

California Dreamin'

Overview of the Advanced Clean Truck,
Advanced Clean Fleet & Omnibus Regulations



NICOLE RICE

PRESIDENT

California Renewable Transportation Alliance



RYAN KENNY

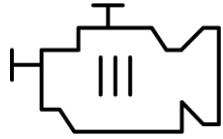
POLICY DIRECTOR, WESTERN U.S.

Clean Energy



Who do these regulations impact?

Engine Manufacturers



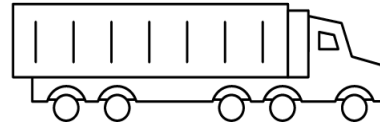
CARB Omnibus

Sets emissions standards that new engines must meet, starting in 2024 for California and opt-in states.

EPA Heavy Duty Low NOx

Sets emissions standards that new engines must meet, starting in 2027 for the US.

Vehicle Manufacturers/Dealers



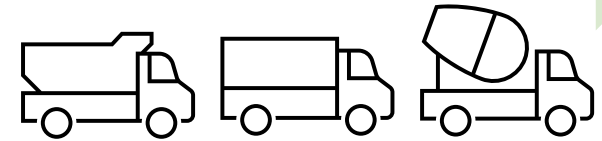
Advanced Clean Trucks

Vehicle Manufacturers must produce AND SELL a certain percentage of ZEV each year beginning in 2024.

Phase 3 Greenhouse Gas

Vehicle Manufacturers must meet a CO₂ average for all vehicles sold beginning in 2027.

Fleets/End Users



Advanced Clean Fleets

Fleets must purchase a given amount of ZEV starting in 2024 ~OR~ meet ZEV milestone thresholds with their fleet starting in 2025.

Heavy Duty Inspection & Maintenance (Clean Truck Check)

Engine Manufacturers must sell engines that meet these requirements to vehicle manufacturers. This includes a limited number of legacy engines.

Vehicle Manufacturers must sell an increasing percentage of ZEVs each year.

Fleets must follow ACF ZEV purchase requirements ~OR~ ACF ZEV fleet percentage requirements.

ACT: ZEV Sales Percentage Schedule – By Model Year

Group	Class 2b-3	Class 4-8	Class 7-8 (Tractors)
2024	5%	9%	5%
2025	7%	11%	7%
2026	10%	13%	10%
2027	15%	20%	15%
2028	20%	30%	20%
2029	25%	40%	25%
2030	30%	50%	30%
2031	35%	55%	35%
2032	40%	60%	40%
2033	45%	65%	40%
2034	50%	70%	40%
2035	55%	75%	40%
2036*	100%	100%	100%

* ACF Adopted Requirement

ACF: ZEV Milestones Option Compliance Schedule

Veh % that must be zero-emission	10%	25%	50%	75%	100%
Milestone Group 1: Box trucks, vans, buses with two axles, yard tractors, light-duty package delivery vehicles	2025	2028	2031	2033	2035 and beyond
Milestone Group 2: Work trucks, day cab tractors, buses with three axles	2027	2030	2033	2036	2039 and beyond
Milestone Group 3: Sleeper cab tractors and specialty vehicles	2030	2033	2036	2039	2042 and beyond

Clean Truck Partnership – July 2023



Office of Governor
GAVIN NEWSOM

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California, Truck Manufacturers Strike Agreement on Zero-Emission Transition

Published: Jul 06, 2023

WHAT YOU NEED TO KNOW: Truck manufacturers commit to California's first-in-the-nation ZEV truck standards, a historic agreement that will drastically cut pollution. This follows California's climate leadership of transitioning vehicles away from fossil fuels, the biggest source of air pollution, to 100% zero-emission.

SACRAMENTO – California announced a partnership today with the nation's top truck manufacturers that advances the development of zero-emission vehicles (ZEVs) for the commercial trucking industry, putting the state on track to meet our world-leading climate goals and protecting the health of front line communities impacted most by trucking pollution.

