



February 5, 2018

California Air Resources Board
1001 I Street
Sacramento CA 95814

Re: Comments of the California Trucking Association and American Trucking Associations on the Proposed California Greenhouse Gas Emissions Standards for Medium- and Heavy-Duty Engines and Vehicles and Proposed Amendments to the Tractor-Trailer GHG Regulation

(Submitted Electronically: <http://www.arb.ca.gov/lispub/comm/bclist.php>)

Dear Chair Nichols and Members of the Board:

The California Trucking Association (CTA) and American Trucking Associations (ATA) appreciate the opportunity to comment on the California Air Resources Board's (CARB's) Proposed California Greenhouse Gas Emissions Standards for Medium- and Heavy-Duty Engines and Vehicles and Proposed Amendments to the Tractor-Trailer GHG Regulation posted on December 19, 2017. CTA is the nation's largest statewide trade association representing the trucking industry and the California representative of the ATA federation. ATA is the national trade association that represents the U.S. trucking industry and is a united federation of motor carriers, 50 state trucking associations, and national trucking conferences created to promote and protect the interests of the trucking industry.

As part of this federation, member companies have worked tirelessly to be both sustainable and environmentally-sensitive in their operations. Our members have taken great strides to improve their environmental performance while also advancing their business positions whether through the development and adoption of the trucking industry's first-ever sustainability plan in 2008; the phase-in of ultra-low sulfur diesel fuel beginning in 2006; the use of new clean diesel engine technologies to reduce PM and NOx emissions to unprecedented levels; and support for both the Phase 1 and Phase 2 greenhouse gas and fuel efficiency standards for medium- and heavy-duty trucks.

With respect to the above-referenced CARB proposals, CTA and ATA:

- 1) Support the proposed adoption of GHG emission standards that largely align with the federal Phase 2 standards and amendments to the Tractor-Trailer GHG Regulation to harmonize with the Phase 2 trailer standards.**
- 2) Request the Board to direct staff to quantify and include the additional NOx reductions which will result from the Phase 2 GHG standards in state and regional emissions inventories.**
- 3) Request the Board to carefully evaluate the impacts additional state-only costs attributed to this proposal, plus upcoming proposals, will have on new truck purchases within the state.**

- 1) CTA and ATA support the proposed adoption of GHG emission standards that largely align with the federal Phase 2 standards and amendments to the Tractor-Trailer GHG Regulation to harmonize with the Phase 2 trailer standards.

With respect to the U.S. Environmental Protection Agency's Final Rule for Greenhouse Gas Emissions and Fuel Efficiency Standards for Medium- and Heavy-Duty Engines and Vehicles – Phase 2 (Phase 2), a brief overview of ATA's involvement and the process which led to our support is in order.

ATA convened a group of major fleet members to provide input and assess the development of the Phase 2 rule. This group, known as ATA's Fuel Efficiency Advisory Committee (FEAC), represented all aspects of the trucking community including truckload, less-than truckload, package delivery, tank, flatbed, refrigerated, leasing, intermodal, small businesses, cross-border, and vocational applications. Likewise, the FEAC members conducted operations across the entire geographic spectrum of the country. The FEAC worked closely with EPA, National Highway Traffic Safety Administration, CARB, suppliers, manufacturers, academia, trade groups, environmental organizations, fuel providers, and member companies to develop the industry's basic framework on areas of concern under the Phase 2 rule. This document came to be known as the FEAC Guiding Principles which were adopted as official trucking industry policy.

Pertinent to CARB's proposed adoption, the Guiding Principles sought federal standards which would result in harmonization across the nation. Given the interstate nature of trucking, national consistency in regulatory approaches is critical. It is both unwise and unhealthy for the nation's economy and the movement of the nation's freight to have a patchwork of state and federal tailpipe and fuel consumption standards for trucks. CARB's adoption of the GHG and fuel efficiency standards under the Phase 1 rule was a positive step in this direction and this proposed adoption largely continues a harmonized, national approach which is consistent with our Guiding Principles.

- 2) CTA and ATA request the Board to direct staff to quantify and include the additional NOx reductions which will result from the GHG standards in state and regional emissions inventories.

In the federal Phase 2 analysis, the final rule is projected, under all analyses, to reduce emissions of NOx.¹ These reductions are the result of fuel not being consumed, including an estimated 20 billion gallons in California through 2050.² Lowering fuel consumption will reduce upstream emissions from processes involved in getting petroleum to the pump as well as downstream emissions associated with vehicle travel. These reductions include nearly 11 percent of downstream, or tailpipe, NOx emissions by 2050 to more than 20 percent of upstream NOx emissions by 2050.³

CARB has estimated that an 80 percent reduction in ozone emissions from mobile sources is needed to meet federal air quality standards by 2031. Consequently, the federal government's determination that NOx reductions will result from the Phase 2 rulemaking should not be overlooked. California's share of

¹ U.S. Environmental Protection Agency, Final Rule for Greenhouse Gas Emissions and Fuel Efficiency Standards for Medium- and Heavy-Duty Engines and Vehicles – Phase 2, p. 73850.

