

NATIONAL
ZERO EMISSION TRUCK
COALITION

October 7, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
U.S. Capitol Building, Room S-230
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
U.S. Capitol Building, Room H-232
Washington, DC 20515

The Honorable Chuck Schumer
Minority Leader
United States Senate
U.S. Capitol Building, Room S-221
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
U.S. Capitol Building, Room H-204
Washington, DC 20515

Dear Majority Leader McConnell, Speaker Pelosi, Minority Leader Schumer, and Minority Leader McCarthy:

The National Zero-Emission Truck (ZET) Coalition, a diverse group of stakeholders across the clean commercial vehicle supply chain, supports the proposition that robust funding of infrastructure can be a significant tool for economic recovery and stimulus and urges Congress to act on infrastructure stimulus legislation. As part of any such legislation, we strongly support the inclusion of federal investments that accelerate zero-emission truck production and the creation of thousands of manufacturing jobs in the near-term. Critical investments include the creation of a **five-year ZET point-of-sale incentive to encourage fleet acquisition of zero emission trucks**, building the **charging and refueling infrastructure** needed to support fleet adoption and ensure the United States remains a global leader in the deployment of these advanced trucks, and the **prioritization of technological innovations** that drive U.S. supply chain long-term competitiveness.

High-tech, zero-emission medium- and heavy-duty vehicles (MHDVs) are in development or early production in most weight classes right now. Global demand is on the rise, with ZET product offerings in North America on track to rise nearly 78 percent by the end of this year and more than doubling by the end of 2023.¹ With the recent economic downturn due to the COVID-19 pandemic, maintaining manufacturing, job, and export opportunities for ZETs will require strong federal leadership that prioritizes investment in advanced truck technologies. With the rising growth of e-commerce, the substantial growth in electric delivery vans and trucks, and with heavy-duty commercial vehicles ready to hit the market, ZETs will quickly have an outsized role to play in our economic recovery because of goods delivery in local-, regional- and long-haul freight movement segments. These new technologies represent the advanced clean transportation manufacturing and freight commerce jobs of the future.

ZETs also present a significant opportunity to make stimulus investments that both boost this important industry and the economy, but also help to clean our air and address climate change. MDHVs, while representing a small share of all vehicles on the road, contribute to a disproportionate fraction of fuel consumption, greenhouse gas emissions, and air pollution. Because of this reality, strong federal investments in ZETs can help the United States lead by example in how a smart, sustainable recovery can be facilitated by a Nation that makes strategic infrastructure stimulus investments.

¹ See CALSTART's Global Drive to Zero [Zero-Emission Technology Inventory \(ZETI\)](#).

Based on these facts, the ZET Coalition is pleased to offer several recommendations for consideration by Congress in upcoming legislative efforts to help American manufacturers and workers, including those in industries at the forefront of keeping our economy and freight commerce moving.

RECOMMENDATION: Create a new \$2 billion+, five-year incentive for ZET acquisition that accelerates the production and deployment of tens of thousands of zero-emission vehicles in U.S. truck fleets within five years.

A new federal direct incentive² for the purchase of zero-emission MHDVs has the potential to provide immediate job and economic stimulus to an important and growing segment of the U.S. commercial vehicle industry, its supply chain, and its manufacturing workforce.

- While new ZET technologies are expected to ramp up globally as market opportunities mature, in the United States, incentives for the purchase of zero-emission trucks are needed to help alleviate the upfront costs of advanced truck technologies and create a robust, sustainable zero-emission truck market. There is currently no MHDV tax incentive, rebate, or other direct incentive at the federal level. To date, state programs offering a point-of-sale incentive – based on offsetting the incremental cost between the conventional vehicle and the zero-emission truck – have seen tremendous success in helping fleets to quickly and efficiently deploy ZETs by buying down the upfront cost of the truck and providing a reliable policy mechanism to incentivize ZET integration into commercial and public fleets.³ **Congress should follow this model by creating a federal direct incentive for ZETs administered at the point-of-sale.** The incentive should be zero-emission technology-neutral, easy to administer and easy to understand by fleets, and finite – providing a meaningful level of incentive upfront with a reasonable step-down to reward early movers and drive down manufacturer cost, with a targeted sunset of five years. The incentive should also be accessible, fair, and predictable for all fleets/purchasers with different ZET needs. **This incentive should be structured as an upfront grant-in-lieu of investment tax credit for eligible truck purchases, cost-shared with the fleet/purchaser.**

RECOMMENDATION: Support stimulus investments that boost U.S. ZET manufacturing and deployment.

