



Alison Linder  
15-3-4

April 23, 2015

Clerk of the Board  
California Air Resources Board (CARB)  
1001 I Street  
Sacramento, CA 95814

Attention: Clerk of the Board

**RE: Comments on CARB's Sustainable Freight - Pathways to Zero and Near Zero Emissions - Discussion Draft & the Draft Heavy Duty Technology and Fuel Assessment Overview**

Thank you for the opportunity to comment on the *Sustainable Freight - Pathways to Zero and Near Zero Emissions - Discussion Draft and the Draft Heavy Duty Technology and Fuel Assessment Overview*. As the nation's premier international trade gateway, the Southern California Association of Governments (SCAG) and our partner transportation agencies plan for investments designed to ensure that the region continues to play a vital role in the global supply chain while attaining clean air standards and quality of life for our communities. Consistent with our adopted 2012-2035 Regional Transportation Plan/Sustainable Communities Strategies, we are supportive of a strong commitment to reduce emissions from transportation sources through the broad deployment of zero and near-zero emission technologies. The 2012-2035 RTP/SCS serves as transportation strategies and control measures for the South Coast Air Quality Management Plan and demonstrates transportation conformity for all nonattainment and maintenance areas within the region.

Clean transportation strategies are critical to achieve air quality attainment, meet greenhouse gas (GHG) reduction targets, and improve the health of our local communities. It is also important that these technologies have real potential to provide economic benefits—demonstrating, for example, reduced fuel and maintenance costs and greater energy cost certainty to ensure economic sustainability. Transitioning our freight transportation system to cleaner, more efficient technologies and strategies will require coordinated partnerships with

private industry (carriers, shippers, technology and energy providers, etc.) as well as local and regional agencies and the federal government. We hope to work closely with CARB to achieve this vision of an environmentally and economically sustainable freight system and offer the feedback below:

- **Funding:** Although CARB staff has identified existing funding sources and has described plans to modify existing incentive sources, further delineation of new funding opportunities is needed. More emphasis needs to be placed on the importance of a robust funding mechanism to not only support emerging technology demonstration and deployment, but also integration of infrastructure. Further, more emphasis should be placed on fostering federal support to encourage broader nationwide markets for clean technologies—a necessity for major vehicle manufacturers to justify clean technology research and development investments; substantial federal funding is needed for technology development and initial deployment incentives. We appreciate the acknowledgment on page 1 of the report indicating that, “to help fund these efforts, California’s logistics industry must remain profitable in the face of increasing competition from other North American seaports and supply chains.” We would further caution that increasing transportation and operational costs in California could have unintended consequences. For example, regulations on GHG reduction that influence industry to move portions of the supply chain out of California could be a net negative for global GHG reductions, even though on paper California GHGs might decrease. This could undermine the very source of funding needed to continue with technology improvements.
- **Industry Considerations:** We appreciate the outreach conducted to date with private industry. However, we strongly encourage CARB staff to maintain a continuous dialogue with industry and to be cognizant of operational considerations. As described in the document, the freight industry is complex with multiple players and markets. Interfering with operations may slow productivity, with potential negative economic consequences. Strategies need to be vetted through technology demonstrations. Although local, state, and federal public agencies should support such demonstrations, private industry must be engaged early and often. This is particularly important in relation to the discussion of proposed facility caps; improvements to system efficiency; selected near term actions that are proposed; and the overall approach towards regulation. Since cost, safety and operational issues are dominant considerations, priority should be given to developing strategies with potential environmental *and* economic benefits.
  - **Facility Based Caps:** CARB staff has already noted many potential difficulties in implementing a facility cap. We point out the additional consideration of potentially penalizing facilities that have already made voluntary investments to clean the air. Further, even within a single industry or types of facilities, there are multiple

markets and variations in operational considerations that will make it challenging to impose a broad, one-size-fits-all approach. We also caution that while reducing emissions is a worthwhile goal, any caps that result in reduced activity or productivity would be harmful to the State's economy. We encourage CARB to continue to work closely with industry in evaluating the benefits and costs of such caps.