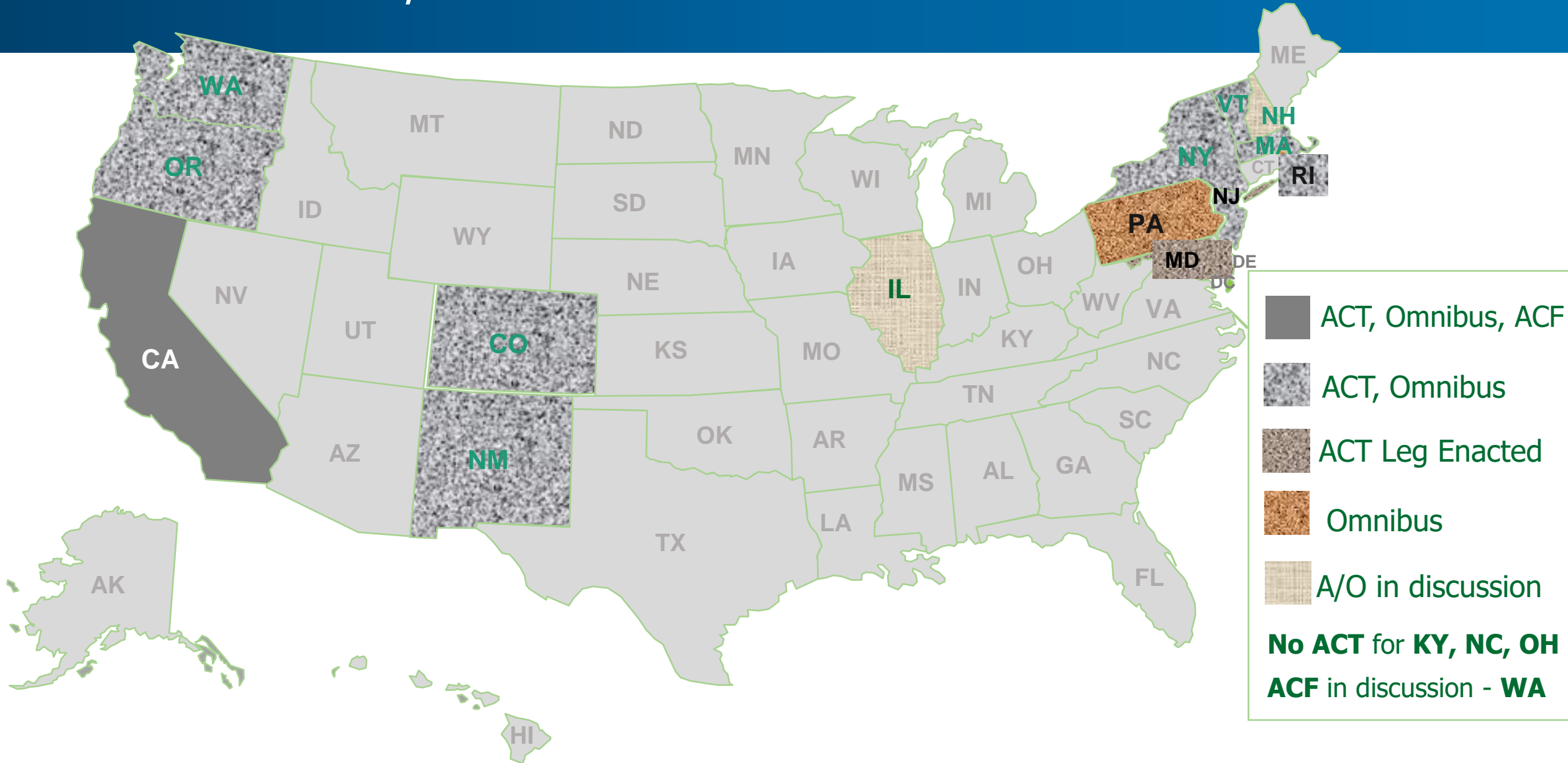
The agreement reached between the California Air Resources Board (CARB) and the Truck and [Engine Manufacturers Association \(EMA\)](#) and its commercial engine and vehicle members and Ford Motor Company includes a commitment from the companies to meet California's ZEV standards: 100% clean truck sales by 2036. The agreement also includes stipulations regarding



