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April 20, 2015

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento CA 95812

Submitted Electronically: http://www.arb.ca.gov/lispub/comm/bclist.php

RE: **Sustainable Freight: Pathways to Zero and Near-Zero Emissions, Discussion Draft**

Dear Chairman Nichols and Members of the Board:

The California Trucking Association (CTA) and the American Trucking Associations (ATA) urges the Board to proceed cautiously when considering the proposed actions contained in the Sustainable Freight Strategy (Strategy).[1] Having gone through numerous revisions to the Truck and Bus Rule, the Board should be cognizant of the difficulties associated with implementing and enforcing many of the proposed actions. Avoiding programs that create uneven playing fields for the regulated community or further the economic hardship borne by one of the leading job providers for working class Californians should be a primary focus going forward.

Based on past experiences, we know the economic burden associated with in-use truck rules to be real and particularly difficult to bear for the vast majority of the industry which are comprised of small and micro-fleets. The differing economics and competitive dynamics of the dozens of unique market sectors classified as "trucking", unexpected economic downturns and the overwhelming need for public financial assistance are just a few of the economic complexities we have already faced in the implementation of the existing suite of diesel truck regulations.

Your agency has also faced great difficulty due to the complexity of in-use regulations impacting trucking. We would urge the Board to carefully evaluate the resources that would be needed to undertake the proposed actions, both individually and cumulatively, especially where new in-use rules are being proposed. Because the Strategy represents a significant expansion in scope, the resources needed to develop, implement and adequately enforce the programs will necessarily increase. Based on our understanding of current resource constraints, avoiding or exacerbating similar issues should be of paramount mutual concern.

Regarding your agency's process to date, we would like to register some general comments.

[1] CTA serves the commercial motor carrier industry in California and the companies that provide products and services to the trucking industry. ATA is the national trade association representing the American trucking industry and is a united federation of motor carriers and suppliers, state trucking associations, and national trucking conferences.

- Review period is insufficient – The trucking industry is the subject of well over 20 distinct measures in the Strategy. A two-week written comment period is not sufficient to truly analyze this document. However, we understand that this discussion draft is meant as a "first step" to spur further discussion and would expect the Board and staff will allow adequate time for analysis by impacted stakeholders and partner agencies prior to adoption of any particular rule or measure in this draft.

- Need to identify the formal process – In our conversations with other supply chain industry organizations, a common theme of "confusion" has emerged. It would be helpful to provide a Gantt chart outlining what the formal process for coordination and adoption of this strategy is, how and on what timeline measures will be developed for planning documents such as the State Implementation Plan, the AB32 Scoping Plan Update, the Short-Lived Climate Pollutant Plan and others referenced in your document.

CTA and ATA are committed to continuing to discuss with the Board and staff the Sustainable Freight Strategy. Comments on specific actions affecting the trucking industry are provided on the following pages. As the primary mover of goods throughout the state, the trucking industry has a vested interested in improving freight efficiency while ensuring the free flow of goods both domestically and internationally. We look forward to being an important participant in the process.

Respectfully,

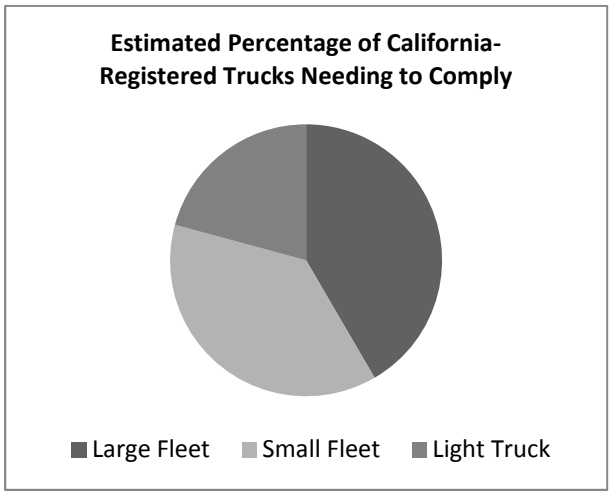
Chris Shimoda
Director of Policy
California Trucking Association

Mike Tunnell
Director, Energy and Environmental Affairs
American Trucking Associations

Comments on specific actions identified in the Sustainable Freight Strategy:

**1) CTA and ATA support efforts to enhance enforcement; however, the focus should be on potential violators rather than sizeable fleets and brokers.**

According to CARB's most recent estimate of the number of trucks that need to take additional action to comply with the Truck and Bus Regulation, trucks registered to large fleets that enter California from other states are on average around two to three years old.[2] With the regulation currently requiring trucks with 2007 and newer engines, the trucks operated by large fleets tend to be well within compliance. In addition, as shown, CARB's estimate of the number of California-registered trucks that need to comply with the regulation indicates a nearly equal split between those operated by large fleets and small fleets. These demographics support the need to ensure the enhanced enforcement actions focus on identifying potential violators of all types regardless of the size of their operation.




