

June 11, 2025

Inder Atwal
Duong Trinh
Peter Christensen
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Inder, Duong, Peter:

California Hydrogen Business Council (CHBC) writes to respond to the slides presented in the May 30 meeting that propose redesign of the HVIP incentive program. In short: we think that the removal of the cap on fleet size is helpful, but the proposal to reduce per-truck incentives for Class 8 fuel cell trucks would devastate the fuel cell truck market, the opposite of the goal of the program.

Under current program design, incentives are only available to fleets that are less than 50 vehicles. The proposed change allowing larger fleets to take advantage of the incentive is appropriate, as larger fleets have larger balance sheets and are in better position to take on the risk of investing in new technologies. In addition, having large fleets able to take advantage of the incentive can help drive investments in hydrogen refueling infrastructure, as fueling stations are more assured of a market for hydrogen when large fleets buy multiple trucks. It's nearly impossible to plan stations around small businesses buying one or two trucks at a time. Finally, large fleet eligibility can help foment a secondary market for fuel cell trucks long term, and small businesses are more likely to buy these vehicles second hand than new.

All of these advantages go away, however, if the incentive is set too low. The current incentive for Class 8 fuel cell trucks is \$270,000 per vehicle. This number should be considered for increase, not decrease. Unfortunately, the May 30 proposal is to decrease the per-truck incentive down to \$160,000 per vehicle for Class 8 fuel cell trucks. At this level, we expect little to no one will take advantage of the incentive. Given the cost of fuel cell trucks, this would roughly cover the amount a fleet owner would have to pay in taxes. We are unaware of a single fleet owner considering using HVIP if the incentive is set at this low level.

The Class 8 fuel cell truck market is an important one. As a zero emission option, it is preferable to battery electric trucks for many operators, given its longer range, faster refueling time, and ability to transport heavier cargo. They offer the largest emissions reductions compared to diesel, and development of this market can help the broader hydrogen market in California grow, which will help bring down the cost of hydrogen, a benefit for hydrogen's many applications. None of these benefits are realized if the incentive levels are set at \$160,000 for fuel cell trucks.

CHBC is a strong advocate for HVIP overall, and we are advocating for more funding to come to this program with the Legislature in the budget. Please design the program so it can work with all sectors, including a market for Class 8 fuel cell trucks.

Best regards,

A handwritten signature in dark ink, appearing to read 'Tim McRae' in a stylized, cursive script.

Tim McRae
Vice President for Public Affairs