- **System Efficiency:** Many strategies are discussed, including urban consolidation centers, extended or off peak hours of operation, land use strategies and increased terminal efficiencies. We remind CARB staff that many of these efforts have been tried to varying levels of success. While some show promise, industry may be the best judge of how to improve the efficiency of their operations given the implications on the broader supply chain. CARB staff should maintain ongoing dialogue with industry, as well as local and regional transportation agencies that have made considerable effort to understand and coordinate with operators to facilitate transportation and land use planning.
- **Near Term Measures:** Some of the proposed near term measures related to increasing enforcement will require time and cooperation from industry. While increased enforcement is important to ensure that existing regulations are being implemented properly, CARB staff should work closely with industry to ensure that this is not a burdensome process.
- **Regulatory Approach:** In general, we support an approach that requires certain targets be met as opposed to requiring a specific technology. It is important to allow industry the flexibility to arrive at emissions reducing solutions that best support their business practices. Both deployment incentives and regulatory measures should generally be fuel and technology neutral and allow maximum choice for industry.
- **Federal-Source Emission Standards:** As described in the report, NOx emissions from federal and international sources such as ocean-going vessels and locomotives will represent an increasingly significant portion of the NOx emission inventory in the future. To attain existing and future federal and state ambient air quality standards in the SCAG region, especially in the South Coast Air Basin, it is necessary that federal actions ensure a level playing field. While we support ARB's near-term actions to petition U.S. EPA to develop lower NOx standards, we caution CARB about pursuing California specific emissions standards in the absence of federal action.

- **Land Use and Transportation Infrastructure Considerations:** CARB describes a few approaches to improving the efficiency of the freight transportation system that will have implications for infrastructure planning such as truck platooning and connected vehicles. In these efforts, CARB should work closely with CALTRANS, MPOs and local transportation planning agencies.
- **Regional Planning:** CARB staff suggests incorporating freight into the Sustainable Communities Strategies, and using metrics to measure changed vehicle miles traveled and greenhouse gas emissions as a result of the plan. Although SCAG develops a comprehensive freight strategy in coordination with the development of the Regional Transportation Plan and Sustainable Communities Strategies, the breadth of data and analytical tools needed are often resource intensive and challenging to acquire. In addition, SCAG and its public agency partners have very limited ability to influence freight-related emissions. We can account for the emissions-related actions of the state and federal governments, but it would not seem appropriate to include freight-related GHG reduction as a responsibility of MPOs through the SCS process. CARB is advised to further coordinate with MPOs throughout the State with respect to initiatives focused on regional planning considerations.

Comments specific to the *Draft Heavy Duty Technology and Fuel Assessment Overview* are below:

- **Building on Regional Progress:** The *Draft Heavy Duty Technology and Fuel Assessment Overview* acknowledges that different parts of the State have different fleet mixes, have different industry needs, and have made different investments to date. As home to the nation's two largest ports and the gateway for about 40 percent of the nation's containerized imports, we have done extensive work to demonstrate and deploy new technologies through regional collaboration. We hope that as the State begins to implement new policies, investments already made in the SCAG region are leveraged and built upon. Furthermore, we suggest that the document clarify the critical role of MPOs as a key partner in understanding and developing regional freight plans.
- **Technology Assessment:** The technology assessment should be more comprehensive in identifying and comparing emerging technologies. Consistent metrics should be used to compare across technologies such as stage of development, estimated incremental cost, return on investment, most likely users and markets, emissions benefits, and operational parameters.
- **Technology Prioritization:** This report suggests that investments will be prioritized. As previously stated, the SCAG region generally maintains a technology neutral approach, but where needed, we strongly recommend clear and transparent criteria.

- **Transition from Near-Zero to Zero:** The report suggests that near-zero emission technologies will be used as bridging technologies as fully zero emission technologies become developed *OR* will be used for equipment or vehicles where no zero-emission option is likely to exist. We recommend that CARB staff provide greater clarification of this transition. We are concerned about the potential for stranded assets as new technologies and standards continue to evolve.

The SCAG region offers these comments to facilitate collaboration with CARB in developing the full Sustainable Freight Strategy. We acknowledge that success in this effort will require cooperation between sectors and jurisdictions. California cannot solve these problems alone, and this report serves in part as an opportunity to solicit greater federal participation in realizing a necessary solution. Any actions taken must be understood and balanced in the context of a larger geography than just California, and evaluated across multiple dimensions: air quality, productivity, health, economic competitiveness, and employment opportunities for our citizens, many of whom are dependent on logistics for their livelihood. Feasible *and* cost-effective approaches are of paramount importance if we are to succeed going forward. We have been fortunate to have a strong partnership with industry on air quality issues in Southern California, and we need to build on that with solutions that are sensitive to keeping California competitive and our businesses healthy.

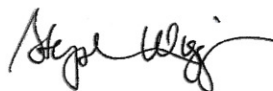
Once again, thank you for the opportunity to review CARB's draft documents.

Sincerely,



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Executive Director,  
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Commission



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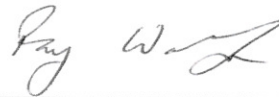
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