

Date of Hearing: June 17, 2024

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

SB 934 (Gonzalez) – As Amended May 16, 2024

SENATE VOTE: 31-3

SUBJECT: Zero-emission freight infrastructure: interagency coordination: report

SUMMARY: Requires the California Transportation Commission (CTC) and the California Energy Commission (CEC) to jointly convene an interagency Zero-Emission Freight Central Delivery Team (Central Delivery Team) to lead the statewide coordination of zero-emission (ZE) freight infrastructure planning and implementation. Specifically, **this bill:**

- 1) Requires the California Transportation Commission (CTC) and the California Energy Commission (CEC) to jointly convene the Central Delivery Team comprising representatives from various state agencies, including but not limited to the California State Transportation Agency (CalSTA), the Department of Transportation (Caltrans), the California Air Resources Board (CARB), the California Public Utilities Commission (CPUC), and the Governor's Office of Business and Economic Development (GO-Biz).
- 2) Requires the Central Delivery Team to:
 - a) Work with ZE freight infrastructure stakeholders to strategically select specific project locations using a corridor-based approach that prioritizes the top freight corridors identified in the Clean Freight Corridor Efficiency Assessment (the Assessment);
 - b) Coordinate actions between state agencies, utility companies, and other ZE freight infrastructure stakeholders;
 - c) Identify lead entities from regional transportation planning agencies, metropolitan planning organizations, ports, utilities, state agencies, and other ZE freight infrastructure stakeholders that are necessary to build ZE stations quickly;
 - d) Identify available funding sources and public-private partnership models and posting that information on the CTC's internet website; and,
 - e) Developing standardized ZE station development models, including zoning and building permits that can be replicated for each station across a priority freight corridor, based on local municipality guidelines, and posting that information on the CTC's internet website.
- 3) Requires the Central Delivery Team to prepare and submit a report to Legislature, on or before March 1, 2026, and once every five years thereafter, that:
 - a) Describes the actions taken by the Central Delivery Team in the previous five years;
 - b) Identifies best practices regarding ZE freight infrastructure planning and implementation;
 - c) Makes any policy recommendations needed to facilitate the deployment of ZE freight infrastructure; and,
 - d) Includes an assessment of the state's progress towards meeting the number of ZE needed to support ZE freight goals.

EXISTING LAW:

- 1) Requires Caltrans to prepare a state and regional long-range transportation plan every five years (known as the California Transportation Plan (CTP)). The CTP must provide a minimum 20-year forecast of the impacts of advanced and emerging technologies on infrastructure, access and transportation systems, and must further address how the state will achieve maximum feasible emissions reductions and how the plan supports attaining all ambient air quality standards while taking into account alternative fuels and new vehicle technology, among others. (Government Code (GOV) 65070-65074; 23 Code of Federal Regulations 450.200 and 450.214; 23 United States Code (U.S.C.) §135; 49 U.S.C § 5304)
- 2) Requires CalSTA to prepare a state freight plan (also known as the California Freight Mobility Plan (CFMP)), and to establish a freight advisory committee (FAC) that advises CalSTA on freight-related priorities, issues, projects and funding needs and that participates in the development of the CFMP. The FAC includes a public and private sector freight stakeholders, including representatives of ports, shippers, carriers, freight-related associations, the freight industry workforce, the CTC, Caltrans, the CPUC, the State Lands Commission, CARB, regional and local governments, and environmental, safety, and community organizations. (GOV 13978.8)
- 3) Requires the CTC, under SB 671 (Gonzalez), Chapter 769, Statutes of 2021, to prepare a Clean Freight Corridor Efficiency Assessment (the Assessment) by December 1, 2023, to identify priority freight corridors, the infrastructure needed to support the deployment of zero-emission medium and heavy-duty vehicles, and barriers and solutions to their deployment. (GOV 14517(a)(1) and (2))
- 4) Requires the CTC, CARB, and the CEC to incorporate, to the extent feasible and applicable, the Assessment's findings and recommendations into their respective programs and guideline documents related to freight infrastructure and technology. Also requires development of the CTP to incorporate the Assessment's findings and recommendations. (GOV 14517(d) and 65072.5)
- 5) Makes projects that employ advanced and innovative technology to improve the flow of freight, including public infrastructure that enables zero-emission or near-zero emission goods movement, eligible for state revenues deposited into the Trade Corridors Enhancement Account and certain federal funds apportioned to the state from national highway freight programs. (Streets and Highways Code 2192)

