smaller trucks will have to comply prior to 2023 and can check the flexible schedule under the High Priority Ruling.