Clean Truck Partnership – Key Provisions

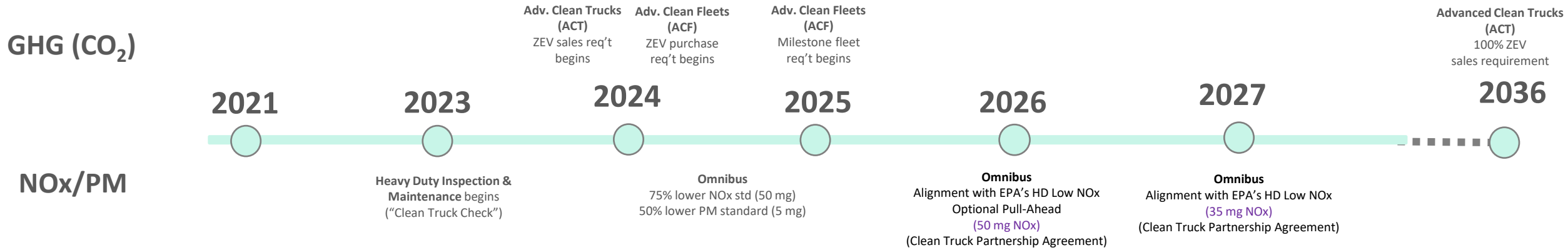
- ☑ CARB will adopt EPA's 0.035g/bhp-hr NO_x standard for MY2027, resulting in a single national emission standard
- ☑ CARB will provide compliance flexibility for Omnibus & ACT
- ☑ CARB will allow more “legacy engines” to be sold in California for MY 2024-2026
- ☑ CARB agrees not to enforce CA emission standard on MY 2024-25 purchases made by out of state fleets
- ☑ CARB agrees to provide four years lead time and three years stability in future rulemakings
- ☑ OEMs agree not to legally challenge or support other legal challenges to Omnibus or ACT
- ☑ OEMs agree to limit advocacy in Section 177 states

