



April 17, 2026

Clerk of the Board  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**RE: Sacramento Municipal Utility District Comments on the Proposed 15-Day Amendments to the Advanced Clean Fleets Regulation**

The Sacramento Municipal Utility District (SMUD) appreciates the opportunity to provide comments on the California Air Resource Board's (CARB) proposed 15-day amendments to the Advanced Clean Fleets (ACF) regulation.<sup>1</sup> SMUD is a local publicly owned electric utility (POU) serving approximately 673,000 customer meters, or a population of about 1.5 million, in Sacramento County and small adjoining portions of Yolo and Placer Counties. SMUD also owns and operates infrastructure outside of its service area, including hydroelectric generation facilities and transmission lines in El Dorado County and wind generation facilities in Solano County. SMUD has established an ambitious goal of removing all greenhouse gas (GHG) emissions from its power supply by 2030, working within the guardrails of reliable and affordable electricity service. SMUD's plan recognizes the important GHG reduction, air quality, and potential customer savings benefits of electrification, and sets ambitious building and vehicle electrification targets accordingly.

SMUD has broadly supported the objectives of the ACF and has sought to work with CARB to develop regulations that are both ambitious and feasible to achieve. SMUD appreciates that CARB's proposed 15-day changes take an important step to respond to the challenging ZEV market conditions by extending the 50 percent zero-emission vehicle (ZEV) purchase requirement until 2030. This extension is critical to provide public agency fleets like SMUD with a *technical* path to comply with the ACF until 2030. However, SMUD is disappointed that the amendments also erect new barriers to exemptions and, in their totality, do not adequately address the practical impacts of ZEV market challenges. Without the ability to rely on exemptions, SMUD will be forced to purchase extra ZEVs that it does not actually need, simply to ensure compliance with the ACF. SMUD estimates these extra ZEVs will add approximately \$1 million to \$1.4 million each year to SMUD's fleet budget, compounding the cumulative cost pressures SMUD is already facing as it strives to maintain affordable electricity for its customers, continue its clean energy progress, and encourage vehicle and building electrification.

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<sup>1</sup> CARB, *Appendix A-1: 15-day Proposed Regulation Order*, dated April 2, 2026, available at [https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2025/acf\\_lcfs/15d%20attachment%20a-1.pdf](https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2025/acf_lcfs/15d%20attachment%20a-1.pdf).

SMUD concurs with the comments of the California Municipal Utilities Association and offers the following specific feedback on the 15-day changes:

- SMUD supports the extension of the 50 percent purchase requirement, which provides public fleets with a technical---if not necessarily affordable---pathway to ACF compliance.
- SMUD strongly opposes conditioning access to exemptions on a showing that no other ICE vehicle purchased by the fleet could have been a ZEV, effectively barring large fleets from accessing the fleet resiliency exemption.
- SMUD recommends clarifying the definition of “good engineering judgment” and broadening the Executive Officer’s review of exemption applications to include practical considerations and cost impacts, not just technical feasibility.
- SMUD urges CARB to revisit the requirements for the ZEV purchase exemption and the daily usage exemption, which continue to be impractical and highly burdensome.
- SMUD supports the proposed changes for the ZEV Milestones pathway but recommends additional flexibility to make it viable for more public fleets.

Finally, in addition to reviewing the ACF in 2027, SMUD urges CARB to commit to amending the rule ahead of January 1, 2030, to address implementation issues and make any needed adjustments in response to market conditions. SMUD’s comments are further detailed below.

**I. SMUD supports the extension of the 50 percent purchase requirement through January 1, 2030, which provides public fleets with a technical---if not necessarily affordable---path to compliance.**

SMUD supports the proposed amendments to section 2013.1 (a)(1)(B), which delay the start date of the 100 percent ZEV purchase requirement until January 1, 2030. This change is reasonable and justified given the limited ZEV options for heavier utility vehicles and the manufacturer pullback in even the ZEV pickup space. In fact, based on SMUD’s most recent projections, only 32 of the 188 medium- and heavy-duty vehicles that SMUD must purchase between 2026 and 2029---approximately 17 percent---can be fulfilled with ZEVs.

