

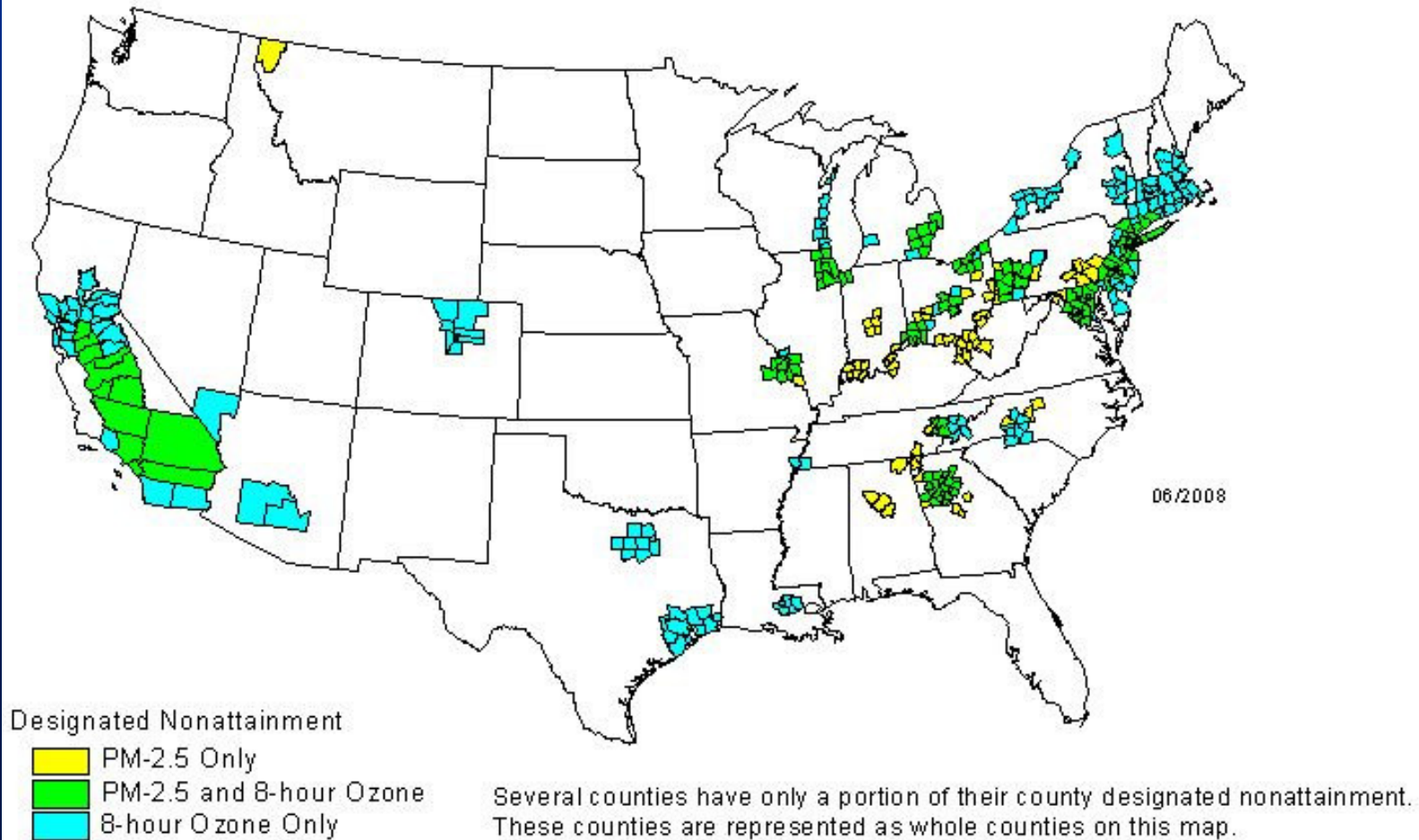


***2nd Annual Arizona Roundtable
Supply Chain Symposium
November 12, 2008 – Phoenix, AZ***

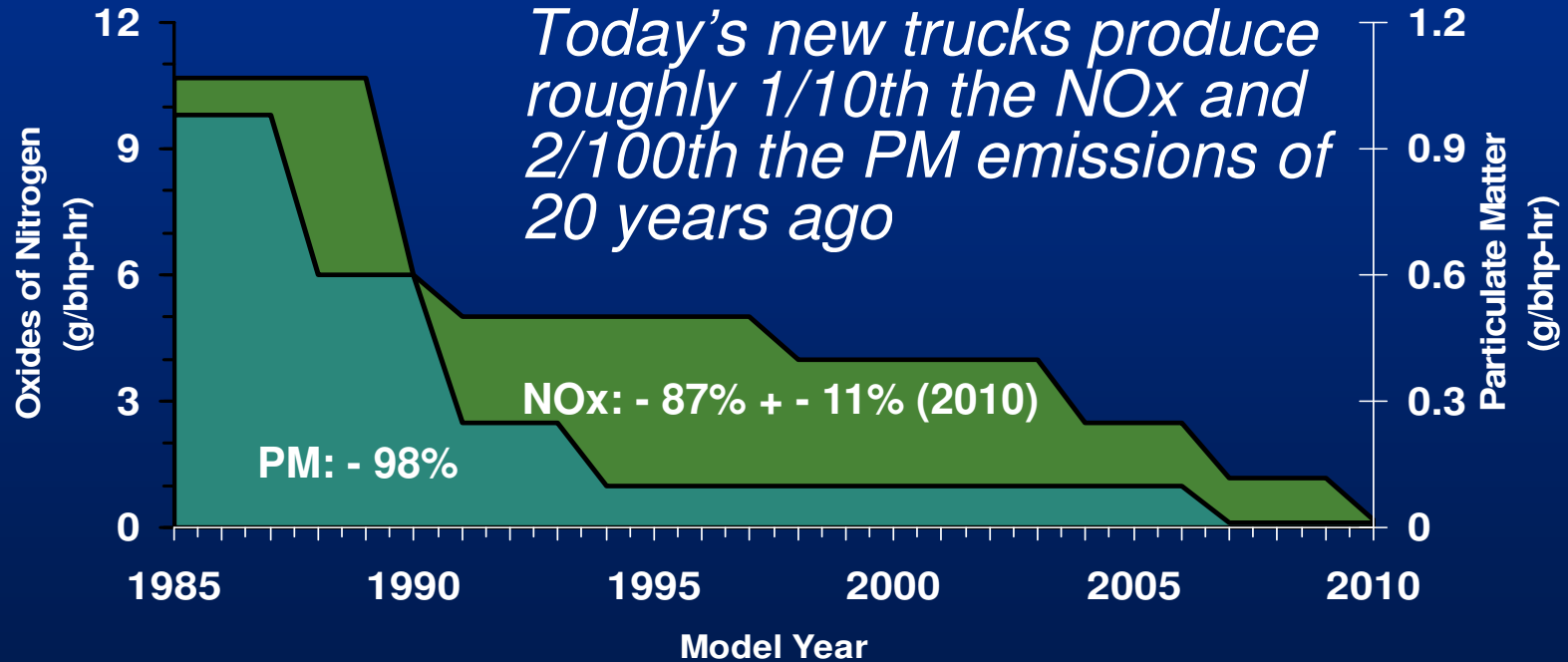


Air Quality Non-Attainment Areas in U. S.

Counties Designated Nonattainment for PM-2.5 and/or 8-hour Ozone Standard



U.S. On-Highway Heavy-Duty Diesel Engine Emission Standards



Background

- **All roads start on the Left Coast and go east!**
- **California – has never met National Ambient Air Quality Standards (NAAQS)**
- **1998 - declares diesel exhaust a “toxic air contaminant” (TAC)**



Background

- **State actions governing mobile source standards normally “pre-empted” by federal law**
- **CA – air quality so poor that state is allowed to set vehicle emission standards more stringent than federal**



Background

- **Rules that could violate Interstate Commerce Clause require waiver of pre-emption from U.S. EPA**
- **Generally for equipment standards as opposed to operational decisions (i.e., idling vs. TRU)**



Background

- **Other states may “opt in” to CA standards**
- **Houston newly designated as “severe” non-attainment area**



CA Rules Now in Effect

- **2007 - State Implementation Plan (SIP) to accelerate engine retrofits and/or replacements**
- **2007 - Adopted “Early Actions” Plan to reduce GHG emissions (SmartWaySM equipment mandate)**



Basic CA Truck-Related Emission Regulations

- 1) Idling Restrictions (5 min. engine-off)**
- 2) On-Road Inspection Program**
- 3) Periodic Smoke Inspection Program**
- 4) LA/LB Ports Clean Truck Programs**