Spurring new ZET manufacturing can be done in part by making some changes to existing laws and programs.

- **Temporarily suspend the federal excise tax (FET)** for heavy duty vehicles (HDVs) through 2021.⁴ Beyond 2021, address the disincentive FET imposes on new, advanced HDV technologies based on their higher upfront cost. FET relief should be coupled with a direct incentive for ZETs as early as feasible, as described above.
- Leverage **Department of Transportation (DOT) Federal Highway Administration (FHWA)** programs including the **Congestion Mitigation and Air Quality (CMAQ)**^{5,6} program to support states' use of these funds for point-of-sale incentives for ZETs in the near-term.
- Provide parity for **zero-emission trucks in weight waivers**⁷ under existing HD FHWA waivers.
- Support ZET OEM and supply chain manufacturing by expanding the **Department of Energy (DOE) Advanced Technology Vehicles Manufacturing (ATVM) Loan Program**⁸ to include

² See House Select Committee on the Climate Crisis, "[Solving the Climate Crisis](#)," pp. 122-3.

³ Welch, Dan, and Benjamin Mandel, "[Voucher Incentive Programs: A Tool for Clean Commercial Vehicle Deployment](#)," CALSTART, July 2019, pp. 17-24.

⁴ [26 U.S. Code §4051](#).

⁵ [23 U.S. Code §149\(c\)](#).

⁶ For example, see Rep. Yvette Clarke (D-NY) [amendment](#) offered under consideration of H.R. 2, "Moving Forward Act."

⁷ [23 U.S. Code §127](#). Note Section 1623 of [H.R. 2, "Moving Forward Act,"](#) expands weight limit exemptions to include zero emission vehicles.

⁸ [42 U.S. Code §17013](#).

ZETs, components, and infrastructure; and by reviving the **48C Advanced Energy Manufacturing Tax Credit Program**⁹ to include ZETs, components, and infrastructure.

RECOMMENDATION: Incentivize installation of infrastructure for ZETs through a combination of financial and tax incentives.

Federal incentives for ZET purchases must be coupled with addressing the cost of building out ZET charging and refueling infrastructure and related equipment. These important investments in infrastructure need to be in place to support fleets' plans and actions to move beyond the demonstration scale.

- Support the “**Securing America’s Clean Fuels Infrastructure Act**” to extend and reform the §30C alternative fuel infrastructure tax credit and provide a meaningful incentive for ZET infrastructure.¹⁰
- Support authorization of a **DOE rebate program** providing direct financial incentives for infrastructure, including for ZET charging and refueling.¹¹
- Support **DOE investment in state transportation electrification** planning and implementation¹² and **DOE technical assistance to Public Utility Commissions and utilities themselves** for commercial vehicle electrification, including for MDHV make-ready.¹³
- Support **DOT port electrification competitive grants** to further the drayage ZET “beachhead,” including charging infrastructure and related equipment.^{14,15}

RECOMMENDATION: Increase research, development, and demonstration (RD&D) for ZETs by an additional \$250 million per year to drive American innovation and manufacturing.

A concerted, stable federal innovation grant program for zero-emission MHDV technology advancements is necessary to drive down the cost of such technologies, to demonstrate these vehicles' value to fleet operators, and to support high-quality U.S. production of ZETs and components in a global \$1 trillion truck and bus market.

