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American Trucking Associations

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November 17, 2010

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

Submitted electronically to: <http://www.arb.ca.gov/lispub/comm/bclist.php>

RE: Proposed Amendment of the Airborne Toxic Control Measure for In-Use Diesel-Fueled Transport Refrigeration Units (TRU)

Dear Chairman Nichols and Member of the Board:

The American Trucking Associations (ATA) is pleased to submit the following comments on the California Air Resources Board's (CARB) Proposed Amendment of the Airborne Toxic Control Measure for In-Use Diesel-Fueled Transport Refrigeration Units (TRU).¹

ATA members support the goal of clean air and are committed to continue working with the Board and its staff to identify and address implementation issues associated with this regulation. We acknowledge the necessity of the proposed amendments before you. The lack of viable ULETRU options and the nuances of the "flex" engine provisions require immediate action to provide certainty to affected fleets. Much more work is needed, however.

ATA urges the Board to direct staff to further modify the regulation to eliminate the current "two in seven years" compliance requirements and, instead, align future compliance with the introduction of new engines meeting the ULETRU standard for the 25-50 hp category. In addition, an extended compliance period should be provided for fleets that have expended financial resources complying with step-one of the current two-step process. Finally, these modifications need to be made as soon as possible in order to provide certainty to those facing compliance decisions.

The following discussion points should be considered when evaluating this request.

¹ ATA is a united federation of motor carriers, state trucking associations, and national trucking conferences created to promote and protect the interests of the trucking industry. Its membership includes more than 2,000 trucking companies and industry suppliers of equipment and services. Directly and through its affiliated organizations, ATA encompasses over 37,000 companies and every type and class of motor carrier operation.

(1) Technology costs are much higher than originally projected.

As shown in Table 1, the costs of compliance technologies have exceeded the original estimates put forth to the Board. Most notably, the cost of retrofit technologies is roughly 2½ -3 times higher than originally projected.

Table 1: Compliance Cost Estimates from TRU Staff Reports

Compliance Costs for Trailer TRUs 25-50 hp	CARB TRU Staff Report		Percentage Difference
	10/28/2003 (a)	September 2010 (b)	
1) LETRU Retrofit	\$2,050	\$4,750	132%
2) ULETRU Retrofit	\$2,300	\$6,000	161%
3) Engine Replacement/Repower	\$5,000	\$5,500 – 9,750	10 – 95%
4) TRU Replacement	\$20,000	\$19,000 – 25,000	(5) – 25%
5) Electric Standby	\$15,600	Not Addressed	--

(a) TRU Staff Report, p. VIII-2 and Matrix 1 & 1A (10/28/2003)

(b) TRU Staff Report, p. II-13 & V-4 (September 2010)

(2) Engine repowers are the primary compliance strategy.

As noted in the staff report, 65 percent of compliance has been achieved through engine repowers.² Factors which may be influencing a preference towards engine repowers include price, availability, service networks, and maturity of the technology. Whether the emergence of a more expensive, ULETRU retrofit device will capture a greater share of the compliance market (which is estimated at 30% for retrofits) is debatable. Some may argue that because a ULETRU device provides ultimate compliance, this will be the preferred path. Conversely, because the technology has a limited track record in TRU applications, buyers may be reluctant to purchase unproven technology.

(3) TRU owners have already spent a significant amount to comply.

In the midst of the largest freight recession in the past forty years (a 16.5 percent decrease in freight volumes from 2007 to 2009), TRU owners will have spent in the range of \$83 to \$133 million on repowers and retrofits through 2010 (see Table 2). These figures exclude the unknown quantity of early TRU and trailer replacements which have occurred.

Given the economic conditions facing businesses today, some type of economic relief is warranted. For those who have spent money on compliance, an extension of the existing 7-year compliance period is appropriate. For those who will be faced with future compliance costs, a delay that will allow for the introduction of ULETRU-compliant new engines in the 25-50 hp category should be pursued.

² TRU Staff Report, p. II-13 (September 2010).

Table 2: Estimated Cost of Compliance

Compliance Method	Number of TRUs Brought into Compliance through May 2010 (a)	Number of TRUs Scheduled for Compliance by December 2010 (b)	Reported Compliance Costs (b)	Total Compliance Costs (Million)
1) LETRU Retrofit	3,363	1,292	\$3,650 – \$4,750	\$17 – \$22
2) New Engine Repower	7,779	2,800	\$5,500 – \$9,750	\$58 – \$103
3) Rebuilt Engine Repower	1,321	--	\$6,250	\$8
4) Electric Standby (c)	2,355	215	\$0	\$0
5) Early TRU/Trailer Replacements	Unknown	Unknown	\$20,000 - \$45,000	Unknown
5) Total Estimated Compliance Costs through 2010	14,818	4,307		\$83 – \$133

(a) As reported by CARB staff via ARBER through May 5, 2010

(b) TRU Staff Report, pp. II-13 & V-5 (September 2010). December 2010 compliance numbers have been extrapolated using the estimated 65% engine repower, 30% retrofit, and 5% electric standby compliance ratios.

(c) Assumes electric standby capabilities are already in place and, therefore, no costs have been assigned.

(4) Regulatory changes need to be made far in advance of the implementation deadlines.

Given the significant financial costs associated with compliance and the need to identify, evaluate, purchase, and install the preferred compliance option, TRU owners need as much advance notice of regulatory changes as possible. By ensuring adequate lead times between regulatory changes and implementation, companies will have time to plan, budget and schedule their technology acquisitions. While ATA supports making necessary changes to the TRU regulation, making these changes as far in advance of the applicable implementation date will help TRU owners gain an understanding of the compliance requirements and be able to plan accordingly.

(5) Improvements to the TRU inventory are needed.

ATA agrees that improvements to the TRU inventory are needed. A 32 percent increase in the affected population of 2003 and 2004 TRUs was contained in Table V-2 of the 2010 staff report when compared to Matrix 1 of the 2003 staff report. While it is unclear how this increase in the affected population was determined, it points to the need to develop a reliable inventory to determine costs and impacts. A great deal of work has been done to develop revised on- and off-road inventories and a similar effort is needed to better reflect the population of TRUs operating in California. As with the necessary regulatory changes, this work should be expedited and pursued through an open, stakeholder-based process.

ATA appreciates the opportunity to comment on the proposed amendments and the TRU regulation, in general. If you have questions regarding these comments, please contact me at either (916) 300-3161 or at mtunnell@trucking.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Tunnell". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael Tunnell
Director, Environmental Affairs
American Trucking Associations