**2) The proposed facility-based emissions cap will be a drain on business and agency resources and should be avoided.**

The proposed facility-based emissions cap, in essence, doubles down on the overly complex, resource-intensive approach to in-use regulation embodied by the Truck and Bus Rule. There is an unanswered, fundamental question regarding how compliance with a facility-based approach could be achieved if the necessary technology to comply will be slowly developed in the following decades along uncertain timelines as staff acknowledges in the report.

There are other practical considerations which must be addressed prior to considering this approach. Requiring facilities to inventory and limit activities from all operating sources, including vehicles will not only be costly to thousands of local facilities in terms of planning, implementation, oversight, and enforcement, but will likely result in varying requirements from facility to facility, thereby limiting the flexibility of companies serving these facilities. From a practical standpoint, it will be difficult, if not impossible, to monitor the ages, types and sizes of engines visiting a facility, the amount of time these engines actually spend operating at a facility, and the amount of horsepower they expend while at a facility. In addition, the policing of these vehicles by the facility operator to ensure compliance raises significant questions regarding responsibilities, costs, and effectiveness of this proposal.

[2] California Air Resources Board, *Staff Report: Initial Statement of Reasons for Proposed Rulemaking, Proposed Amendments to the Truck and Bus Regulation, Appendix C – Assessing Compliance for Trucks Subject to the Regulations* (March 2014).

In order to prevent a patchwork of facility-based requirements, state and federal oversight of mobile source emissions should continue in order to promote consistent regulations that facilitate interstate commerce and business throughout the state. While this concept lacks enough details to comment upon further, CTA and ATA would likely have strong opposition to any concept which brings further fragmentation and confusion to in-use truck regulation and further strained your agency's already overburdened resources.

**3) Harmonized national greenhouse gas standards for heavy-duty vehicles should continue to be a goal of the Board.**

CTA and ATA supported the Board's recent adoption of harmonized national greenhouse gas (GHG) standards for heavy-duty trucks.[3] While a national approach provides GHG reductions to California as well as to the rest of the country, it also results in technology research, development and deployment being the responsibility of the engine and vehicle manufacturers. This approach ensures the emissions-reducing, fuel-saving technologies will be incorporated into the vehicle upon initial sale, thereby maximizing the extent of these benefits. This approach also helps fleets expedite the flow of commerce by promoting the operation of homogeneous vehicles throughout the entire country.

**4) Further evaluation and demonstration is needed before committing to a low-NOx engine standard.**

Having gone through three rounds of reducing tailpipe NOx emissions in 2004, 2007, and again in 2010, the lessons learned from these prior regulatory actions remain fresh in the mind of the industry. Fuel economy penalties, increases in greenhouse gas emissions, reliability issues, and vehicle pre-buys/low-buys were among the significant unintended consequences. Another major factor was the cost of compliance. The cumulative vehicle surcharge for all three rounds was more than $21,000, more than four times EPA's projected cost of compliance.[4]

The prospect of a commercially viable engine meeting a NOx standard that is 50-90% below the current standard should not be a foregone conclusion. In addition to the need to demonstrate the technical feasibility of meeting the proposed standards, while at the same time achieving increasingly stringent GHG emission limits, the in-use performance of such an engine must be carefully evaluated to ensure it meets the reliability, performance and cost criteria of the purchaser. Otherwise, this pursuit will result in buyer avoidance and an increase in the overall age of the fleet.

**5) The commercial viability of zero-emission trucks is still in question.**

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[3] California Air Resources Board, *Public Hearing to Consider the Proposed Greenhouse Gas (GHG) Regulations for Medium- and Heavy-Duty Engines and Vehicles, Optional Reduced Emission Standards for Heavy-Duty Engines, and Amendments to the Tractor-Trailer GHG Regulation, Diesel-Fueled Commercial Motor Vehicle Idling Rule, and the Heavy-Duty Hybrid-Electric Vehicles Certification Procedures* (December 12, 2013).

[4] Calpin, Patrick & Esteban Plaza-Jennings, *A Look Back at EPA's Cost and Other Impact Projections for MY 2004-2010 Heavy-Duty Truck Emissions Standards*, American Truck Dealers (February 2012).

Similar to a low-NOx engine standard, the commercial viability of zero-emission trucks has yet to be demonstrated. With electric vehicle costs running 30-125% more than a comparable conventional truck, large scale subsidies are necessary to facilitate deployment and provide fleets with a reasonable return-on-investment. We appreciate staff's long-term vision for deployment of short-haul (e.g. drayage) zero emission trucks being an incentive based approach, rather than a regulatory mandate given the uncertainty around the viability of these technologies and the availability of adequate charging and hydrogen refueling infrastructure.

On the subject of the proposed last-mile delivery rule, we do not believe that we have been provided adequate time or detail to provide full comments. However, we believe there are obvious observations which can be made about the potential for stranded assets in this sector where significant investments have been made in natural gas vehicles and infrastructure. We will reserve further comment for now, but would fully encourage staff and the Board to engage industry prior to committing to a regulatory, rather than an incentive-based approach.

