



November 8, 2024

Dear Truck and Engine Manufacturers Association Members:

As you know, Advanced Clean Trucks (ACT) is an important part of our states' plans to achieve our greenhouse gas emissions-reduction goals and reduce the threat of climate change to public health, the environment, and the economy. Across our states, transportation is collectively the highest-emitting sector, making up almost 40 percent of our states' total emissions. Nearly 20 percent of those emissions come from medium- and heavy-duty vehicles. Therefore, it is crucial that we have a roadmap for continuing to decarbonize these vehicles. We are eager to work closely with the trucking industry to spur the manufacturing and deployment of zero-emission vehicles (ZEVs).

ACT requires manufacturers to sell increasing percentages of ZEVs through model year 2035 or purchase credits from those who exceed the sales requirements. Recognizing that some vehicle types are more difficult to convert, ACT does not require fleet-wide compliance, but rather allows manufacturers to focus on the vehicle types for which zero-emission technologies are most favorable. ACT *does not* place any purchasing requirements on dealers or fleets. We have heard that several major medium- and heavy-duty vehicle engine manufacturers are placing blanket purchase requirements onto dealers rather than utilizing the flexibilities built into ACT. These existing flexibilities include:

- **Using early action credits:** Manufacturers are able to generate and bank credits for sales, which can be used for compliance starting in the first applicable model year, incentivizing early movers.
- **Banking and trading credits:** Manufacturers may continue generating and banking credits to use for compliance in the future, or purchase excess credits earned from other manufacturers, adding flexibility across the industry.
- **Adopting near-zero-emission vehicles:** A manufacturer may meet 50% of their compliance each year with credits earned from sales of plug-in hybrids, allowing for more vehicle types and routes to lower emissions.
- **Using non-tractor credits to meet tractor deficits for manufacturers with 25 or fewer tractor (e.g., semi-truck) deficits:** A manufacturer that sells very few Class 7-8 semi-trucks, or tractors, in a model year may use non-tractor credits for tractor compliance.
- **Using interchangeable non-tractor credits:** A manufacturer may use Class 2b-3 and Class 4-8 non-tractor credits interchangeably to make up those non-tractor deficits, providing flexibility for different product portfolios.

- **Carrying forward deficits:** A manufacturer that does not comply in a given model year has additional time to make up for their shortfall.

Additional ACT flexibilities were recently approved in California on October 24, 2024, as part of Clean Truck Partnership implementation. These include lengthening the amount of time manufacturers have to make up shortfalls, simplifying credit accrual, and allowing secondary manufacturers to participate in the credit market. The other undersigned states are considering updates to our respective ACT rules, as appropriate, to integrate these compliance flexibilities.

We are confident that ACT's requirements are achievable through close collaboration between the public and private sectors, and we recognize the important role of the trucking industry in meeting these goals. To that end, we propose a meeting to discuss implementable solutions to increase ZEV adoption and next steps to meeting existing compliance obligations across Section 177 states. One potential option for advancing a collaborative approach may be the establishment of a Clean Truck Partnership across Section 177 states. We are directing our air and climate regulatory agencies to participate in this meeting and engage in these conversations on our behalf.

We thank you for your continued partnership and look forward to our ongoing collaboration to decarbonize the transportation sector and combat climate change.

Sincerely,



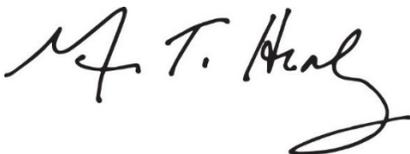
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