Extending the 50 percent ZEV purchase requirement through the end of 2029 will provide public fleets like SMUD with a technical path to compliance over the next four years. Specifically, this extension provides fleets a clear avenue for purchasing the ICE vehicles needed to support critical operations, as long as each ICE vehicle purchase is also offset with a ZEV purchase.

However, SMUD cautions that this technical path will carry a significant cost if access to exemptions remains unattainable, as detailed further below. SMUD anticipates that satisfying the 50 percent purchase requirement between 2026 and

2029 without exemptions will necessitate the purchase of an estimated 62 additional ZEVs that were not included in SMUD’s operational planning requirements and SMUD had not planned to buy, at an additional cost to SMUD—and by extension, SMUD’s customers—of roughly \$4.9 million.<sup>2</sup> SMUD therefore emphasizes that while the 50 percent purchase requirement extension is a very important step in providing a compliance path for public agencies, the extension alone will not be enough to avoid adverse impacts on many public agencies and their communities.

**II. SMUD strongly opposes conditioning access to the fleet resiliency exemption on a showing that no other ICE vehicle purchase could have a ZEV.**

SMUD is deeply concerned with the proposed amendments to section 2013.1 (f) and (g), through which CARB intends to limit access to the fleet resiliency, ZEV purchase, and daily usage exemptions for fleets complying with the ZEV purchase schedule. As detailed within this section, the proposed regulatory language is unclear and could be interpreted in multiple ways – but if implemented following CARB’s stated intent, the effect would be to prevent many fleets, including some large fleets, from accessing the fleet resiliency exemption. Such implementation would inevitably also add significant compliance costs, which are ultimately borne by communities throughout California.

*a. Proposed amendments to section 2013.1 (f) and (g) are unclear and have multiple potential interpretations.*

As proposed, the amendments to section 2013.1 (f) allow fleet owners to request exemptions:

“...only if they can demonstrate the vehicles qualifying for the exemptions would reduce the required number of ZEV purchases in the applicable calendar year by submitting their application and the expected annual vehicle purchase information in section 2013.1 (g)...”

The new section 2013.1 (g) requires fleet owners that request one of these exemptions to submit additional information on vehicles purchased during the same calendar year, including the number of ICE vehicles purchased, the number of ZEV vehicles purchased, and “which exemption each ICE vehicle being purchased qualifies for.”

On its face, SMUD understands section 2013.1 (f) to mean, first, that fleets may only request exemptions if they are needed—for example, if a fleet had already exceeded its 50 percent ZEV purchase requirement, buying one additional ICE vehicle would not meaningfully affect the fleet’s ZEV compliance requirement, in which case an exemption application is unnecessary—and second, that fleets must report specific purchase information described in section 2013.1 (g) when an exemption is required

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<sup>2</sup> Cost estimate is based on the average estimated MSRP of the Chevy Silverado EV and the Rivian R1T, since Ford Lightnings are no longer in production.

to meet a compliance obligation. SMUD acknowledges this information may be necessary for CARB to assess whether an exemption is needed, consistent with section 2013.1 (f). For example, if the fleet is purchasing 20 ZEVs and 18 ICE vehicles, an exemption may not be needed; if instead, however, the fleet were purchasing 20 ZEVs and 22 ICE vehicles, it would need to identify the two ICE vehicles for which it is seeking exemptions and provide the corresponding exemption support data. Any requirement for purchase data other than for the ICE vehicles seeking exemptions would be extraneous.

However, CARB's stated intent for the amendments to section 2013.1 (f) describes the changes as "necessary to state that the fleet owner shall not be granted an exemption for a given vehicle if other vehicles they need to purchase are not available as a ZEV" and "to require[] the fleet owner to share information on all their planned purchases for that calendar year, which is needed to provide the Executive Officer to decide as to whether the exemption is warranted."<sup>3</sup> It is not clear to SMUD how the plain language of section 2013.1 (f) and (g) effectuates this intent. Moreover, the proposed language is ambiguous and confusing. It could be interpreted in multiple ways, as illustrated above, and does not provide clear directions to regulated public agencies.