Basic CA Truck-Related Emission Regulations

5) Transport Refrigeration Units (12/08)

**6) Forklifts (1/09); Port/Rail Yard Trucks
(12/09)**

**7) Truck & Bus Fleet Rule (set for
adoption 12/11/08)**



Transport Refrigeration Units

BACKGROUND

- Adopted in 2004 to reduce diesel PM
- Forwarded to U.S. EPA in 2005 for waiver of pre-emption from Clean Air Act requirements
- Affects:
 - *Trailers, Trucks, Railcars, Shipping Containers*
 - *Units greater than 7 years old*



Transport Refrigeration Units

REQUIREMENTS

- No TRUs older than 7 years operating in state unless retrofitted or using alt fuels
- Sliding scale of reduction targets (2001 & older units to reduce PM emissions 50% by end of '08) for all TRUs



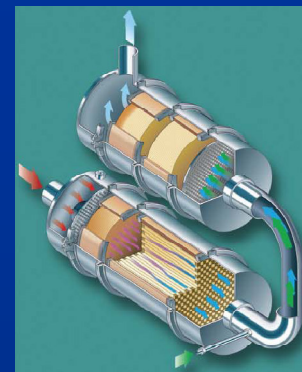
Transport Refrigeration Units

COMPLIANCE OPTIONS

- Operate TRUs that are 7 years old or less
- Repower with '08 engine or an engine <7 years old or retrofit with CARB-OK'd technology (i.e., DPF)
- Use only CA-dedicated compliant equipment
- Alternative technologies



Truck & Bus Regulation



- Entire truck fleet >14,000 GVWR operating in CA to meet 2007 engine emission standards by 2014
- Phase out oldest trucks beginning in 2010 unless retrofit technologies are available (DPF + SCR)
- Adoption set for 12/11/08



Truck & Bus Regulation

COMPLIANCE OPTIONS

- Operate newer/retrofit vehicles
- Average fleet-wide emissions to meet increasingly stringent targets for PM & NOx emissions (Compliance reporting)



Greenhouse Gas Measures

TRAILER REQUIREMENTS

(Applies to all 53-foot dry-vans and reefer trailers operating in CA)

- Must be equipped with LRRTs and SmartWay-approved aerodynamic technologies to reduce fuel use by 4% annually for reefers and 5% for dry-vans.



Greenhouse Gas Measures



TRAILER COMPLIANCE SCHEDULE

- Phase-in 2010 – 2015 for large fleets
- MY 2011+ trailers must meet requirements beginning 2010
- 2013 – 2016 for small fleets (≤20 pre-2011 trailers)



Greenhouse Gas Measures

TRACTOR REQUIREMENTS



- By 2012, all MY tractors must use low rolling resistance tires (LRRTs)



Western Climate Initiative

- 10 western states (incl. AZ & CA) and 3 Canadian provinces moved ahead of Bush Admin. to regulate GHG
- Stakeholder groups meeting on electricity generation, transportation fuels, others
- States implement rules through Executive Orders and/or legislation



Western Climate Initiative

- Carbon tax (AZ & CA legislation)
- Broad truck idling restrictions for operators & distribution centers
- Reduce carbon footprint of transportation fuels



Western Climate Initiative

- “Clean Cars” a la CA (AZ has adopted)
- CO2 reduction targets will be proposed for all businesses, including warehousing & distribution



Federal Climate Initiatives

- Democratic control of White House and increased margins in Congress mean GHG regulations will move
- Warner-Lieberman type bill likely
- All commercial transport modes will be regulated



Summary

- Stricter AQ rules and new GHG gas rules are coming!
- Motor carrier requirements will be costly
- Rates will increase out of necessity
- Finding complying equipment will be more difficult



For Additional CA Information:

- ***CA Air Resources Board:***

www.arb.ca.gov

(Click on Truck & Bus Regulation)

- ***Driving Toward a Cleaner CA***

www.DriveCleanCA.org

*(Coalition of truckers, contractors, farmers,
business owners and other leaders
working for sensible regulations)*



For Additional Information:

- ***Western Climate Initiative***

www.wci.org





Thank You!

Arizona Trucking Association

7500 W. Madison St.

Tolleson, AZ 85353

602.850.6000

www.arizonatrucking.com