FISCAL EFFECT: According to Senate Appropriations Committee, in its analysis of the May 16, 2024, version of the bill:

- “The CTC estimates ongoing costs of approximately \$365,000 annually for 2.0 PY of staff to support the CTC’s role as a joint convener of the Delivery Team, including coordinating with staff from specified state entities and stakeholders, completing the annual reports, and providing administrative support to the Delivery Team. (State Highway Account [SHA] and Public Transportation Account)
- The CEC estimates ongoing costs of approximately \$360,000 annually for 2.0 PY of staff for participation on the Delivery Team (\$169,000 and 1.0 PY from the Alternative and Renewable Fuel and Vehicle Technology Fund [ARFVTF] and \$191,000 and 1.0 PY from

the Energy Resources Program Account (ERPA) to coordinate with other agencies and compile the annual report. CEC staff would perform ongoing tasks to collect, manage, and analyze data needed for assessments, and conduct additional analysis of the electricity distribution grid as markets grow.

- CARB estimates ongoing costs of approximately \$232,000 annually for 1.0 PY of staff for participation on the Delivery Team, including generation of standardized zero-emission station development models, measuring and evaluating metrics for community access and air quality benefits, implementing lessons from light-duty infrastructure placements, and developing online resources for identifying zero-emission station funding. (Air Pollution Control Fund)
- Staff estimates the Caltrans would incur additional staffing costs, potentially in the low hundreds of thousands of dollars, to participate in an advisory role on the Delivery Team. (SHA)
- Staff estimates minor ongoing costs of less than \$100,000 each would be incurred by the CalSTA, PUC, and GO-Biz to participate on the interagency Delivery Team. (SHA, PUC Transportation Reimbursement Account, and General Fund, respectively).”

COMMENTS: According to GO-Biz, more than 40% of the total containerized cargo entering the U.S. arrives through California ports, and nearly 30% of the nation’s exports exit our ports. As further noted by CalSTA in CFMP, trucking is the most commonly used mode for California’s freight transportation and trucks transport almost all freight and services during some point within the supply chain. For this reason, the trucking industry is one of California’s most valuable freight assets, particularly for the “first and last mile” of a trip. At the same time, early 40% of California's greenhouse (GHG) emissions are generated by the transportation sector, approximately a quarter of which are attributable medium- and heavy-duty (MHD) vehicles. According to CARB’s 2022 Scoping Plan, the transportation sector accounted for over 80% of statewide NO_x emissions and 30% of fine particulate matter emissions, as well.

The state offers incentives for purchase of ZE MHD trucks and buses, and for the development of supporting infrastructure. For example, since 2010, CARB has offered purchase offset incentives under the Hybrid and Zero-emission Truck and Bus Voucher Incentive Project (HVIP) to stimulate the MHD zero-emission vehicle (ZEV) market and to reward entities for voluntary reductions in their carbon footprints. Similarly, on the infrastructure side, the CEC has offered funds for electric charging and hydrogen fueling stations under its Clean Transportation Program (since 2008). More specifically for MHD ZEVs, the CEC provides grants through its EnergIIZE (Energy Infrastructure Incentives for Zero-Emission) Commercial Vehicles Program to support commercial vehicle fleet infrastructure, starting in 2023.

Despite these efforts, the number of MHD ZEVs on the road remains relatively low and the development of supporting MHD infrastructure is lagging behind that of light-duty passenger ZEVs. For example, in its online dashboard of the 2023 MHD ZEV Population, the CEC data reports only 853 trucks and 869 delivery vans. The same dashboard reports the number of publicly accessible MHD ZEV charging or fueling stations (still in beta version), showing an estimated 10,286 positions amassed across an apparent 81 discrete stations (54 charging, 21 fueling, and six both charging/fueling).