*b. If implemented as intended, proposed amendments to section 2013.1 (f) and (g) would preclude large fleets from accessing exemptions, including the fleet resiliency exemption.*

As described in the prior section, SMUD estimates that its planned vehicle purchases between 2026 and 2029 will fall short of the 50 percent purchase requirement by approximately 62 vehicles, as there is limited ZEV development in the utility space. SMUD's compliance options are therefore either:

- Apply for exemptions, or
- Purchasing extra ZEVs in configurations that are commercially available, but that SMUD does not actually *need*, just to provide headroom for the mission critical vehicles that do not exist as ZEVs or cannot satisfy SMUD's operational requirements and procurement criteria (e.g., detailed specifications, performance, budget, manufacturer reliability, parts and warranty support).

SMUD had been optimistic that CARB's positive changes to the fleet resiliency (formerly mutual aid) exemption---specifically, lowering the access threshold from 25 percent to 5 percent and delaying mobile fueling considerations until 2030---would allow SMUD to use this exemption to largely close the compliance gap, minimizing cost impacts for SMUD and its customers. However, if sections 2013.1 (f) and (g)

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<sup>3</sup> CARB, *Notice of Availability of Modified Text and Availability of Additional Documents* (hereafter "15-day notice"), dated April 2, 2026, available at [https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2025/acf\\_lcfs/15d%20notice.pdf](https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2025/acf_lcfs/15d%20notice.pdf). See proposed modification #8 at p. 9.

are implemented according to CARB's stated intent, SMUD and other large fleets would likely be precluded from accessing the fleet resiliency exemption, as illustrated in the following example.

In 2027, SMUD anticipates purchasing 56 medium- and heavy-duty vehicles to meet its operational needs. Applying a 50 percent ZEV purchase requirement ostensibly results in a compliance requirement of 28 ZEV purchases, which in turn should enable SMUD to purchase 28 ICE vehicles without exemptions. SMUD expects that only 15 of its 56 vehicle purchases can be fulfilled in ZEV configurations, given limited ZEV options, leaving a gap of 13 ZEV purchases for SMUD to achieve compliance. SMUD had anticipated it would apply for the fleet resiliency exemption, which SMUD understood was intended to be a "catchall" exemption outside of the ZEV purchase and daily usage exemptions, for those remaining vehicles. Under CARB's proposal, however, SMUD would need to seek exemptions for a total of 41 vehicles in 2028--the 13 vehicles SMUD planned for, plus *all* of the 28 other ICE vehicles that SMUD purchased---in order to access the fleet resiliency exemption. This outcome is illogical, unnecessary, and punitive.

Requiring a fleet to submit exemption applications for all allowable ICE vehicle purchases, in addition to those purchases for which it is *actually* seeking exemptions, means that CARB is not, in practice, providing fleets the benefit of a 50 percent purchase requirement. Instead, as soon as a fleet seeks the fleet resiliency exemption, CARB is effectively enforcing a 100 percent ZEV purchase requirement, except where the fleet has obtained exemptions. This shift undercuts the multiple amendments CARB made to the fleet resiliency exemption intended to "broaden [it] to cover any of [fleets'] operational resiliency concerns or situations"<sup>4</sup> and "meet[] Board direction to improve access to exemptions."<sup>5</sup> It is also unnecessary, given the proposed amendments already specify multiple limits on the fleet resiliency exemption that prevent widespread use: the fleet must meet a minimum ZEV threshold; the number of exempted vehicles cannot exceed the number of ZEVs deployed within the fleet; and there is an absolute cap at 25 percent of the fleet.

For larger fleets, making this showing will be complex, lengthy, and most importantly, unlikely to succeed – preventing them from accessing relief intended by the CARB Board. Because only a subset of ICE vehicle purchases are eligible for the fleet resiliency exemption, the remaining purchases would need to demonstrate the requirements for the ZEV purchase exemption or daily usage exemption – a near

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<sup>4</sup> See 15-day notice, proposed modification #49, at p. 25.

