

April 27, 2020

Cari Anderson
California Air Resources Board
P.O. Box 2815
Sacramento CA 95812



Submitted Electronically

Dear Ms. Anderson:

Thank you for the opportunity to submit comments on the California Air Resources Board's (CARB) Transport Refrigeration Unit (TRU) Regulation Concept.

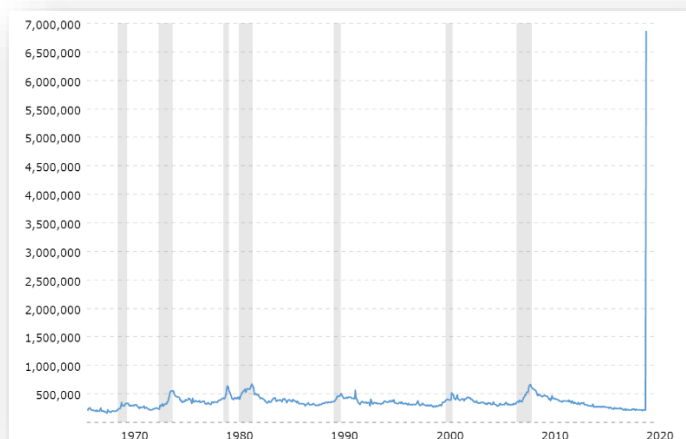
First, we would like to thank CARB for extending the comment period in response to the ongoing COVID-19 crisis. The businesses subject to the proposed regulation have been solely focus on ensuring the nation's supply chain provides essential goods like food, beverages and medicine to the millions of Americans subject to stay-at-home orders so the extended review period has been much appreciated.

COVID-19 Crisis is Unprecedented

The still unfolding COVID-19 pandemic and associated economic crises are unlike anything our State and Nation have faced in its history. While the full scope of the economic impact from this sudden, unplanned shuttering of large swaths of commerce is yet to be fully understood, there are some clear warning signs already emerging.

As of mid-April 2020:

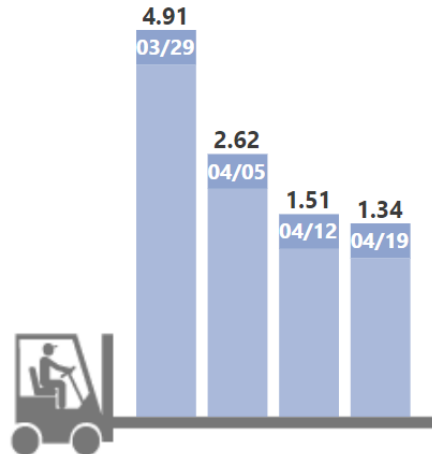
Fig. 1: Initial Jobless Claims 1967–2020 *Note: shaded regions = recessions*
(Source: Macrotrends.net)



- 22 million Americans have filed for initial unemployment. The 4-week moving average, which removes week-to-week volatility, jumped to an all-time high of 5.509 million, while continuing jobless claims hit a record 11.976 million in the week ended April 4th.

Fig. 2: Load-to-Truck Ratio (Source: DAT)

National Load-to-Truck Ratio



- After a several week-long spike in demand, general economic conditions have taken its toll on freight demand, with demand and rates falling precipitously. Trucking companies used to servicing restaurants, fuel, retail, events and other areas of the economy which have slowed are transitioning to areas such as the grocery supply chain, increasing competition for business in the sector subject to the proposed TRU rule.
- CTA has been made aware of furloughs already occurring in the refrigerated truck fleet sector.
- Market analyst IHS estimates that 2020 Class 8 tractor sales will fall by 50% compared to 2019¹. Manufacturers, including those in the refrigerated trailer space, indicate their operations have been impacted by stay-at-home orders.

How quickly the economy will recover is dependent on many factors which cannot be easily predicted at this time. The Legislative Analyst Office² preliminary assessment states that California is already in a recession and forecasts a possible “L-shaped” recovery marked by prolonged depressed economic activity and high unemployment.