In recent years, the state has promulgated regulations to drive MHD ZEV adoption. Of particular relevance to freight trucks, CARB adopted the Advanced Clean Fleets (ACF) regulation, effective Jan 1, 2024, which sets zero-emission purchase requirements for certain fleets of MHD vehicles, including drayage trucks and commercial (“high priority”) fleets meeting certain minimum gross annual revenue (\$50 million) or fleet size (50 vehicles Class 2b or higher). A parallel regulation, the Advanced Clean Truck (ACT) regulation, requires manufacturers to sell increasing percentages of MHD vehicles in California over time to match the expected demand induced by ACF. Nonetheless, the transition to ZE freight has been stymied by insufficient charging and fueling infrastructure, and the slow development and construction of new infrastructure along major freight routes.

In 2021, SB 671 (Gonzalez), Chapter 769, Statutes of 2021 required the CTC to develop a Clean Freight Corridor Efficiency Assessment to identify freight corridors and infrastructure needed to support the deployment of zero-emission medium- and heavy-duty vehicles, and to provide recommended solutions to address the same barriers. SB 671 required the CTC, the CEC and CARB to incorporate the Assessment’s findings and recommendations into their programs and guidelines, to the extent feasible and applicable.

The CTC submitted the Assessment to the Legislature on December 6, 2023 and, in it, identified three major barriers to achieving zero emission freight:

- a) *Timing and sequencing of corridor station development* – Current charging station development processes, including permitting, pre-construction, construction and electric grid upgrades, are time consuming, ranging from between six years to more than eight years on average per station. Significant grid infrastructure upgrades can take up to ten or more years.
- b) *Economic viability of the transition for fleet owners* – The transition to MHD ZEVs, which includes the associated infrastructure development, could negatively impact fleet owners due to time and fiscal constraints.
- c) *Complex stakeholder ecosystem* – The MHD ZEV transition will require the coordination of many different regulators such as local permitting agencies, regional transportation planning agencies, metropolitan planning organizations, the CPUC, and the CEC, as well as trucking companies, charging companies, utilities, ports, shippers, and other regional and local interest groups.

The report identified solutions for each barrier. Specifically, it recommended creation of standardized development models replicable across large swaths of freight corridors, subject to local permitting requirements. With respect to economic viability, the Assessment recommended allocating public funds to support the build out of an initial network of MHD charging stations, both electric and hydrogen, and creating a new MHD ZEV incentive program.

To address the third major barrier, the Assessment recommended the creation of a Central Delivery Team, concluding that it may not be possible to build the initial viable network in time to support fleets complying with the CARB’s ACF deadlines unless the state and all stakeholders work together to shorten the current station development process. The Assessment views the Central Delivery Team as necessary to coordinate and manage the many regulatory agencies that have a role in charging/refueling station siting and deployment.

According to the author, “a major impediment to the successful transition to medium- and heavy-duty ZEVs is the lack of charging and refueling infrastructure. This is why the California Transportation Commission’s Clean Freight Corridor Assessment recommended the creation of a state-level entity to facilitate the infrastructure build out needed to meet the state’s climate goals and regulations. Senate Bill 934 builds off this recommendation by creating a Central Delivery Team for Freight Zero-Emission Vehicles at the California Energy Commission and California Transportation Commission to lead the deployment of ZEV infrastructure for freight vehicles.”

Writing in support, the California Trucking Association states, “SB 934 builds off the recommendations of the SB 671 Assessment by creating a Central Delivery Team ... to facilitate the build-out of freight ZEV infrastructure by strategically selecting project locations; identifying available funding sources and coordinating actions among state agencies, utilities, and stakeholders.

Committee comments: This bill enacts a recommendation by the CTC’s SB 671 Assessment to create a Central Delivery Team to facilitate ZE freight infrastructure development, and also requires the Delivery Team to submit a report to the Legislature, on a recurring five-year basis. The CTC and CEC would jointly lead the Central Delivery Team.

The author may wish to amend the bill to designate CalSTA, in place of the CTC, as a co-lead agency with the CEC for the Central Delivery Team. Under existing law, CalSTA currently convenes the Freight Advisory Committee (FAC), with a similar panel of state agencies, and external stakeholders, to advise CalSTA on freight-related issues and to participate in updates to California’s Freight Mobility Plan once every five years. The Central Delivery Team’s report would be based on input from similar stakeholders. As the CTC and Caltrans are subordinate to CalSTA within the transportation organizational chart, CalSTA may be more suited to convene the Central Delivery Team with the CEC.