<sup>5</sup> See 15-day notice, proposed modification #52, at p. 26.

impossibility given the convoluted requirements for these exemptions<sup>6,7</sup> and the differing perspectives between CARB staff and fleet experts on whether ZEVs are available and capable of replacing a given ICE vehicle. This near impossibility would become even more challenging if a fleet needed to seek exemptions later in the year (for example, for unanticipated vehicle purchases needed to outfit newly hired crew members). In such scenarios, fleets have no ability to undo ICE vehicle purchases already made without exemptions under the auspices of the 50 percent ZEV purchase requirement. For all the above reasons, this requirement will prevent some fleets, like SMUD, from accessing the fleet resiliency exemption and drive up compliance costs.

At minimum, CARB must exclude the fleet resiliency exemption from the new precondition established in section 2013.1 (f) and (g). CARB should also reconsider the necessity of applying it to daily usage and ZEV purchase exemptions, as those exemptions also include extensive restrictions.

### **III. SMUD recommends clarifying the definition of “engineering” judgment and including practical considerations and cost impacts when the Executive Officer evaluates exemptions.**

The proposed amendments add a definition of “good engineering judgment” in section 2013 (b) as the “commonly believed scientific and mathematical principles when making a decision that seeks to maximize public benefit and minimize public harm.” However, it is unclear to which “commonly believed” principles this definition refers, or how “public benefit” and “public harm” will be determined when the Executive Officer is evaluating exemptions. The ambiguity inherent in these vague terms precludes regulated entities from identifying what standards are actually being applied or having any assurance of consistent application over time. For example, do public benefits and harms center on the communities served by each fleet? Are cost increases, which affect not only public agencies but also the communities they serve, part of this assessment?

Furthermore, the proposed amendments concurrently eliminate “business judgment” as a factor the Executive Officer will use in evaluating ZEV purchase exemptions, limiting the lens of the review to “good engineering judgment.” This change further underscores CARB’s narrow focus on technical feasibility, which does not adequately address the ability of public fleets to meet their compliance obligations

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<sup>6</sup> For example, fleets still must obtain affirmative statements from multiple ZEV manufacturers that they do *not* manufacture a ZEV in the same or next available weight class (section 2013.2 (d)(2)(B)). Assuming fleets receive this statement, CARB may still decide that another ZEV on the market is sufficiently capable of meeting the fleet’s needs, without regard to factors like auxiliary equipment specifications, weight and dimension constraints, or the *fleet’s* requirements for manufacturer reliability (section 2013.2 (d)(2)(C)).

<sup>7</sup> For example, in order to show that a ZEV cannot meet the energy needs of an ICE vehicle, CARB requires fleets to *obtain real-world energy usage data from that ZEV* performing the fleet’s needed duty cycle.

despite their good faith efforts, or the impact to their operations in making such good faith efforts. SMUD therefore recommends that CARB revise the scope of the Executive Officer's evaluation to include not only good "engineering" judgment, but also consider real "business" elements including the operational impact, including safety of its systems and employees, and the cost of compliance. SMUD's prior comments on the proposed 45-day amendments describe several options through which criteria for cost impacts and operational realities could be incorporated.<sup>8</sup>

**IV. SMUD urges CARB to revisit the requirements for the ZEV purchase exemption and the daily usage exemption, which remain impractical and restrictive.**

The proposed amendments make modest changes to the ZEV purchase exemption in section 2013.2 (d) and the daily usage exemption in section 2013.2 (b). Specifically, the amendments to the ZEV purchase exemption include some basic criteria for "available" vehicles: the manufacturer must have received authorization to sell vehicles in California for three of the last five model years, the manufacturer cannot be in bankruptcy, and the manufacturer must provide a minimum warranty for the ZEV powertrain. While these represent a start, they fall well short of recommendations by SMUD other utilities to meaningfully address manufacturer reliability and longevity. The ZEV purchase exemption amendments additionally provide one alternative to demonstrating vehicle availability, which may benefit some individual fleets depending on their purchase processes, but do not allow fleets to use *lack* of manufacturer responses as evidence. Finally, the daily usage exemption amendments provide additional clarity and detail on how CARB plans to assess the exemption.