ACT, Omnibus & ACF Rules

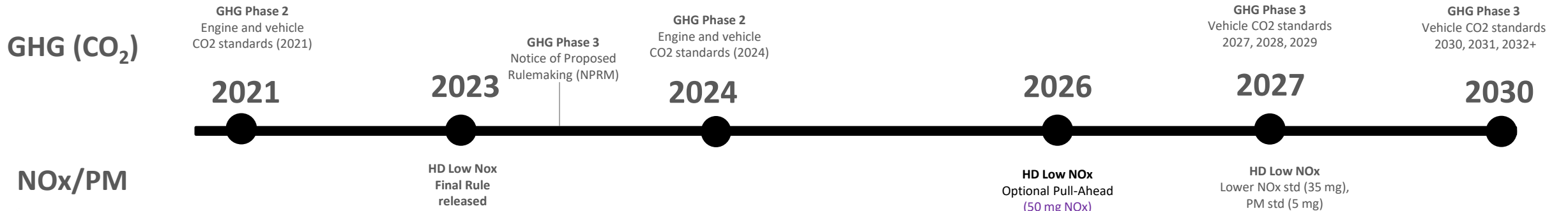


Emissions Regulation Timeline

CARB Regulatory Timeline



EPA Regulatory Timeline



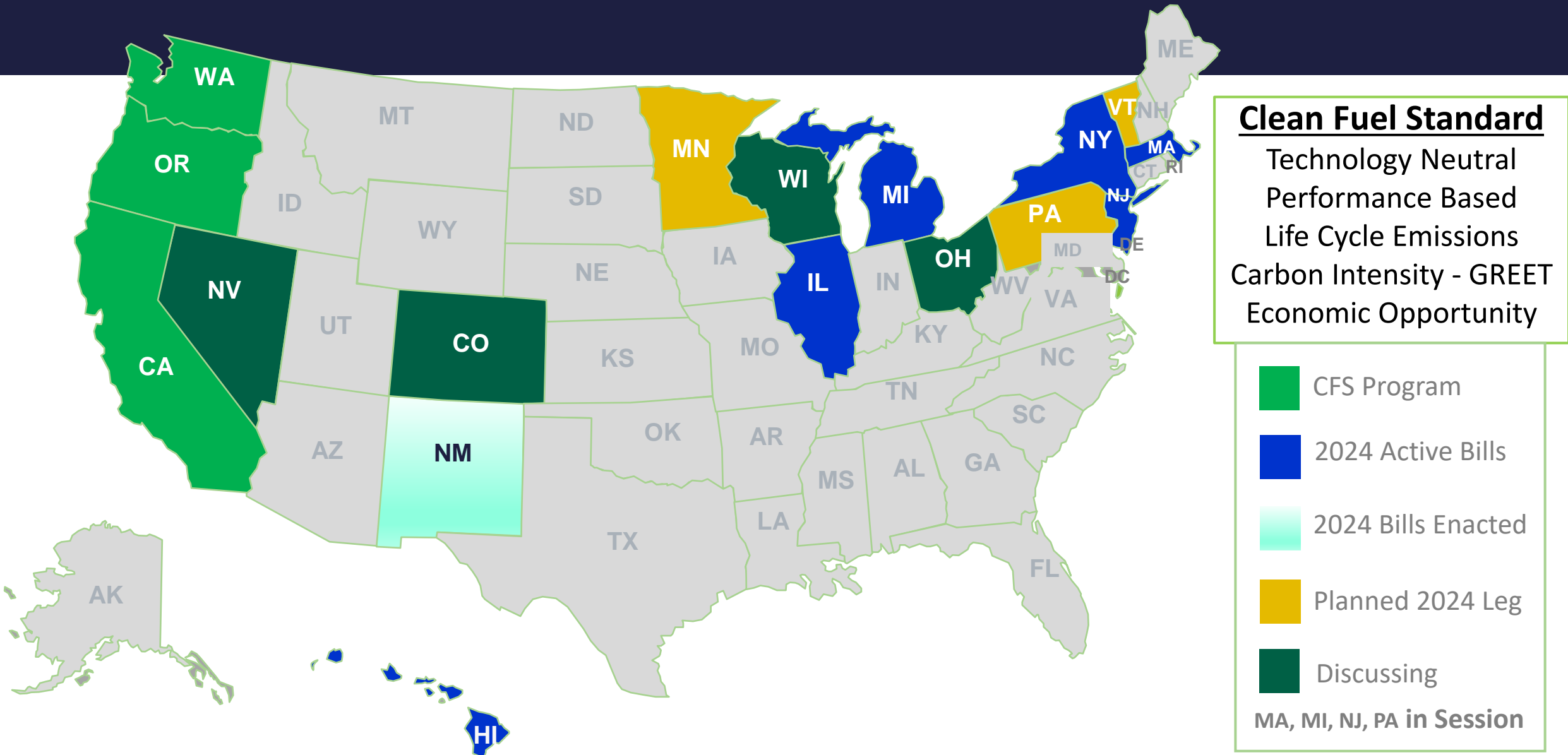
THANK YOU

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2024 State Clean Fuel Standards & Potential



Clean Fuel Standard Key Points & Concerns

- *A CFS program remains the best life cycle emissions reduction tool that puts all fuels on a level playing field and where RNG and H2 perform well*
- Few incentive bills are being enacted for any gaseous fuels
 - Many states are having budget problems
 - The economy has slowed
 - Federal funding (BIL, IRA) is still available
 - Legislators are becoming more fiscally conservative as elections draw near
- 8 CFS Bills in 2024 but only 1 has been enacted so far
 - Perception that a CFS program would raise gasoline and diesel prices
 - Viewed as being in the same category as a carbon tax
 - Pushback on RNG from animal waste by environmental groups
 - Perception that any incentives for RNG or H2 fuels will hurt the EV market
 - Anti-Internal Combustion Engine sentiment

NY Key Findings: Support for Climate Policies

- **A clean fuel standard is broadly supported by New York voters.** Majorities of voters across all major demographic and geographic subgroups support a clean fuel standard, including more than 80% of Black voters. The only major subgroup to oppose it outright is Republicans, but even then nearly 40% support it and it's much less polarizing than we typically see for other climate policies.
- **Voters see real potential for a clean fuel standard making a positive impact.** Overall, more than 7-in-10 voters believe it will have a substantive impact reducing carbon emissions.
- **Support for a clean fuel standard is stable.** Even after giving arguments from both sides, support is consistently high across demographic and geographic subgroups, and it is less politically polarizing than we typically see from other programs.



NY Key Findings: Views of Electric Vehicles

- **Electric vehicles are popular but voters don't see them as the immediate future.** A majority of New Yorkers would consider owning an EV, but less than half think it is very important the state switches to them.
- **Voters in New York instead want a more gradual transition to EVs.** Most expect internal combustion engine powered vehicles to be sold for at least the next 10-15 years, but in the meantime, voters across the board would rather prioritize using cleaner fuels for the vehicles already on the road rather than a more rapid shift to EVs.





