



AMERICAN TRUCKING ASSOCIATIONS

950 N. Glebe Road ★ Suite 210 ★ Arlington, VA ★ 22203-4181
www.trucking.org

August 8, 2014

VIA ELECTRONIC SUBMISSION: <http://www.regulations.gov>

Docket Management Facility
M-30
U.S. Department of Transportation
West Building, Ground Floor
Room W12-140
1200 New Jersey Avenue SE
Washington, DC 20590-0001

RE: Docket No. NHTSA-2014-0074

To Whom It May Concern:

The American Trucking Associations' (ATA) submits the following comments on the National Highway Traffic Safety Administration's (NHTSA) *Notice of Intent to Prepare an Environmental Impact Statement for New Medium- and Heavy-Duty Vehicle Fuel Efficiency Improvement Program Standards* (EIS) that was published in the Federal Register. See, 79 Fed. Reg. 38842 (July 9, 2014). ATA, with offices at 950 North Glebe Road, Suite 210, Arlington, Virginia 22203, is the trade association that represents the U.S. trucking industry.¹

As the national representative of the trucking industry, ATA was intimately involved in the U.S. Environmental Protection Agency's (EPA) and NHTSA's first-ever greenhouse gas (GHG) and fuel consumption joint rulemaking for medium and heavy-duty trucks. See, 76 Fed. Reg. 57106 (September 15, 2011). ATA worked closely with both NHTSA and EPA in sharing information, undertaking reviews, and providing industry input throughout the rulemaking process. ATA's membership is comprised of those companies that purchase the trucks which are the focus of this second round of regulation (Phase II). ATA believes that it is imperative for NHTSA and EPA to carefully consider all potential environmental impacts under Phase II and to

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. Directly and through its affiliated organizations, ATA represents more than 37,000 companies encompassing every type and class of motor carrier in the United States.

avoid any unintended consequences that may result from further reductions in truck greenhouse gases and fuel consumption under consideration.

Background

The trucking industry is composed of both large national enterprises as well as a host of small businesses, all of whom operate in extremely competitive business environments, with narrow profit margins. According to the U.S. Department of Transportation, 97% of motor carriers have 20 or fewer trucks.

With more than 500,000 interstate motor carriers in the U.S., the trucking industry is the driving force behind the nation's economy. Trucks haul nearly every consumer good at some point in the supply chain. Few Americans realize that trucks deliver nearly 70 percent of all freight tonnage or that 80 percent of the nation's communities receive their goods exclusively by truck. Even fewer are aware of the significant employment, personal income, and tax revenue generated by the motor carrier industry. Nearly seven million people employed in the trucking industry move approximately 9.7 billion tons of freight annually across the nation. Trucking annually generates \$681.7 billion in revenues and represents roughly five percent of our nation's Gross Domestic Product. One out of every 16 people working in the private sector in the U.S. is employed in a trucking-related job including the manufacturing, retail, public utility, construction, service, transportation, mining, and agricultural sectors. Of those employed in private-sector trucking-related jobs, 3.2 million are truck drivers.

Comments

State Emission Standard Setting Should not Upend Achieving Phase II Objectives

The California Air Resources Board (CARB) is proposing a set of optional "ultra-low" Nitrogen Oxide (NOx) standards that are 50, 70 and 90 percent below the current nationwide standards established in 2010. Since selective catalytic reduction (SCR) systems for reducing NOx emissions are at or near the limits of NOx conversion capabilities, engine manufacturers likely will need to further reduce engine-out NOx, and/or provide additional heat to the SCR catalyst to maintain optimum temperature to meet the new ultra-low NOx emissions standards. The physics and thermodynamics associated with those changes will result in worse fuel efficiency and increased GHG emissions.

If CARB's efforts are allowed to advance, the unintended consequence of further regulating NOx emissions by CARB would be detrimental to both EPA and NHTSA in their respective charges under Phase II. ATA continues to strongly support national harmonization of all standards for the trucking industry – including standards under Phase II. To do otherwise would be disruptive to the nation's movement of freight and counter-productive to the respective charges currently before NHTSA and EPA.

