

To the Members of the California Air Resources Board,

We are investors with over \$237 billion in assets under management and advisement. We believe that addressing climate change and reducing greenhouse gases (GHGs) is essential to safeguarding our investments. We write today to express our support for a more ambitious Advanced Clean Truck (ACT) rule as an essential climate policy. The sales goals of the current proposed ACT rule are not sufficiently high enough to shift the sector at the pace and scale needed to meet the climate challenge. As such, we **urge you to increase the annual and final vehicle sales requirements such that the rule results in 15% of all trucks on the road in California being zero emission by 2030.**

As investors with significant exposure to companies across all sectors, we strongly believe that bold action on climate is fundamental to enabling a stable and productive economy. The transportation sector is the largest emitting sector in the United States, responsible for 29% of GHGs in 2017.<sup>1</sup> In California, transportation is responsible for over 50% of GHGs when counting upstream emissions from petroleum refining and oil production.<sup>2</sup> We see an ambitious ACT rule that accelerates the deployment of medium and heavy-duty electric trucks as crucial for allowing corporations to mitigate the risks posed by climate change, secure competitive advantage, and respond to new opportunities for innovation and cost savings.

An ambitious ACT rule will be essential for meeting California's target of 80% GHG reductions by 2050 and will have global implications. The recent Intergovernmental Panel on Climate Change's Special Report calls for net zero GHG emissions by 2050 if we are to limit warming to below 1.5°C. The ACT rule will set a policy model for the country and will drive the decarbonization of the broader truck market by requiring the development of supply chains and economies of scale. Given the potential impact of this rule and the vanishing window for avoiding the worst impacts of climate change, we support a rule that maximizes sales of zero emission trucks that are already or will soon be more cost effective over the life of the vehicle.

An ambitious ACT rule will help mitigate the economic risks of climate change and position California, businesses in the state, and truck manufacturers to compete in a world that is shifting towards cleaner vehicles. A global policy shift is already well underway: China, the world's largest auto market, is planning to require that 60% of all autos sold in 2035 be new energy vehicles, a number of other countries and subnational actors have set similar sales goals or have plans to ban vehicles with traditional internal combustion engines (ICE) before mid-century. A stronger ACT rule is feasible and could be met largely through sales of the many electric trucks that are currently or will soon be more cost-effective than ICE alternatives.<sup>3</sup>

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<sup>1</sup>EPA. 2017. Sources of Greenhouse Gas Emissions. <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

<sup>2</sup> California Air Resources Board. California Greenhouse Gas Emissions for 2000 to 2017. [https://ww3.arb.ca.gov/cc/inventory/pubs/reports/2000\\_2016/ghg\\_inventory\\_trends\\_00-16.pdf](https://ww3.arb.ca.gov/cc/inventory/pubs/reports/2000_2016/ghg_inventory_trends_00-16.pdf)

<sup>3</sup>Energy Technologies Area. September 2019. Working Paper 005: Long-haul battery electric trucks are technically feasible and economically compelling. <https://eta.lbl.gov/publications/working-paper-005-long-haul-battery>  
International Council on Clean Transportation. September, 2017. Transitioning to Zero-Emission Heavy-Duty Freight Vehicles. [https://theicct.org/sites/default/files/publications/Zero-emission-freight-trucks\\_ICCT-white-paper\\_26092017\\_vF.pdf](https://theicct.org/sites/default/files/publications/Zero-emission-freight-trucks_ICCT-white-paper_26092017_vF.pdf)  
Research and Markets. February 2019. TCO Analysis and Case for Electric Trucks in North America, 2017 - 2030. [https://www.researchandmarkets.com/research/j5433r/north\\_america?w=4](https://www.researchandmarkets.com/research/j5433r/north_america?w=4)

Recognizing this, many corporations are already making significant investments in electric trucks and more have set ambitious goals around fleet electrification - from Amazon, FedEx and UPS to IKEA, PepsiCo and Anheuser-Busch InBev. Ambitious sales requirements will feed commercial demand and improve the business case for electric trucks, allowing truck manufacturers and companies to capture savings from economies of scale. Encouraging early adoption through sales requirements will put California fleets at an advantage. Leadership in electrification will be key to staying competitive in this new era. As the market-shifting impact of this rule spreads beyond California to other parts of the country, it will generate further GHG reductions and transportation cost savings that will help safeguard our domestic investments.

Increasing the ambition of the ACT to result in 15% of trucks on the road in California being zero emission by 2030 will send a clear, long-term market signal across value chains. We urge you to strengthen the rule and set a policy model for addressing climate risks and realizing the economic value of tackling the GHG emissions from medium- and heavy-duty vehicles.

Thank you for your time and consideration.

Sincerely,

As You Sow  
Capricorn LLC  
Domini Impact Investments LLC  
Hannon Armstrong  
Macroclimate LLC  
New York State Comptroller  
Seventh Generation Interfaith Coalition for Responsible Investment  
Sisters of St. Dominic of Caldwell NJ  
Trillium Asset Management