OPAL

FUELS



June 26, 2024

Transport Project Industry Summit

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The ABCs of RNG Greenhouse Gas Accounting Protocol in Transportation

Scope 1, Scope 2 and Scope 3 emissions and Biomass/Biogenic emissions

- Scope 1 direct combustion from assets (mobile and stationary)
- Scope 2 direct electricity (grid or specific CI) usage from assets – **INCLUDES BEVs!**
- Scope 3 from suppliers and customers from products and services
- **Biomass/Biogenic emissions from the combustion of biofuels – outside of Scope 1, 2 and 3**

Biomass CO ₂ Emissions (‘000 tonnes, not included in above totals)				
	2023	2022	% Change (2023/2022)	Base Year (2020)
Mobile Combustion – Biomass CO ₂ (e.g., ethanol, bio-diesel)	891	737	20.9%	470
Stationary Combustion – Biomass CO ₂	0	0	n/a	0
Total Biomass CO₂ (reported separately as per GHG Protocol)	891	737	20.9%	470

Source: Scope 1 - Biomass (mobile)

- [REDACTED] RNG, renewable diesel, renewable gasoline, ethanol and bio-diesel used in [REDACTED] fleet. CH₄ and N₂O are reported in Scope 1 and CO₂ emissions for biomass fuels are reported separately as per the GHG protocol.
- [REDACTED] operations: RNG, renewable diesel, renewable gasoline, ethanol and bio-diesel used in [REDACTED] fleet. CH₄ and N₂O are reported in Scope 1 and CO₂ emissions for biomass fuels are reported separately as per the GHG protocol.
- [REDACTED] RNG, renewable diesel, renewable gasoline, ethanol and bio-diesel used in [REDACTED] fleet. CH₄ and N₂O are reported in Scope 1 and CO₂ emissions for biomass fuels are reported separately as per the GHG protocol.

Why Should My Company Care?

For companies, understanding the impact of RNG and accurately reporting its emissions is crucial for:

- **Regulatory Compliance:** Ensuring compliance with local, national, and international regulations.
- **Sustainability Reporting:** Enhancing transparency and credibility in sustainability reports.
- **Corporate Goals/Investor Relations:** Meeting the growing demands of investors for accurate environmental, social, and governance (ESG) data.
- **Strategic Planning:** Informing strategic decisions regarding energy use and greenhouse gas reduction initiatives.

Regulatory Compliance – Federal, State and International

SEC (reminder this is part of the Executive Branch!) proposed rules being challenged in the courts

Transition Provisions

The final rule was scheduled to become effective May 28, 2024; however, the SEC has voluntarily stayed the rule's effective date pending judicial review. Depending on when the legal challenges are resolved, the mandatory compliance dates noted below may be retained or delayed. For a registrant with a calendar year-end, the mandatory compliance dates are as follows:

	Financial Statement Disclosures and All Other Disclosures Except Material Expenditures and Impacts and GHG Emission Disclosures	Disclosures About Material Expenditures and Impacts ¹¹	Scope 1 and Scope 2 GHG Emission Disclosures ¹²	Assurance on Scope 1 and Scope 2 GHG Emission Disclosures ¹³
Registrant Type	Annual Reports or Registration Statements That Include Financial Statements for the Year Ending December 31:			
Large accelerated filer	2025	2026	2026 ¹⁴	Limited assurance — 2029 Reasonable assurance — 2033
Accelerated filer (excluding SRCs and EGCs)	2026	2027	2028 ¹⁵	Limited assurance — 2031 Reasonable assurance — Not required
Nonaccelerated filer, SRCs, and EGCs	2027	2028	Not required	Not required ¹⁶

California not being satisfied with progress.....

Do you do business in California?

California Senate Bill 253 (SB-253) - Climate Corporate Data Accountability Act – ANY company public or private

Senate Bill 253¹

Climate Corporate Data Accountability Act

Companies Impacted: Private and public US businesses with total annual revenues exceeding \$1,000,000,000 and that do business in California (a “reporting entity”)

Purpose: Inform investors, empower consumers, and activate companies to improve risk management in order to move towards a net-zero carbon economy

Regulator: The California Air Resources Board (CARB)

Compliance Timeline (specific dates to be set by CARB):

- 2026 – Disclose and provide limited assurance over Scope 1 & 2 emissions for the prior fiscal year
- 2027 – Disclose and provide limited assurance over Scope 1 & 2 emissions for the prior fiscal year. Disclose Scope 3 emissions within 180 days of Scope 1 & 2 emissions disclosures (limited assurance on Scope 3 may be required beginning in 2030).
- 2030 – Scope 1 & 2 are subject to reasonable assurance. Scope 3 is subject to limited assurance pending a decision in 2027 by CARB.

