

UPDATES

California Air Resources Board Approves 100% Zero Emission Vehicle Requirements for Truck Manufacturers and Fleets

May 2, 2023

Beginning in 2036, California aims to have all new trucks or vehicles over 8,500 lbs. gross vehicle weight rating (GVWR) be zero emission vehicles (ZEVs). ZEVs include vehicles with an all-electric or hydrogen fuel-cell assembly powertrain. The new rule, called the Advanced Clean Fleet (ACF) regulation, was [approved](#) by the California Air Resources Board (CARB) on April 28, 2023. The regulation states that it applies to covered vehicles operated statewide, which means that the requirements apply regardless of the nonattainment status of the area where the vehicle is operated. The regulation requires certain “high-priority” truck fleets to phase ZEVs into their fleets in increasing numbers, ratcheting up to 100% zero emission fleets by 2045. Last-mile delivery and drayage vehicles must be zero emission even sooner.

Businesses that hire and dispatch fleets will be responsible to verify the compliance of the fleets they hire. Fleet owners and operators should start preparing now, as requirements are scheduled to begin taking effect for drayage fleets in November 2023 and for other regulated fleets on January 1, 2024.

According to [CARB](#), ACF is part of California’s broader transition toward ZEVs within the state and builds on a number of requirements implemented in recent years that are geared toward heavy-duty trucks and transport centers such as warehouses, ports, and intermodal transport hubs.

Beginning January 1, 2024, fleets operating in California that are required to comply with ACF include state and local government fleets, certain high-priority and federal fleets, and drayage fleets (subject to exceptions). Drayage fleets include on-road drayage trucks with a GVWR greater than 26,000 lbs. that operate at California seaports and intermodal railyards. A fleet is considered high priority when a combination of requirements is met. Generally speaking, entities that either 1) have \$50 million or more in total gross annual revenue or 2) own or operate 50 or more vehicles subject to the regulation will qualify when they operate at least one of those vehicles in California.

ACF requires regulated medium- and heavy-duty fleets to convert entirely to ZEVs by 2045, with certain fleet types facing earlier compliance obligations. Specifically, regulated vehicles include those that are operated in California and have a GVWR greater than 8,500 lbs., are light-duty package delivery

vehicles, or are yard tractors. Last-mile package delivery fleets, which specifically include light-duty vehicles, must also meet ZEV conversion requirements. In advance of 100% conversion to ZEVs, regulated entities must phase in ZEVs to their fleets and phase out internal combustion engine (ICE) vehicles.

There are two general methods for complying with the ZEV phase-in requirements:

- *Model Year Schedule.* High-priority fleets may add only ZEVs and must remove ICEs from the fleet after the vehicle's minimum useful life is exceeded, beginning January 1, 2025. The minimum useful life is calculated based on vehicle miles traveled or engine model year.
- *ZEV Milestones Option.* Alternatively, high-priority fleets may follow the "ZEV Fleet Milestones" method of compliance. Fleet vehicles are grouped into "Milestone Groups," where the ZEV component of the fleet must increase over time based on assigned schedules. There are three milestone groups: Group 1 includes many two-axle vehicles such as box trucks and light-duty package delivery vehicles. Group 2 includes day cab tractors, pickup trucks, and other work vehicles. Group 3 includes sleeper cab tractors and specialty vehicles. The most aggressive implementation timeline applies to Group 1, requiring 10% ZEV fleet conversion by 2025 and full ZEV fleet conversion by 2035.

In addition to ZEV fleet conversion requirements, ACF includes other requirements that make its reach even broader in scope:

- *Hiring entities.* Entities that hire or dispatch fleets are also subject to ACF requirements. These include, among other entities, motor carriers, brokers, and entities that hire and operate (or hire and direct the operation of) vehicles subject to the regulation. Before hiring or dispatching regulated vehicles in a fleet — and annually going forward — these entities must verify that the fleet is compliant via the CARB Advanced Clean Fleets webpage or obtain a signed statement that the fleet is not subject to ACF requirements.
- *Manufacturers.* All new vehicles sold in California over 8,500 lbs. GVWR and intended for highway use must be ZEVs beginning with the 2036 model year.
- *Drayage Fleets.* Drayage fleets that are owned and operated in California are subject to different requirements that apply beginning in November 2023, when all drayage trucks must be registered in the CARB Online System. Any drayage trucks newly registered in the CARB Online System beginning January 1, 2024, must be ZEVs; this effectively mandates that all nonlegacy vehicles must be ZEVs after this date. Current non-ZEV drayage trucks must be registered by December 31, 2023, and will be considered "legacy" drayage trucks in the system until the vehicle exceeds its minimum useful life or does not meet certain use requirements, at which time the vehicle will be removed from registration. Only ZEVs may provide drayage service in California beginning in 2035. Third parties may contract only with CARB-registered vehicles and must make certain disclosures to operators, among other requirements.
- Additional requirements apply to all regulated entities, including disclosure, reporting, and recordkeeping requirements. Businesses should closely review ACF requirements with counsel.

Extensions and exemptions are available under specific circumstances, provided that certain reporting and recordkeeping requirements are met, the fleet owner applies for the extension or exemption with

CARB, and CARB approves. Fleet owners may request extensions for delays beyond their control with respect to ZEV fueling infrastructure, site electrification, vehicle delivery delay, or emergency circumstances, among other circumstances.

Overall, ACF demonstrates another big push by California to achieve its climate change goals to remove ICE vehicles within the state and shift to electric, hydrogen, and other non-ICE vehicles. In approving the regulation, CARB aims to transform the fleets of all but the smallest operators within the state. Still, roadblocks to full implementation of the requirements exist. ACF could face litigation challenges based on several legal theories. Nonetheless, ACF's substantial, long-term requirements for regulated entities, and the long research and development lead times needed by businesses to make this dramatic transformation, mean that businesses should become familiar with the requirements and implications for their fleet operations now.

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