

December 20, 2019

The Honorable Gavin Newsom
Governor, State of California
California State Capitol
Sacramento, CA 95814

Re: Allocate Multi-Year Funding from GGRF for Clean Transportation Programs

Dear Governor Newsom,

We, the undersigned Senior Executives, represent leading companies manufacturing or deploying zero-and-near-zero emission medium-and heavy-duty vehicle (M-HDV) and off-road equipment technologies. We write to urge you to cement your commitment to the cleanest transportation future possible and to the investments that will benefit all Californians. An aggressive strategy will spur new manufacturing and jobs, improve public health, and take California's longstanding climate legacy to the next level. We respectfully request that your January budget allocate a *minimum* of 13.5% of the total Greenhouse Gas Reduction Fund for fiscal years 2020-21 through 2025-2026, inclusively, for the M-HDV and off-road (SB 1204) clean transportation programs at the California Air Resources Board (ARB).

Meeting demand for advanced M-HDV/equipment incentives, as well as funding for critical pilot and demonstration projects will require at least \$2.9 billion over the next five years. This funding level is expected to put nearly 25,000 additional M-HD-ZEVs on the road by 2025, and to enable 5,000 vouchers for zero-emission freight & goods movement equipment, as well as fund numerous major projects to test and prove commercialization of new vehicle technologies.

The state has made significant commitments to reducing greenhouse gas emissions from the transportation sector, and we are doing our part by increasing sales of advanced trucks, buses and equipment. Yet, most early-commercial vehicles still cost significantly more than conventional vehicles at the out-set, and California's investments from the GGRF have not kept pace with demand for incentives to cover incremental costs. 2019 voucher funding ran out mid-year, and for 2020, all vouchers have already been reserved. We predict the effect of the 2020 funding insufficiency will be very few new orders placed for our MHDVs in 2020 in California, because the purchase incentive provided through HVIP¹ is absolutely critical to driving vehicle orders.

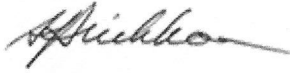
To date, we observe that the state's GHG reduction commitments have not been backed up with a commitment to the type of consistent, reliable funding needed to transform the complex commercial vehicle sector. Now is a critical time to maintain and increase the pace of investment. Under your watch, California can set an example the world can replicate for how smart policies combined with industry leadership can protect our climate and dramatically reduce emissions from transportation.

Now more than ever, these programs need to be sufficiently and consistently funded so that the pace of market transformation can be expedited. The transportation sector is still not on track to meet its share of the state's 2030 GHG emissions goals. Achieving our 2030 climate goals will require reversing troubling trends to significantly transform all aspects of transportation and goods movement. Keeping investments in cutting-edge technologies on course requires strong, consistent, long-term market signals from California's leadership.

Thank you for your consideration and for your continued leadership on climate policy,

¹ Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP)

Sincerely,



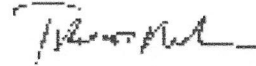
Stephen Trichka
Vice President & General Manager
Power & Propulsion Solutions
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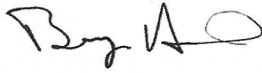
Gary L. Horvat
Vice President - eMobility
Navistar, Inc.



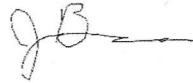
Stella Li
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