Nominally, the Central Delivery Team would be an interagency and stakeholder collaboration that differs from other existing interagency collaborations and other assemblies of freight stakeholders in its specific focus on development of ZEV freight infrastructure. Importantly, the Central Delivery Team would have the responsibility to prioritize and coordinate sites for infrastructure. Arguably, the role and responsibilities of the Central Delivery Team may overlap with those of other interagency collaborations and stakeholder assemblies. For example, a number of agency-specific and cross-agency programs already offer information and funding for ZEV infrastructure and deployment (*e.g.*, GO-Biz’s EV and hydrogen station permitting guidebooks; CARB and the CEC’s joint reports for tracking charging and fueling infrastructure; the CEC and Caltrans for federal fund allocation from the National Electric Vehicle Infrastructure (NEVI) program). There are also existing and planned cross-collaborative freight-related stakeholder assemblies, including the aforementioned FAC and the Governor’s Infrastructure Strike Team mandated under Executive Order N-8-23 (May 19, 2023). However, it is not clear how the Central Delivery Team will otherwise interface with other freight- or infrastructure-focused assemblies and whether it will complement or duplicate their parallel efforts.

Critically, the Central Delivery Team would have no authority beyond the individual authority of each member agency, representatives from utilities, and stakeholders. As noted above, SB 671 requires the CTC, the CEC and CARB to incorporate the Assessment’s recommendations into

their respective programs guideline documents to the extent feasible and applicable. Because the Assessment was only recently published in December 2023, the status of incorporation of the Assessment's recommendations is unknown and likely still in development.

As acknowledged in Senate Transportation Committee's analysis of the bill, "Establishing a Delivery Team is an important step towards achieving the state's ZEV freight goals. Recognizing that the Delivery Team has no authority to direct the actions of any of the many state and local entities involved in the permitting and deployment of ZEV infrastructure, the success of the Delivery Team will be dependent on its energy and ideas and the support it receives from the Governor. While the Delivery Team can convene and cajole the parties, only the Chief Executive has the weight to push the many regulators and interest groups to cooperate and coordinate at the pace necessary to achieve the MHD ZEV transition in a timely way."

With respect to the timeliness, the committee notes that an earlier version of this bill required *annual* reporting by the Central Delivery Team, but in its current version requires reporting only *once every five years*. The state has set ambitious goals to reduce GHG emissions by 2045, and more specifically has established regulations requiring transition of drayage trucks to ZE by 2035 and other high priority fleets by 2042. Rather than a report submitted every five years, which may provide limited value and outdated recommendations, *the author may wish to require a more frequent report that is published on CalSTA's or the CEC's internet website for more timely dissemination of information and guidance. The author may also wish to amend the bill to include requisite intervals for the convening of the Delivery Team to promote a regular cycle of agency-stakeholder interaction and feedback.*

Double Referral: This bill is double referred to the Assembly Committee on Utilities and Energy, and will be heard by that Committee as it relates to issues under its jurisdiction.

Related Legislation: SB 671 (Gonzalez), Chapter 769, Statutes of 2021 requires the CTC to conduct a Clean Freight Corridor Efficiency Assessment.

SB 643 (Archuleta), Chapter 646, Statutes of 2021 requires the CEC, in consultation with CARB and the CPUC to prepare a statewide assessment, once every three years until 2030, of refueling infrastructure and clean hydrogen fuel production to support of MHD hydrogen fuel cell electric vehicle adoption.

AB 2127 (Ting), Chapter 365 of 2018 requires the CEC, working with CARB and CPUC, to prepare and biennially update a statewide assessment of the electric vehicle charging infrastructure needed to support the levels of electric vehicle adoption required for the state to meet its goals of putting at least 5 million zero-emission vehicles on California roads by 2030 and of reducing emissions of GHGs to 40% below 1990 levels by 2030.

AB 14 (Lowenthal) Chapter 223, Statutes of 2013 requires CalSTA to establish a freight advisory committee (FAC) and directs CalSTA, with involvement of the FAC, to create a Freight Mobility Plan (CFMP), to be updated every five years. The CFMP summarizes the ongoing state of freight in California, and makes recommendations on further investments in freight mobility.

REGISTERED SUPPORT / OPPOSITION:

Support

California Environmental Voters
California Transportation Commission
Chargepoint
Cleaneart4kids.org
Pacific Merchant Shipping Association
Union of Concerned Scientists

Opposition

None on file

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