COVID-19 Crisis Will Impact TRU Rule Procedurally and Substantively

This steep economic decline and lack of predictability, driven by a novel coronavirus whose behavior is still largely unknown, will impact CARB’s TRU proceedings in several ways:

¹ <https://www.ttnews.com/articles/commercial-vehicle-production-fall-20-globally-ihs-says>

² <https://lao.ca.gov/handouts/FO/2020/Preliminary-Assessment-of-the-Economic-Impact-of-COVID-19-041620.pdf>

- Pre-pandemic work on the Standard Regulatory Impact Assessment is now substantively flawed.
- Total cost of ownership calculations will need to account for precipitous drops in oil prices due to near-term and longer term depressed demand.
- Growth and survival curve assumptions in the initial emissions inventories prepared in October 2019 will need to be updated.
- Statewide and regional criteria pollutant inventories and ambient air quality attainment plans will be altered due to precipitous drops in economic activity and associated emissions for years to come.
- Decreases in state revenues may impact incentives and CARB staffing levels.

Furthermore, the nature of the proposed regulation, which requires facilities in the food supply chain to conduct lengthy construction projects that may render parts of these facilities to be partially or totally non-operable, must be taken in light of this industry's role in emergency relief during pandemics. Sudden demand spikes from panic-buying created a surge larger than even typical seasonal holiday peaks. Distributors have had to reconfigure operations to adjust to steep declines in restaurant business. Food pantry demand has increased.

It is simply not viable to hamper the operation of the food supply chain when public health experts expect anywhere between 12-24 months or longer of social distancing orders.

Additionally, stakeholders and staff have limited opportunity for engagement on the technical and practical implementation of the rule given California's shelter-in-place order. CTA and ATA members have offered to host staff at cold storage warehouses to discuss how the draft regulatory language would impact the operation of these facilities.

Comments Specific to Draft TRU Concept

The ATA and CTA proposes that in-use requirements are, generally, moved 2 to 4 years into the future to allow CARB and stakeholders time to properly assess the depths of the coming recession and the industry's capacity to implement the rule as proposed.

The below chart summarizes suggested changes to the implementation schedule, stationary operating time limits and proposes to subject <25hp units purchased prior to 1/1/2021 to grandfathering provisions.

Specific to the proposed grandfathering provisions, our members indicate that not all <25hp TRUs can be both retrofit to VDECS and made to run on electric-standby. Implementation of staff's proposed concept would greatly and unfairly decrease the expected useful life of "evergreen" equipment purchased to comply with the existing TRU ATCM.

Additionally, there is a trade-off that must be balanced between the relative benefit of near-source PM versus increases in NOx from VDECS.

ATA and CTA intends to work with staff to model the emissions impact of these proposals.

	CARB 2020	CTA 2020
Truck TRUs	<ul style="list-style-type: none"> 2022: Register w/ CARB & low GWP refrigerant on newly manufacturer Beginning in 2024, all truck TRU fleets must turnover a percentage of their fleet each year (for 7 years) to full zero-emission technology. 	<ul style="list-style-type: none"> 2026: Register w/ CARB & low GWP refrigerant on newly manufacturer Beginning in 2026, all truck TRU fleets must turnover a percentage of their fleet each year (for 7 years) to full zero-emission technology.
Trailer TRUs	<ul style="list-style-type: none"> 2022: Register w/ CARB & low GWP refrigerant on newly manufactured 2024: All trailer TRUs manufactured/sold after this date must meet >25hp standard & be capable of ZE operation. Manufactured prior to this date must have level 3 VDECs. 2024: Stationary operating limit for 2024-newer. 15 minutes. 2028: All trailer TRUs must use alternative power if parked or stationary for >15 minutes at an Applicable Facility. 2031: Everything must meet >25hp Tier 4 Final 	<ul style="list-style-type: none"> 2026: Register w/ CARB & low GWP refrigerant on newly manufactured 2026: All trailer TRUs manufactured/sold after this date must meet >25hp standard & be capable of ZE operation. 2026: Stationary operating limit for 2024-newer. 1 hr. 2026: <25hp TRUs Manufactured prior to this date must be equipped with electric standby. 2031: All trailer TRUs must use alternative power if parked or stationary for >1hr at an Applicable Facility. 2031: Everything must meet >25hp Tier 4 Final <p><25hp TRUs purchased prior to 1/1/2021 subject to grandfathering provisions.</p>
Applicable Facilities	<ul style="list-style-type: none"> 2022: Register with CARB & Supply Geofence 2023: Must submit infrastructure/compliance plan 2024: Applicable facilities must provide infrastructure to support alternative TRU technologies (may apply for two year extension in event of delay) 2024: Report on TRUs (Must report non-compliant TRUs, but no apparent obligation to turn away load) or provide declaration (Triggers obligation to turn away non-compliant TRUs?). 	<ul style="list-style-type: none"> 2024: Register with CARB & Supply Geofence 2025: Must submit infrastructure/compliance plan 2026: Applicable facilities must provide infrastructure to support alternative TRU technologies (may apply for two year extension in event of delay) 2026: Submit quarterly report, only on non-compliant TRUs (mirrors drayage truck rule)