- Boost U.S. competitiveness in ZETs by supporting **robust, long-term federal ZET innovation investment across DOE and DOT**, including RD&D on vehicle technologies, infrastructure, manufacturing process barriers, battery recycling/secondary use,¹⁶ and ZET data and analysis.
- Reauthorize **Section 131 of Energy Independence and Security Act of 2007**, calling on DOE to focus on areas of critical ZET and infrastructure RD&D need.¹⁷
- Reauthorize the **DOE Super Truck** program and support industry engagement through **DOE’s 21st Century Truck Partnership**, including local-, regional-, as well as long-haul ZET applications.¹⁸

⁹ [26 U.S. Code §48C](#). See Section 90441 of [H.R. 2, “Moving Forward Act.”](#) Other efforts to revive the program are underway in the Senate.

¹⁰ See “Securing America’s Clean Fuels Infrastructure Act” [summary](#).

¹¹ For example, Section 33332 of [H.R. 2, “Moving Forward Act.”](#) and Section 6502 of [H.R. 4447, “Clean Economy Jobs and Innovation Act.”](#) direct DOE to offer rebates for qualifying EV infrastructure and eligible equipment.

¹² [42 U.S. Code §6322](#). See Section 33338 of [H.R. 2, “Moving Forward Act.”](#) Note Section 6508 of [H.R. 4447, “Clean Economy Jobs and Innovation Act.”](#) provides for the inclusion of commercial vehicles in state transportation electrification planning.

¹³ [42 U.S. Code §17011\(b\)](#). Note Section 6509 of [H.R. 4447, “Clean Economy Jobs and Innovation Act.”](#) directs DOE to provide support for technical assistance to PUCs and utilities for MHDV electrification.

¹⁴ See Section 1402 of [S. 2302, “America’s Transportation Infrastructure Act of 2019.”](#)

¹⁵ See CALSTART’s Drive to Zero program strategy at <https://globaldrivetozero.org/about/program/>.

¹⁶ For example, [H.R. 8232, “BATTERY Act of 2020.”](#) directs DOE to conduct RD&D on battery recycling/reuse.

¹⁷ [42 U.S. Code §17011\(b\)](#). Note Section 6509 of [H.R. 4447, “Clean Economy Jobs and Innovation Act.”](#) directs DOE to consider ZE MHD infrastructure, MHD smart charging management and refueling, MHD battery recycling and secondary use. Further, note Section 33339 of [H.R. 2, “Moving Forward Act.”](#) reauthorizes parts of this section to include broader MHDV electrification focus.

¹⁸ See [S. 1085/H.R. 2170](#), the “Vehicle Innovation Act of 2019,” currently introduced in Congress, which would reauthorize key DOE RD&D MHDV programs.

Taken together, federal action to advance these policies can help position the United States as a continued leader in the zero-emission truck industry, even in turbulent economic times. These investments will spur manufacturing production and support trucking industry jobs, will drive industry competitiveness, and will build the infrastructure of the future to support ZETs on roads all across America. They will also help the United States recover well from a historic economic downturn, seize the opportunity to address the climate threat, and prepare the U.S. freight system for the vehicles and technologies that will move American goods in the years to come.

Thank you for your consideration of these recommendations. If you have any questions, do not hesitate to have your staff contact Kyle Winslow, Federal Policy Director, CALSTART, at kwinslow@calstart.org or (202) 815-3143.

Sincerely,

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Roush CleanTech
San Diego Gas & Electric
Scale Microgrid Solutions
solutionLAB, Inc
South Coast Air Quality Management District
Southern California Edison
Stark Area Regional Transit Authority
Viatec, Inc.
Volvo Trucks North America

cc: The Honorable Richard Neal, Chairman, House Committee on Ways and Means
The Honorable Kevin Brady, Ranking Member, House Committee on Ways and Means
The Honorable Chuck Grassley, Chairman, Senate Committee on Finance
The Honorable Ron Wyden, Ranking Member, Senate Committee on Finance
The Honorable Frank Pallone, Jr., Chairman, House Committee on Energy and Commerce
The Honorable Greg Walden, Ranking Member, House Committee on Energy and Commerce
The Honorable Lisa Murkowski, Chairman, Senate Committee on Energy and Natural Resources
The Honorable Joe Manchin, Ranking Member, Senate Committee on Energy and Natural
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The Honorable John Barrasso, Chairman, Senate Committee on Environment and Public Works
The Honorable Thomas Carper, Ranking Member, Senate Committee on Environment and Public
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