**6) Efforts to reduce the opacity limits should also address deficiencies in the Periodic Smoke Inspection Program.**

CTA and ATA have long been concerned about the contradiction between a 99% compliance rate when conducting random roadside emissions inspections and the significant penalties being collected by the periodic smoke inspection program (PSIP).[5] While the PSIP penalties are generally the result of missed tests or poor recordkeeping, as opposed to actual failed tests, the penalties collected are among the highest of any of the heavy-duty diesel fleet programs. This level of penalties, and the staff resources associated with collecting these penalties, is not consistent with the extremely high compliance rate found when conducting this same test at roadside.

**2012 – 2013 Investigations Opened and Penalties Collected[6]**

| Program | Investigations Opened | Penalties Collected |
|---|---|---|
| Drayage Truck | 115 | $ 463,396 |
| Off-Road Diesel Vehicle | 201 | $ 44,375 |
| Other (ECL, Funding, etc.) | 702 | $ 59,775 |
| Periodic Smoke Inspection | 663 | $ 2,239,903 |
| Public Agency and Utility Fleet | 23 | $ 131,250 |
| Solid Waste Collection | 53 | $ 241,494 |
| Statewide Truck and Bus | 612 | $ 907,225 |
| Transit Fleet Vehicle | 9 | $ 15,000 |
| Transport Refrigeration Unit | 132 | $ 385,425 |
| Urban Transit Bus | 4 | 0 |
| Verified Diesel Emissions Control Strategies | 34 | $ 368,655 |
| **Total – Heavy-Duty Diesel Fleet** | **2,548** | **$ 4,856,498** |

[5] California Air Resources Board, *Annual Enforcement Reports* (2009 – 2013).
[6] *Ibid* (2013 – 2013).

Any efforts to reduce the opacity limits also need to address the lack of quantifiable air quality benefit associated with the PSIP. With federal and state air quality plans driving the agency's efforts, the ability to quantify and claim air quality benefits from this program needs to be a precursor to further changes associated with the program. In addition, any changes need to ensure that an engine in good operating condition and set to manufacturers' specifications does not fail. As these types of programs are being conducted in a number of states, a coordinated national effort that updates the limits through an SAE workgroup and EPA would be preferable to ensure national uniformity

**7) An assessment of electric charging infrastructure is needed prior to taking any action establishing operational limits for transport refrigeration units.**

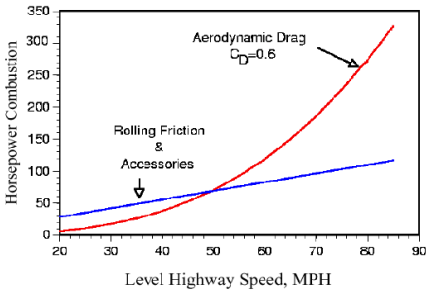
Electric-standby (eTRUs) is used as a compliance option by only 1% of all TRUs with engines greater than 25 horsepower.[7] Factors that contribute to the limited use of eTRUs include the higher initial cost and the need for electric plug-in infrastructure. Because this infrastructure is very limited, eTRUs are used only in the most controlled situations.

As CARB staff previously noted, electric plug-in infrastructure at an eTRU's home base facility and all other facilities it visits is required, at a significant additional cost, to ensure the diesel engine operation is eliminated while at these facilities.[8] CARB staff concluded in 2003 that these infrastructure upgrades may be cost-prohibitive in many cases. Given this conclusion, it is imperative that an assessment of the feasibility and cost of electric infrastructure upgrades to accommodate eTRUs be conducted before further action is taken.

**8) The Board should direct financial resources towards congestion mitigation to compliment vehicle efficiency measures.**

Vehicle aerodynamics is an important component of the ongoing efforts to improve fuel efficiency and reduce greenhouse gases. Much like electric charging infrastructure is needed to facilitate the use of electric vehicles; the funding of roadway improvements is needed to maximize the benefits of aerodynamics.

As illustrated, the benefits of vehicle aerodynamics are exponential and provide the greatest benefits at free-flowing highway speeds. Unfortunately, California is home to five of the top 45 freight bottlenecks.[9] Average daily speeds at these bottlenecks range from 37 - 49 mph and slow to 28 - 45 mph during peak hours. Funding to improve the roadway network to alleviate congestion should be an important component of the Strategy.




[7] California Air Resources Board, *Staff Report: Initial Statement of Reasons for Proposed Rulemaking, 2011 Amendments for the Airborne Toxic Control Measure for In-use Diesel-Fueled Transport Refrigeration Units (TRU) and TRU Generator Sets, and Facilities where TRUs Operate* (August 2011).
[8] *Ibid.*
[9] American Transportation Research Institute, *FPM Congestion Monitoring at 100 Freight Significant Highway Locations* (2013).