Passed Legislation:

CARB to develop and adopt regulations requiring reporting entities to:

- Publicly disclose, in a manner that is easily understandable and accessible, Scope 1, 2 and 3 emissions in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the [Greenhouse Gas Protocol Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard](#)
- Obtain assurance, performed by an independent third-party assurance provider, over the entity’s public disclosure as provided

Practical Expedients:

- State board to ensure that the assurance process minimizes the need for reporting entities to engage multiple assurance providers
- Emissions reporting is structured in a way that minimizes duplication of effort and allows a reporting entity to meet other national and international reporting requirements

Penalties: To not exceed \$500,000 in a reporting year. Penalties assessed on Scope 3 reporting between 2027 and 2030 occur only for nonfiling.

The bill establishes the Climate Accountability and Emissions Disclosure Fund to administer and implement SB-253. Reporting entities will pay a filing fee to this fund.

“Doing Business” in California

This term is defined by the California Franchise Tax Board² and the existing California tax code; however, the bill as-is does not explicitly reference these definitions. To determine the applicability of SB-253, companies should carefully assess whether they meet the definition of “doing business” in California by consulting with their tax and legal advisors.

¹ [SB-253 Climate Corporate Data Accountability Act](#)

² [The State of California Franchise Tax Board](#)

RFS Program Updates and Outlook

Recent Activity: June 2023 final rule, D3 RIN prices, etc.

Factors Influencing Market Stability:

- Federal election
- Rulemaking considerations
- Litigation
- Biogas Regulatory Reform
- SREs, CWCs, and eRINs (oh my)!



Michael Jensen, Senior Counsel / Director of Regulatory Affairs, WM
(and interns)



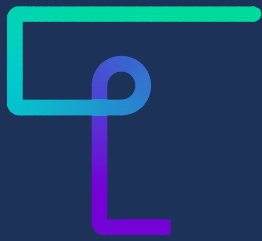
Inflation Reduction Act Tax Credits



Heather Dzieczic
VP of Policy
American Biogas Council

Phase 3 GHG Final Rule

- Final Rule Issued April 22, 2024
- Key issues – stringency of emissions
- Is it a ZEV mandate or not?
- Incentives for zero emission vehicles maintained through 2027
- Tailpipe based
- Does not provide credit for RNG emission benefit or for other biofuels
- Petition for Reconsideration, or Petition for Review in DC Circuit deadline was June 21, 2024



Phase 3 GHG Final Rule 2032 Levels

	CI Light Heavy	CI Medium Heavy	CI Heavy Heavy
GHG Standards (g/ton-mile)	% Change from 2027 Std.	% Change from 2027 Std.	% Change from 2027 Std.
Vocational Vehicles			
Urban	59.95%	39.92%	30.11%
Multi-Purpose	60.00%	40.00%	30.00%
Regional	60.14%	39.91%	30.16%
Optional Custom Chassis: School Bus	39.85%		
Optional Custom Chassis: Transit Bus	30.07%		
Optional Custom Chassis: Refuse Hauler	16.11%		
	Class 7*	Class 8 Daycab	Class 8 Sleeper
Tractors	% Change from 2027 Std.	% Change from 2027 Std.	% Change from 2027 Std.
Low Roof Day Cab	40.0%	40.1%	25%
Mid Roof Day Cab	40.0%	40.0%	25%
High Roof Day Cab	40.0%	40.0%	25%
*Class says all CAB Styles			

Recently Filed EPA Litigation

Light-Duty GHG Challenges:

- The Commonwealth of Kentucky (No. 24-1087)
- State of Texas (No. 24-1100)
- Western States Trucking Association (No. 1158)
- AFPM et. al. (No. 24-1195)
- American Petroleum Institute et. al (No. 24-1196)
- American Free Enterprise Chamber et. al. (No. 24-1197)
- Renewable Fuels Association (24-1206)

Heavy-Duty GHG Challenges (Phase 3):

- State of Nebraska et. al. (No 24-1129)
- Western States Trucking Association and the Construction Industry Air Quality Coalition (No. 24-1157)
- AFPM et. al. (No. 24-1207)
- American Farm Bureau and the American Petroleum Institute et. al (No. 24-1208)
- American Free Enterprise Chamber et. al. (No. 24-1209)
- Clean Fuels Alliance America (No. 24-1210)

Where We Stand... EPA Phase 3

Petition for Reconsideration (filed June 21, 2024)

Petition for Review (filed June 21, 2024)

Basis for petitions

- Relies on incomplete data associated with the pace of compliant technology development and the related costs to fleets to comply;
- Fails to acknowledge and incorporate provisions recognizing the significant emission reduction benefits of renewable biofuels like renewable natural gas (RNG) in reaching key emissions reduction targets; and
- Ignores stakeholder requests and previous EPA commitments to include total life cycle assessment in its actions.