Grandfather Provisions for <25HP TRUs purchased prior to January 2021

Already retrofit with VDECS prior to 1/2021	Can Accept VDECS (but not electric standby) but not retrofit prior to 2021	Can Be or Was Already Converted to Electric Standby
<ul style="list-style-type: none"> Must be retired on 14 year rolling schedule (e.g. MY 2010 retrofit w/ VDECSs in 2017 must be retired by 2024) 	<ul style="list-style-type: none"> Must be retrofit by 7th model year as in existing ATCM and retired on earlier of 14 year rolling schedule or 2031. Alternatively, fleet may choose to instead retire non-retrofitted by TRUs by 10th year. 	<ul style="list-style-type: none"> Any <25hp converted to electric standby by 2026, allowed to operate until 2037. Alternatively, fleet may choose to instead retire non-retrofitted by TRUs by 10th year.

Other Comments

- The proposed TRU regulation must be effectively enforced through CARB resources and not rely on policing by regulated parties. According to CARB's 2018 Enforcement Report, roughly 3,000 TRUs were inspected with 38% being found non-compliant. Not only is this level of non-compliance a primary concern, the ability to inspect the CARB estimated 200,000 TRUs operating in the state is also a concern. The draft regulation must be revised to ensure that compliant companies do not continue to be placed at a competitive disadvantage.
- The registration renewal period should be eliminated or extended. The two events when compliance information is reported is during the initial registration and when changes to this information occur. Once reported, this information should be accessible to field enforcement staff to verify the status of individual TRUs. The proposed biennial renewal period does not affect this reporting or field staff accessibility to this information and is unnecessary.
- The relationship between the proposed 15-minute SOTL and GPS ping rates need to be examined. CARB's own TRU telematics data shows ping rates ranging from a minimum of 15-minutes to several days for individual TRUs and include transmittal and data anomalies that make it difficult to determine their operating status. The ability to accurately use this type of data to determine noncompliance and issue citations needs to be demonstrated.
- Agree with and support Southern California Edison's comments that a phased-in approach to the infrastructure requirement can minimize overall costs, reduce the risk of stranded assets, and better accommodate increased medium- and heavy-

duty vehicle electrification. In particular, the proposed approach will rely exclusively on 480 VAC shore power plugs and not be able to accommodate new technologies that may arise. In addition, these same facilities may be electrifying trucks under the newly proposed zero-emissions fleet rule without the benefit of coordinating these efforts.

- Several concepts are presented in the draft regulatory language including stationary operating time limits, exclusion of federally-certified non-road engines, TRU registration fees, requirement for ETS, etc. Listing the specific authority for each of the various sections of the draft regulation would help with understanding the foundations for each of these concepts.

If you have any questions please feel free to contact Chris Shimoda at cshimoda@caltrux.org or Mike Tunnell at mtunnell@trucking.org

Thank you,

Chris Shimoda, Vice President of Government Affairs
California Trucking Association

Mike Tunnell, Director of Environmental Affairs
American Trucking Associations