Engine Manufacturers Association®
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Via Electronic Submission: www.arb.ca.gov

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

Re: Comments on Proposed Regulation to Reduce Greenhouse Gas Emissions from Heavy-Duty Vehicles

Dear Members of the Board:

The Engine Manufacturers Association ("EMA") hereby submits its comments on the proposed regulation to reduce greenhouse gas emissions from heavy-duty vehicles ("HDV GHG regulation") that the Air Resources Board published in its Staff Report: Initial Statement of Reasons for Proposed Rulemaking, dated October 24, 2008.

EMA is a trade association representing the world's leading manufacturers of internal combustion engines. The Truck Manufacturers Association ("TMA") worked with EMA to develop these comments and TMA member companies, all of whom are EMA members, support and endorse EMA's comments.

Commercial engine and truck manufacturers design and produce heavy-duty engines and vehicles that are highly customized to efficiently move freight throughout the nation. Commercial trucking is an extraordinarily competitive industry in which fleets invest capital in engines and tractors only after calculating that they can earn a positive return on the investment. With fuel costs representing the first or second largest operating expense of a line-haul carrier, maximizing fuel efficiency (*i.e.,* minimizing GHG emissions), while allowing the fleet to effectively fulfill its specialized commercial mission, is crucial to the fleet's business survival. Therefore, each tractor must be uniquely customized to meet the carrier's specific commercial needs in a fuel efficient manner.

EMA is an active participant in, and enthusiastic supporter of, the U.S. Environmental Protection Agency's ("EPA's") SmartWay Partnership and champions its goals of improving energy efficiency, reducing greenhouse gas and air pollutant emissions, and improving energy security. Since its inception in 2004, SmartWay has grown into an effective program involving crucial stakeholders in the freight movement sector. It provides many flexible tools and resources to reduce fuel consumption and, thereby, reduce the costs of moving goods. To do this effectively, EPA allows various elements and factors of the SmartWay program to be tailored to improve each carrier's and shipper's unique operation. ARB's proposed program takes two specific aspects of SmartWay – tractor and trailer certification – and mistakenly assumes that

those factors, by themselves, will improve the efficiency of all carriers operating in California. They will not. Instead, ARB should recognize that the ability of shippers and carriers to custom tailor the multitude of factors in SmartWay to their individual needs has made it successful, and ARB should include the flexible use of such multiple factors in its program.

EMA appreciates ARB's intent to provide a degree of harmonization by linking its regulation to SmartWay, an effective and existing program. However, by taking certain parts of a successful voluntary program, and making them the base of a regulatory program, ARB forfeits SmartWay's effectiveness. What makes SmartWay successful is missing and what is necessary for a sound regulatory program has not yet been provided. Indeed, ARB should consider the developing national landscape of fuel efficiency requirements and GHG emissions standards for heavy-duty vehicles. The U.S. Department of Transportation ("DOT") is proceeding with a mandatory fuel efficiency program under the Energy Independence and Security Act of 2007, and EPA is poised to make a finding of endangerment that will mandate regulating GHG emissions under the Clean Air Act. Trying to comply with differing and potentially inconsistent programs could undermine the ability of the commercial engine and vehicle manufacturing industry to effectively apply limited resources to design and deliver the most fuel efficient products for customers' varied applications. Reducing GHG emissions from products like commercial vehicles – which fundamentally operate in interstate commerce and must be manufactured to be sold and operated in all states – would be most effectively accomplished under a harmonized set of regulations across the United States. ARB should coordinate with the upcoming federal activities to develop an integrated program addressing heavy-duty vehicle GHG emissions.

One crucial aspect of EPA's SmartWay program is that it allows shippers and carriers a variety of options to improve operational efficiency (*e.g.,* idle reduction, driver training, and logistics). It also provides guidance regarding energy efficient technologies and vehicles, including a list of tractors and trailers. As SmartWay grows it will be transitioning from what currently is an arbitrary list of several models from each manufacturer meeting a simplified set of specifications to an objective, performance-based, certification. The existing list does not include all tractor brands sold in California, or all aerodynamic models. As such, it is difficult to determine whether a SmartWay tractor alone would improve a carrier's efficiency.

The existing basis for certifying tractors is an intermediate phase of the SmartWay program. Nevertheless, this method works well because SmartWay performance is based on a wide variety of fuel-saving activities, not simply the specific tractor purchased. SmartWay allows a carrier to review its entire operation to determine areas for improvement and does not force it to change tractor models unless there is improved efficiency. To help assess tractor fuel efficiency, and further enhance SmartWay, EMA is actively working with EPA to develop a cost-effective, objective, performance-based fuel efficiency measurement method. However, this is a very difficult undertaking, and a robust, repeatable and validated method of measuring fuel efficiency currently does not exist. Without other measures or an appropriate certification method, simply requiring the use of tractors from the SmartWay list may not reduce a carrier's overall fuel consumption.

Commercial trucking is a complex industry that requires exceptional customizing of vehicles to meet each carrier's specific mission. If a carrier must purchase vehicles from a limited list, it may no longer have access to the unique specifications that provide it with maximum hauling efficiency, operational efficiency, and a consistent platform for drivers and technicians. For example, it may not be efficient for a fleet that operates off-road or in snow and ice to use tires on the SmartWay list that have lower rolling resistance properties because those tires may not provide sufficient traction characteristics.

One of the hallmarks of the SmartWay program, and an element of its success, has been the changing and expanding list of measures and factors that allow shippers and carriers to tailor flexible SmartWay criteria to their unique operations. A voluntary program can be successful with such "continuous improvement" and evolving framework. The same is not true for a regulatory program – where leadtime, stability and certainty are essential elements of success. By linking its HDV GHG regulation to the changing and evolving elements of the SmartWay program, ARB fails to provide the leadtime, stability and regulatory certainty that manufacturers and users require.

EMA supports the SmartWay goals of reducing fuel consumption and improving air quality. And, we believe that ARB should encourage and incentivize the use of SmartWay certified products in California. However, we do not think that taking certain elements of the SmartWay program and making them a regulatory requirement provides a sound basis for improving fuel efficiency. Moreover, given ARB's clear intent to expand its HDV GHG program in conjunction with SmartWay, we believe that the potential problems we have identified above will only become greater. ARB should work with interested stakeholders, including DOT and EPA, to develop performance-based standards, and use those as the basis of an integrated program to effectively reduce fuel consumed by the commercial trucking industry.

Respectfully submitted,

Timothy Blubaugh