

Business

# California shakes up auto industry, says all vans and trucks must be electric by 2024

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California regulators have approved new rules that would see a massive shift from conventional gas and diesel trucks and vans to ones powered by batteries and zero-emission hydrogen fuel cells.

The first-of-their-kind guidelines, which take effect in 2024, cover a broad range of truck segments, from medium-duty models up to the "big rigs" that move vast amount of goods throughout California and across the country. Current guidelines from the California Air Resources Board already press manufacturers to add electric and hydrogen trucks to light-duty segments.

California's push to reduce truck emissions could lead to some major changes in a traditionally staid automotive industry. Among other things, it could encourage the emergence of new competitors such as Nikola Motors, which is producing an array of hydrogen-powered heavy-duty trucks, and Detroit-based start-up Rivian, which has a contract to produce around 100,000 all-electric delivery vans for Amazon.

"California is once again leading the nation in the fight to make our air cleaner, becoming the first place in the world to mandate zero-emission trucks by 2045," Governor Gavin Newsom said in a Thursday statement. "Communities and children of color are often forced to breathe our most polluted air, and today's vote moves us closer toward a healthier future for all of our kids."

California has long pressed auto and truck manufacturers to reduce emissions. The state has considerable sway, not only because of the size of its market but also because of a waiver enacted under the federal Clean Air Act.

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Under guidelines approved Thursday, at least 40 percent of the tractor trailers sold in California would have to be powered by some form of zero-emissions technology by 2024. Medium-duty trucks, such as the Ford F-250 or Chevrolet Silverado HD, would be required to switch over 55 percent of their sales by 2035; and 75 percent of delivery trucks and vans would have to use zero-emissions powertrain technology by 2035, a point by which fully 100 percent of government fleets and last-mile delivery trucks would have to meet the target.

During a hearing, regulators received mixed feedback on their proposals, with clean air advocates arguing that such a shift is critical in addressing the state's endemic air pollution problems, as well as broader climate change concerns.

That was echoed by CARB Chair Mary Nichols, who said, "It's the only way we think we can make significant progress on the most stubborn air pollution problems."

But industry officials were far more skeptical. Jed Mandel, president of the Truck and Engine Manufacturers Association, warned that there was a variety of reasons why hydrogen and electric trucks aren't the answer. "They cost more than traditional fuel trucks, because there's no charging infrastructure and developing one is very expensive," he said during testimony.

That is changing rapidly, however, countered Andy Schwartz, a policy adviser for Tesla who said, "Charging infrastructure can and will be built."

On Friday, Electrify America announced it had completed a network of chargers spanning the first of two cross-country routes it expects to power up this year alone, this one running 2,700 miles and passing through 11 states.

EA, which was set up by Volkswagen using \$2 billion in funds included in its settlement of its diesel emissions scandal, is planning more than 10,000 public charging stations across the country, with competitors such as ChargePoint and EVGo laying out similar plans.

Tesla, meanwhile, has already energized an extensive charging grid across North America, with plans to beef up the Supercharger network as it prepares to roll out both its Cybertruck pickup and big Semi truck.

The push for electric trucks is expected to open the door to new manufacturers, though traditional marques aren't ready to walk away.

Along with Tesla, Nikola Motors hopes to gain traction thanks to the CARB ruling on zero-emissions trucks. The Phoenix-based start-up — which recently went public and now has a larger market capitalization than Ford — is focusing on hydrogen fuel-cell semi trucks, such as the Nikola One. The company hopes to mitigate concerns about finding fuel by setting up its own network of hydrogen stations across the country.

Other start-ups that could benefit from the new California standards and existing EV rules include the likes of Detroit-based Bollinger, Lordstown Motors — which plans to start building electric pickups at the old General Motors plant — and Rivian.

The latter company has received billions of dollars of investments over the past several years from players as diverse as Ford, Cox Automotive and Amazon. The e-commerce giant led a consortium pumping \$700 million into Rivian and has placed an order for 100,000 all-electric delivery trucks through 2024.

Conventional truck and automotive manufacturers are laying out major plans of their own. General Motors CEO Mary Barra this month announced plans to build electric delivery vans, in addition to the all-electric Hummer pickup to debut in 2021. The various subsidiaries of Daimler AG, such as Freightliner, have already launched an assortment of electric vans and heavy trucks, with more in the works. And Toyota is partnering with truck giant Kenworth to develop hydrogen-powered Class 8 semi prototypes that could lead to production models later this decade.

In terms of light-duty vehicles, as many as eight, and possibly 10, start-ups and conventional manufacturers are expected to be producing all-electric pickups by 2023, including the Hummer, the Cybertruck and an all-electric version of the Ford F-150.

