

Dear DEQ Staff, Environmental Quality Commission Members, and other stakeholders,

Today, we write to you in strong support of the medium and heavy-duty vehicle rulemaking before the Environmental Quality Commission as transportation, environmental, and community-based organizations. We firmly believe that medium and heavy-duty (MHD) electrification and MHD rebates are important cornerstones in our work to decarbonize our fleets.

The Oregon Medium and Heavy Duty Rebate Program was created by the Oregon Legislature in 2023 (HB 3409). It authorized DEQ to establish the program and provided initial seed funding of \$3 million for incentives. DEQ has submitted a CPRG application to the EPA, including a request for around \$24 million to support the program for rebates, grants, and charging. We hope Oregon receives this needed influx of federal funding for the program. We generally support the draft rules proposed by DEQ for the new program with the following qualifications and comments:

Thank you for the opportunity to provide feedback on the draft rules for the Medium and Heavy Duty Zero Emission Vehicle (MHDZEV) Rebate Program. We appreciate DEQ's efforts to develop a robust framework to accelerate the adoption of zero-emission vehicles in Oregon, which is essential to reducing greenhouse gas emissions and improving air quality in our state.

Acknowledgment of Incorporated Feedback

We are pleased to see that several of our recommendations from our April 2024 letter have been incorporated into the draft rules:

1. **Prioritization of Communities Disproportionately Burdened by Diesel Pollution:**
 - We commend DEQ for including a provision that allocates at least 40% of rebate funds to communities disproportionately burdened by diesel pollution. This aligns with our suggestion to focus on urban neighborhoods with lower air quality and ensures that the program benefits the communities most in need.
2. **Detailed Rebate Structure:**
 - The draft rules provide a clear and detailed structure for rebate amounts across various vehicle classes, which is a positive step in ensuring transparency and clarity for applicants.

Additional Feedback and Considerations

While we appreciate the steps DEQ has taken to incorporate some of our feedback, we believe there are additional areas that require further attention:

1. Rebate Limits Per Applicant:

- In our April 2024 comments, We support the inclusion of a limitation of one to three rebates per entity per calendar year for organizations. This helps distribute the benefits of the rebate program more broadly and prevents any single entity from monopolizing the available funds. Especially given the limited amount of funding, limiting the total number of awards per applicant ensures as many different businesses and organizations are awarded rebates as possible. It may be prudent to waterfall the program so if there are more than three applicants, additional applications are considered only after additional funding beyond the initial need is secured.

2. Consistency with Neighboring State Programs:

- To enhance the program's effectiveness and clarity, especially for applicants operating in multiple states, we recommend that DEQ explicitly align its rebate and grant programs with those of California and Washington. Consistency in funding levels, program types, and application processes will minimize confusion and reduce the system's gaming risk.

3. Combining Charging Incentives with Vehicle Rebates:

- We encourage DEQ to consider developing a combined application process for vehicle rebates and charging infrastructure incentives, mainly if federal CPRG funds are secured. This integration would simplify the application process for businesses and ensure adequate charging infrastructure to support the increased adoption of zero-emission vehicles.

4. Increased Funding Allocation for Vulnerable Communities:

- While the 40% allocation for communities disproportionately burdened by diesel pollution is commendable, we suggest increasing this to 50% to maximize the program's impact on air quality in the most affected areas. Additionally, requiring applicants to describe the primary areas of vehicle operation and reporting annually on vehicle usage will provide valuable data to assess and enhance the program's effectiveness.

5. Clear and Simple Application Process:

- Develop an easy-to-understand application process with ample support and guidance for low-income and disadvantaged applicants to ensure their successful application for rebates. Rulemaking mentioned a one-stop shop, which we support. Lessons learned from light-duty rebate programs show that ease of access to program benefits is key to the program's success.

6. Effective Outreach:

- Conduct targeted outreach and education campaigns to inform vulnerable communities about the program, utilizing partnerships with local organizations to extend reach and trust.

7. Transparency and Accountability:

- Maintain high levels of transparency and accountability in program administration, including clear communication about funding availability, application status, and program outcomes.

Conclusion

We are encouraged by the progress made in the draft rules and appreciate DEQ's commitment to a cleaner, healthier Oregon. We believe the MHDZEV Rebate Program in its current form represents a substantial step forward for fleet transition in our state and works to align us with peers like Washington and California. We stand ready to track and assist in the implementation of these rules and are committed to their success.

This includes advocating for adequate funding: we must ensure that the program is adequately funded through state and federal sources, advocating for additional allocations as needed to meet demand and achieve program goals. The funds from the state and federal governments are both one-time allocations, highlighting the need for consistent funding for this program to be successful after these funds have been expended.

Thank you for considering our comments and your continued efforts to advance Oregon's transition to zero-emission vehicles.

Sincerely,

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