SMUD is disappointed, however, that CARB declined to make meaningful changes to address the fundamental problems with these exemptions – namely, the lack of clear, objective criteria to determine if a ZEV meets the fleet's needed specifications; the continued dismissal of affordability impacts; burdensome processes; and the requirement that fleets obtain real-world ZEV data in order to prove that a ZEV cannot meet the fleet's needed energy use requirements. SMUD urges CARB to revisit the recommendations made by SMUD and other stakeholders in comments on the 45-day amendments.

**V. SMUD supports the proposed changes to the ZEV Milestones option, but recommends additional flexibility to make the pathway viable for more public fleets.**

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<sup>8</sup> SMUD, *Comments on the Proposed Advanced Clean Fleets Amendments*, dated September 15, 2025, available at [https://scs-public.s3-us-gov-west-1.amazonaws.com/env\\_production/oid377/did200185/pid\\_212132/assets/merged/dw0ei62bv4y\\_document.pdf?v=42030](https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid377/did200185/pid_212132/assets/merged/dw0ei62bv4y_document.pdf?v=42030). Refer to pp. 11-18.

The proposed amendments include several helpful changes regarding the ZEV Milestones compliance option. These include allowing fleets to switch back and forth between the ZEV Milestones option and purchase schedule prior to January 1, 2030, as described in section 2013 (e), and clarifying that fleets complying with the Milestones option may designate existing vehicles using the fleet resiliency exemption, as described in section 2013.6 (f)(6). SMUD supports these changes, which provide important incremental flexibility within the Milestones option.

SMUD also appreciates CARB's proposed amendments to section 2013.6 (i), which ease some of the access barriers to the ZEV purchase and daily usage exemptions for Milestone fleets. Specifically, where the existing regulation requires fleets to show that *no other* ICE vehicle could have been replaced with a ZEV, the 15-day amendments limit this showing to vehicles that are at least 10 years old and expressly exclude ICE vehicles that have already received an exemption. These amendments reduce some of substantial early replacement risks facing Milestone fleets if available ZEV configurations remain limited due to market forces beyond the fleets' control.

However, SMUD still encourages CARB to focus the demonstration on vehicle *purchases* made in the two years preceding the applicable milestone (as described in SMUD's comments on the 45-day amendments) to better align the exemption criteria with actions within the fleet's control.<sup>9</sup> In the alternative, SMUD recommends CARB consider an additional Milestone schedule with groups and deadlines that better track with the composition of utility fleets.

## **VI. CARB should commit to reopening the Advanced Clean Fleets regulation in 2027.**

SMUD understands the CARB Board has requested a review of the ACF in 2027 and agrees that such review is an important opportunity for the Board, with stakeholder input, to provide policy direction on the regulation. SMUD encourages CARB to additionally commit to opening a rulemaking after that review to address outstanding issues -as well as respond to Board direction and ZEV market conditions. Such a commitment would provide assurance to public agency fleets and other stakeholders that CARB is committed to reviewing, and resolving, implementation issues with sufficient lead time before several major regulatory changes take effect in 2030 – including the 100 percent ZEV purchase requirement, mobile fueling considerations for fleet resiliency, and the permanent selection of the ZEV purchase schedule or Milestones compliance obligation.

## **Conclusion**

SMUD appreciates the proposed amendments' extension of the 50 percent purchase requirement until January 1, 2030, which represents one important step toward

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<sup>9</sup> Ibid, pp. 3-5.

responding to ZEV market challenges. However, SMUD is disappointed that CARB has chosen to erect new barriers to exemptions within these amendments, contrary to the Board's direction to make exemptions like fleet resiliency more accessible. SMUD urges CARB to remove these barriers prior to finalizing the ACF amendments. More broadly, SMUD requests that CARB commit to a successor ACF rulemaking in 2027 to provide ample lead time to address implementation issues well ahead of the regulatory changes scheduled to take place in 2030.

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cc: Corporate Files (LEG 2026-0050)