² California Air Resources Board, *Staff Report: Initial Statement Of Reasons for Proposed Rulemaking, Proposed California Greenhouse Gas Emissions Standards for Medium- and Heavy-Duty Engines and Vehicles and Proposed Amendments to the Tractor-Trailer GHG Regulation*, p. ES-5 (December 19, 2017).

³ U.S. EPA, *Ibid.* pp. 73853-73854.

these reductions should be quantified and credited in the state implementation plans once the standards are adoption by the Board. This will help to ensure that all creditable reductions are being accounted for.

- 3) CTA and ATA request the Board to carefully evaluate the impacts additional state costs attributed to this proposal, plus upcoming proposals, will have on new truck purchases within the state.

The ability of trucking companies to purchase and operate new equipment is a key component in reducing emissions. Unfortunately, California lags behind when it comes to the deployment of trucks with the latest generation of clean diesel technologies. According to a study commissioned by the Diesel Technology Forum, California ranks 46th among states in the deployment of these newer trucks (2011 and newer model years).⁴ California's deployment of these trucks, at 25 percent, trails the national average and is half of Indiana's 51 percent, the state with the highest percentage. As noted in the study, additional emissions reductions could occur in California through the accelerated deployment of these trucks.

Governor Brown's Executive Order B-32-15, which led to the development of the Sustainable Freight Action Plan, directed state agencies to increase the competitiveness of the state's freight system. Clearly, the purchase and deployment of newer trucks in the state is not keeping pace with the rest of the nation.

One contributing factor is the state's unique in-use truck standards which have required fleets to purchase new or newer trucks ahead of normal turnover cycles. The cost of accelerating truck purchases to meet the state's deadlines has stretched financial resources and resulted in delayed purchases once the initial compliance has been met. In addition, the use of technology-forcing standards has caused trucking companies to re-evaluate their investment in new trucks that are more expensive, less reliable and require increased maintenance.

The proposed California Phase 2 regulation costs will further increase the cost of new trucks and trailers sold in California. Bear in mind that the federal Phase 2 regulation is projected to increase the price of a new Class 8 truck by more than \$12,000 and a new 53-foot box trailer by roughly \$1,000. While the California-only Phase 2 provisions are projected to cost California fleets an additional \$53 annually, this figure assumes each of these fleets will be purchasing new trucks every year. In reality, only companies purchasing new trucks and trailers in California will bear these costs which will likely result in higher costs.

While the Board has spent a significant number of hours discussing the financial impacts of the state's Truck and Bus Rule, the combined cost of numerous regulations receives much less focus yet likely results in additional unintended consequences. Upcoming state regulatory activities focused on truck warranties, onboard diagnostics, heavy-duty inspection and maintenance practices, and lowering NOx emissions are expected to further add to the cost of purchasing and operating new trucks in California. How these combined initiatives impact fleet purchase patterns and the ability of fleets to operate newer, cleaner trucks is a real concern.

⁴ TruckingInfo.com, *Clean Diesel Trucks Make Up 30% of Commercial Vehicles in the U.S.* (July 17, 2017).

A prime example of this has been the exponential growth of trucks built with glider kits – a new truck chassis combined with major driveline components re-manufactured from a donor vehicle, typically with an engine built prior to the installation of the latest emissions control technologies. Purchasers are drawn to gliders to avoid the additional maintenance, downtime, non-reliability, cost, and driver dissatisfaction involving new vehicles utilizing unreliable technologies. It is not equitable to purchasers of the newest, cleanest trucks to keep paying the bill for cleaner air while trucks built with glider kits negate much of these benefits. CTA and ATA are opposed to any attempts to change the glider vehicle provisions included in EPA's final Phase 2 rule and support the state's proposed adoption of these provisions. We welcome CARB's support in helping to protect the value of our members' investment in newer, cleaner trucks.

CTA and ATA further request the Board to more carefully assess in future rulemakings how state regulatory initiatives and enforcement limitations are impacting fleet purchasing decisions. CARB must also commit to assess how agency decisions involving technology-forcing standards adversely impact fleet turnover rates, the competitiveness of in-state fleets and the purchase of new vehicles.

In closing, CTA and ATA are supportive of CARB's proposed adoption of the Phase 2 standards in order to largely align with the federal program and harmonize the Tractor-Trailer GHG regulation with these standards. We continue to be concerned about the rising cost of new tractors and trailers and how these costs are impacting fleet modernization, particularly in California, where the enactment of additional regulatory requirements and enforcement disparities are impacting the economic viability of the state's trucking industry.

CTA and ATA appreciates the Board's consideration of these comments.

Sincerely,



Chris Shimoda
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California Trucking Association



Michael Tunnell
Director, Energy & Environmental Affairs
American Trucking Associations