ATA Supports a Single, Unified National Fuel Efficiency Program

The first round (Phase I) of GHG and fuel consumption standards served as a single, unified national program. Under Phase I, EPA and NHTSA worked together in finalizing a joint-rule that ensured compliance with EPA's requirements satisfied NHTSA's requirements as well. The outlier in this equation is California which has been granted authority by EPA to regulate greenhouse gas emissions from both new and old trucks and trailers operating within the state. Since commercial vehicles are involved in interstate commerce, a single nationwide program is the most effective regulatory structure for reducing fuel consumption and GHG emissions from heavy-duty engines and vehicles. ATA is hopeful that CARB will work collectively with both EPA and NHTSA in designing and implementing a single national program under Phase II. If such programs are not coordinated, both NHTSA and EPA may not fully achieve their respective aims under Phase II.

Excessive Increases in Equipment Costs Will Delay Environmental Objectives

Regulatory requirements have cost consequences for the trucking industry. The trucking industry knows first-hand how emission standards designed to improve environmental performance can escalate truck price tags to historical highs. As an example, EPA's 2002, 2007, and 2010 engine emission standards, promulgated to reduce NOx and particulate matter emissions to near-zero levels, resulted in a combined 25 percent cost increase on new heavy-duty engines. This increase did not include substantial additional costs attributed to excessive maintenance issues and vehicle down-time.

Equipment purchases are just one of the many operational costs fleets must consider in their short- and long-range business planning. It is therefore incumbent upon NHTSA and EPA to accurately analyze, characterize, and project the costs and benefits under Phase II -- especially where long lead times and production mandates are involved. Irrespective of return on capital investments (ROI) under Phase II, fleets must be able to afford more fuel efficient technologies up-front or environmental benefits will be significantly delayed. The issue of affordability especially holds true for the 97 percent of the nations' trucking companies deemed to be small businesses (*i.e.*, 20 trucks or less) who have limited access to capital and credit.

If new tractor, engine, and trailer costs escalate concurrently under Phase II (which appears to be a likely scenario), capital-limited fleets will have one of five options: (1) pre-buy equipment in advance of the Phase II implementation date; (2) hold onto existing equipment longer; (3) lease equipment as opposed to purchasing; (4) turn to the used equipment markets; or (5) leave the industry. ATA therefore supports an 18-month or less ROI on all technologies under Phase II and strongly encourages the agencies to more accurately account for both projected equipment and operation and maintenance costs in their Regulatory Impact Analyses. Failing to do so only serves to undermine the efficacy of the regulatory process and will delay the agencies' GHG and fuel consumption reduction goals.

Technologies not Thoroughly Tested and Proven Will Delay Environmental Goals

Efforts to reduce emissions and improve fuel efficiency must proceed in a logical, orderly manner that is cost efficient, economically achievable, and technologically feasible. Technologies that have not been thoroughly tested and verified will not gain favor with the trucking industry. Our recent experiences with untested emission reduction technologies in 2002, 2007, and 2010 speak volumes. It was not uncommon to see engine warranty claims per model year of nearly 200 percent on an annual basis. The trucking industry has learned a hard, financial lesson from these recent technology failures and will not accept further technology-forcing standards that have not had sufficient lead time for development and testing. Failure to recognize this fact will significantly delay NHTSA and EPA from meeting their objectives under the Phase II Rule.


NHTSA Should be Aware of Potential Impacts of Regulating Side and Front Override Guards

On July 10, 2014, NHTSA announced that it granted a petition and will issue an Advanced Notice of Proposed Rulemaking pertaining to rear impact (underride) guards and other safety strategies for single unit trucks. NHTSA also indicated that it will issue a Notice of Proposed Rulemaking focusing on rear impact guards on trailers and semitrailers. Further, NHTSA noted that it is still evaluating a petition request from the TSC to improve side and front override guards and will issue a separate decision on these issues at a later date.

ATA and other stakeholders anticipate first-ever federal regulation of new trailers under Phase II. A likely measure to advance trailer fuel efficiency will be to promote the use of lighter weight materials in their construction (*i.e.*, decreasing trailer weight will allow for the substitution of additional freight weight). NHTSA must remain aware that if the pending petition on side and front override guards is granted, such new standards will significantly increase trailer weight. While NHTSA and EPA will likely give manufacturers credit for selling new, light-weight trailers under Phase II, light-weighting gains may be quickly overcome by the added weight attributed to new side and front override guards.

Thank you for the opportunity to submit comments on behalf of ATA. If you should have any questions, feel free to contact me at either 703-838-1879 or at gkedzie@trucking.org.

Sincerely,



Glen P. Kedzie
Vice President, Energy & Environmental Counsel