



**Josh Grodin**

Vice President – Government Affairs

August 28, 2023

Lynne Cayting  
Maine, Department of Environmental Protection  
17 State House Station  
Augusta, ME 04333-0017

**RE: Comments on Proposed Chapter 128: Advanced Clean Trucks Program**

Dear Ms. Cayting:

Thank you for the opportunity to provide comments on the Maine Department of Environmental Protection's (DEP's) draft language for the proposed adoption of Chapter 128: Advanced Clean Trucks Program. Penske Truck Leasing Co., L.P. ("Penske") is a nationwide leader in low-emission transportation and has made a company-wide commitment to a comprehensive transition to zero emission vehicles, and we share DEP's greenhouse gas reduction goals and federal air quality objectives.

Our commitment to zero emission transportation technology is reflected by our investments over the last five years in numerous medium- and heavy-duty electrification demonstration and deployment projects. As a rental and leasing company, Penske understands we play a unique role in accelerating the greater adoption of zero-emission vehicles by enabling fleets to test, iterate, and ultimately adopt zero-emissions in collaboration with an experienced partner. Our projects have afforded Penske invaluable insight into the collaborations necessary for success, including working with agencies such as the California Air Resources Board (CARB), national utilities, major vehicle manufacturers, charging infrastructure manufacturers and developers, battery providers, and customers in the deployment and operation of new battery-electric transportation services across the entire supply chain.

We believe there are very few, if any, large transportation providers doing more than Penske to advance zero emission and infrastructure technology. Penske currently operates one of the largest commercial fleets of medium- and heavy-duty zero emission vehicles (ZEVs) in the United States with battery electric powered trucks from multiple OEMs, including Freightliner, Volvo, Navistar, Ford, Roush, Kalmar, Orange EV, and many others. Many of these ZEVs which operate nationally, are fully equipped with medium- and heavy-duty EV charging infrastructure. In addition to our current sites, we are now in the planning and development stages to equip most of our owned sites throughout the country with charging equipment that will allow us to advance our shared zero-emission goals.

Penske's growing familiarity with ZEVs, coupled with our comprehensive and incomparable understanding of charging infrastructure and real-world commercial fleet applications, uniquely positions us to be a resource for DEP. Our front-line experience on the availability, use, and application of ZEV's, and allows us to serve as a partner in DEP's efforts to draft, adopt and implement a successful Advanced Clean Trucks (ACT) and any future zero-emission fleet regulations.

On behalf of the entire Penske team, we want to thank DEP and your staff for the time to hear our concerns and find a way forward that both addresses real-world concerns while also achieving critical zero-emission progress.

**Recently, the State of Maine released draft language for Chapter 128: Advanced Clean Trucks Program, proposing the incorporation of CARB's Advanced Clean Truck (ACT) ruling. Based on our experiences navigating similar rulings for the states of California, Oregon, New York, New Jersey, and Washington, Penske offers the following comments for consideration as your agencies implement this new requirement.**

## **Future Zero-Emission Fleet Regulations**

The ACT regulation is a first step in enabling a transition to zero-emissions across the commercial fleet sector. As the State of Maine examines the best pathways to zero for its industries, Penske is appreciative of the opportunity to share its experience to help the state more effectively meet its goals and objectives. The following information provides background on the short-term rental market and zero-emission economics that affect near-term opportunities for electrification.

### **Short Term Rental Vehicles**

Short-term rental and leasing companies play distinct and critical roles in the trucking, logistics, and freight movement industries throughout Maine and the U.S. Truck rental and leasing is especially important in the mass commercialization of new truck technologies, including "try before you buy" strategies, provision of unfamiliar maintenance services, delivery of unconventional fueling or charging capabilities, and arrangement of much needed financial flexibility. Penske's customers have depended and will continue to depend on our well-established expertise to try, assess, and ultimately minimize their risk as they move to adopt zero-emission technology.

Short-term rental vehicle owners have a unique inability to control actual utilization of their vehicles into and throughout the state of Maine. These interstate operations entries are not coordinated or managed as part of a fleet utilization strategy but instead end up in various states due to temporary customer decisions and not owner decisions.

Rental trucks are fundamentally temporary transportation assets that are utilized by multiple customers throughout the year. Flexible fleet access serves a critical economic role for small businesses that do not specialize in transportation, enabling businesses to add extra capacity during peak seasons, manage growth in an uncertain market, and replace trucks at a moment's notice. These rental vehicles may be owned by a single entity, i.e., a rental or leasing company, but the vehicles have no single operator, no designated single routes, and no single home facility. These variabilities are the reason why rental vehicles' operational profile does not meet the basic standards for near-term electrification.

As the state of Maine determines how to account for short-term rentals in its zero-emission transition, Penske hopes this background provides a better understanding of the realities and limitations of operational control for rental owners will impact how these vehicles are reported, registered, and regulated for the transition to zero-emissions.

### **Counting Compliance for Vehicles Funded by Grants**

Clean vehicles still carry very significant economic risk for fleets as the technology has not yet reached a stage of maturity and reliability. Penske has been fortunate enough to work with funding agencies across the U.S. to secure funding to support our early demonstrations and vehicle deployments. Grants have been essential to helping to reduce that upfront capital risk for us and many of our customers who have had opportunities to deploy these units through our partnership.

Grant funding is becoming harder and harder for fleets to access at a time when they need it more than ever. The cost of battery electric yard trucks, for example, remains 2-3x the cost of the diesel version—for the vehicle alone. This does not even consider the cost and complexity of adding charging infrastructure. The Advanced Clean Truck regulation is pushing the manufacturers to bring more of these products into market which will hopefully reduce this cost differential sometime soon, but we are simply not yet there.

Penske's average customer is the small fleet—the company with less than a dozen trucks—and the increasingly stringent grant funding requirements that frequently prohibits leasing prevent many of our customers from accessing these trucks. We all collectively—the vehicle manufacturers and charging industry as well as regulatory bodies—need to understand that this is very nascent technology that still needs support, testing, and early deployments. We should be finding ways to reduce barriers to fleets to adopt these technologies and not create new ones.

While we recognize that state agencies do not like to "pay for compliance" as a common practice, we recommend that Maine consider parting with precedent for the monumental shift we are asking of fleets as they transition to zero-emissions. Allowing time and support for vehicles acquired with public funds to be counted towards compliance in the early years of a regulation allows fleets to better test, iterate, and adopt zero-emissions at scale.

## **Conclusion**

Penske is appreciative of the opportunity to comment on DEP's proposed adoption of regulations to control emissions from new cars and trucks. We deeply resonate and align with the state's goals and objectives and hope that we can be a source of value as these regulations are adopted. Penske has and will continue to partner with state regulators, local agencies, and fleets throughout the U.S. to implement zero-emission truck projects. We believe our experience will support Maine's goals by enabling more rapid rollouts of ZEVs via lower-risk leasing, maintenance, outsourcing, and charging efforts. These market-leading efforts will also help define and refine secondary market pathways, residual value calculations, and long-term maintenance planning. We will follow up with staff directly to share our experiences around technology, infrastructure, operations, and reporting to help support an efficient and effective transition to ZEVs in Maine.

Thank you for this opportunity to contribute to the development of a successful Advanced Clean Truck and future zero-emission rules. We look forward to engaging with Maine's DEP on the issues raised herein.

Sincerely,



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