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DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES
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*Testimony of Anya Trundy, Chief of Legislative and Strategic Operations
Department of Administrative and Financial Services
testifying neither for nor against*

LD 655, An Act to Address Climate Change by Reducing Carbon Emissions from State Vehicles
Sponsored by Sen. Chipman

To the Joint Standing Committee on State and Local Government

Senator Nangle, Representative Stover, and members of the Joint Standing Committee on State and Local Government, I am Anya Trundy, Chief of Legislative and Strategic Operations for the Department of Administrative and Financial Services. I am providing testimony neither for nor against LD 655.

Central Fleet Management's current electric vehicle purchase efforts are calibrated to meet the goals codified by P.L. 2021, c. 693 of increasing Central Fleet's annual acquisition of light-duty motor vehicles to 50% plug-in hybrid electric (PHEV) and zero-emission (ZEV) vehicles by 2025, and 100% by 2030. These are achievable, but intentionally ambitious goals to establish the State as a Leader by Example. The 2021 law included critically important language that the goals be met "to the extent practicable" which acknowledges the magnitude of this shift in fleet composition and recognizes the challenges posed by unpredictable market factors including the ongoing chip shortages and other supply chain issues presently limiting the overall availability of electric vehicles, as well as the need for a more reliable charging infrastructure throughout the state.

LD 655 layers upon the existing law in a way that isn't detrimental but doesn't necessarily create added value, by establishing an explicit preference for battery electric vehicles (BEV) to the extent that a battery electric vehicle meets the need for which the vehicle is being purchased and is commercially available. The current law is already inclusive of battery electric vehicles within zero emission vehicles which are defined as having no tailpipe emissions.

Central Fleet has created a policy that prioritizes zero emission and plug-in hybrid vehicles while acknowledging that market factors or agency needs may preclude selection of a zero emission or a plug-in hybrid vehicle. Under Central Fleet's policy when a zero emission vehicle is not available or workable for an agency, a vehicle purchase must follow an established hierarchy that requires selection of the vehicle with the least emissions. Plug-in hybrid vehicles are the second tier in the hierarchy. The third tier includes hybrid electric vehicles (HEV), alternative fuel vehicles, and vehicles with other innovative technologies that reduce vehicle emissions. Lastly,

the fourth tier allows for internal combustion engine vehicles that are the most fuel efficient in class.

To be exempt from a zero emission or plug-in hybrid vehicle, the agency must file for an exemption in one of five categories. The DAFS Commissioner's designee may authorize exemptions for:

- Emergency response vehicles when proof is provided that purchase of an EV would obstruct the response;
- Vehicles requiring modifications that cannot be accommodated by an EV;
- Vehicles whose range needs exceed the EPA estimated range of suitable EV options or will be utilized in a territory where charging infrastructure is not in place;
- Situations where no currently produced EV option meets the agency's needs; or
- Situations when the vehicle cost is excessive as compared to non-EV models or agency funding is not adequate to support the purchase.

This policy is the mechanism by which Central Fleet is actively steering agencies toward zero emission and plug-in hybrid vehicles. It embodies the intent of LD 655 while also identifying the least emitting alternatives in those cases when a battery electric vehicle is not available or doesn't meet the agency's programmatic needs.

The need to include alternatives to battery electric vehicles is demonstrated by Central Fleet's frustrating year of cancelled orders. In 2022, Central Fleet had 70 vehicle orders cancelled by the manufacturer—not just for electric vehicles, but for hybrid and gas fueled vehicles as well—including 6 model year 2023 Ford F150 Lightning BEVs, 5 model year 2022 Ford F150 Lightning BEVs, and 39 model year 2022 Hyundai Sedan Hybrids. If those orders had come through, they would have comprised more than 25% of Central Fleet's 2022 vehicle acquisitions. Instead, Central Fleet is one full order cycle behind based on the significantly reduced vehicle production across all classes.

The Department believes that Central Fleet's approach is the most effective in prioritizing battery electric vehicles and plug-in hybrids, and requiring exemptions for other fuel sources, while also acknowledging the reality of market availability and agency needs.

Thank you for this opportunity to testify. I am happy to answer any questions.