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★ *Driving Trucking's Success*

Bill Graves
President and Chief Executive Officer

March 19, 2007

The Honorable John D. Dingell
Chairman
U.S. House of Representatives
Committee on Energy and Commerce
Rayburn House Office Building
Room 2125
Washington, DC 20515

RE: Response to Letter of February 27, 2007

Dear Chairman Dingell:

Thank you for soliciting the American Trucking Associations' (ATA) input on climate change, options for addressing global warming, and the regulation of greenhouse gases. In considering the wide array of issues and foreseeable options your Committee must consider during your deliberations, we applaud your efforts to reach out to industry stakeholders.

ATA is the national trade association of the trucking industry comprised 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 2,500 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 in the United States, effectively representing the trucking industry in the United States.

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 Department of Transportation, fully 97% of motor carriers (roughly 1,000,000 in number) have 20 or fewer trucks. For small carriers in particular, their livelihood can be dramatically impacted by new requirements such as those that may be imposed through the implementation of a greenhouse gas regulatory regime. In its capacity as the representative of the trucking industry, ATA regularly comments on matters affecting the national trucking industry's common interests, providing its expertise and understanding

of the industry to help avoid unreasonable, inappropriate and/or unduly burdensome regulatory or legislative requirements.

In response to your specific questions, ATA submits the following answers in the order by which the questions were presented:

1. **Please outline which issues should be addressed in the Committee's legislation, how you think they should be resolved, and your recommended timetable for Congressional consideration and enactment. For any policy recommendations, please address the impacts you believe the relevant policy would have on:**

   (a) **emissions of greenhouse gases and the rate and consequences of climate change; and**

ATA is not qualified to respond to the Committee's question regarding the rates and consequences of climate change. The Intergovernmental Panel on Climate Change (IPCC), established in 1988 by the United Nations Environment Program and the World Meteorological Organization, is better situated to evaluate climate modeling and the collection and analysis of data pertaining to climate change. Last month, the IPCC released its three-year study on climate change and concluded that there is a very high confidence (at least a 9 out of 10 chance) that human activities are impacting global warming.

Turning to the issues ATA believes should be addressed in legislative considerations, ATA believes that the Committee's legislative solutions should largely focus on those industry sectors having the most significant greenhouse gas footprint and those having the greatest potential to substantially reduce their carbon footprints. Sixty-one percent of total greenhouse gases are attributed to three primary sources according to the United States Environmental Protection Agency (EPA). These sources are: stationary combustion – coal (28.8%); passenger cars, light-duty trucks and motorcycles (16.5%); and stationary combustion – gas (15.7%); **(See Table 1 and Figure 1)** These three sources combined contribute nearly 61% of the nation's total greenhouse gases.

Stationary combustion – oil, ranks fourth in total United States greenhouse gas emissions at 8.6%, followed by medium and heavy-duty trucks at 5.3%. **(See Table 1)** In terms of "overall" transportation greenhouse gas emissions, trucks contribute less than one-third the greenhouse gases of passenger vehicles, namely 19% versus 60%.
(See Table 2 and Figure 2)

Fossil fuel combustion emits a variety of greenhouse gases. The type and amount of fossil fuel consumed within the transportation sector has widely varied greenhouse gas footprints. For example, gasoline combustion accounts for 61% of all transportation greenhouse gases while diesel fuel accounts for 23%. **(See Table 3 and Figure 3)** The predominant greenhouse gas emitted from diesel fuel use in the heavy-duty trucking industry is carbon dioxide (CO2).

A brief discussion of diesel fuel use in the trucking industry is in order. Diesel engines are the world's most efficient internal combustion engine returning 20% to 40% more miles per gallon than comparable gasoline engines. Because of this inherent efficiency, the trucking industry converted over to diesel nearly 40 years ago. In the 1960's, sales of diesel-powered long-haul trucks comprised 48% of the market and by the 1970's sales had risen to 85%. Today roughly 92% of all commercial trucks in the United States are diesel-powered. Since no other power source can match diesel's ability to move freight economically, the use of diesel as a fuel has led to remarkable increases in productivity.

The trucking industry's greenhouse gas footprint is relatively small. While on a per gallon basis diesel fuel does have higher CO2 emissions per gallon than does gasoline (approximately 22.2 pounds/gallon versus 19.4 pounds/gallon respectively), medium and heavy-duty trucks contribute less than one-third the amount of CO2 emitted from passenger cars, light-duty trucks, SUVs, and motorcycles nationwide (5.3% versus 16.6% respectively). The reasons for these stark differences in CO2 emissions are largely due to four primary reasons:

(1) There are far more passenger cars, light-duty trucks, SUVs, and motorcycles on the nation's roads than there are heavy-duty diesel trucks (6.6 million medium/heavy-duty trucks used for business purposes in 2005 compared to a total of 240 million passenger vehicles registered in 2005 (broken down as 136.6 million, 6.2 million, and 97.2 million vehicles respectively).

(2) Total vehicle miles traveled by trucks pale in comparison to those miles attributed to passenger cars, light-duty trucks, SUVs, and motorcycles (combined 190.1 billion miles logged by medium/heavy-duty trucks used for business purposes in 2005 compared to 2.8 trillion miles logged by passenger cars (1.69 trillion miles), motorcycles (10.77 billion miles), and light-duty trucks (1.06 trillion miles) in 2005). **(See Figure 4)**

(3) Whereas 38.1 billion gallons of diesel fuel were consumed in 2005 by medium and heavy-duty trucks, passenger cars, light-duty trucks, SUVs, and motorcycles combined consume 125.4 billion gallons of gasoline.

(4) Diesel fuel contains a greater number of BTU's per gallon than does gasoline making it a more energy intensive fuel. **(See Figure 5)**

While ATA believes that legislative solutions to regulating greenhouse gases should focus on the largest emitting sectors, ATA does not have an opinion at this time as to how best to implement an approach. Insofar as the trucking is concerned, ATA would ask the Committee to take into account the full spectrum of external regulatory, legislative, economic, and social impacts that will or may financially impact the industry such as diesel fuel pricing volatility, diesel engine technology mandates that substantially increase the costs of new engines, existing and projected severe labor shortages, impacts on small businesses, and the need to keep moving the nation's freight to meet consumer demand. Given the unpredictable timing, duration, and severity associated with ever-changing economic cycles, any proposed greenhouse gas program must not put a screeching halt to delivering the nation's goods.

(b) the effects on the U.S. economy, consumer prices, and jobs.

As you are aware, trucking is the backbone of the nation's economy. Without the safe and efficient movement of 10.7 billion tons of truck freight annually (which equates to nearly 69 percent of all freight tonnage) businesses throughout the economy would cease to exist. When the costs of doing business increase for trucking, not only does it impact the millions of businesses that depend on trucking services, it has a significant affect on consumers as well. Additionally, the 8.6 million people employed in trucking-related jobs throughout the economy, as well as the roughly 1,000,000 motor carriers designated as small businesses (97% of the nation's motor carriers) are directly impacted by any slight additional costs being imposed upon our industry. Therefore, it is important to give serious consideration to the financial and economic impacts any greenhouse gas regulatory scheme may impose upon the trucking industry. Remember that virtually every consumer good purchased in this country was delivered to its destination by a truck.

2. One particular policy option that has received a substantial amount of attention and analysis is "cap-and-trade." Please answer the following questions regarding the potential enactment of a cap-and-trade policy:

a. Which sectors should it cover? Should some sectors be phased-in over time?

ATA has not taken a position on any cap-and-trade greenhouse gas regulatory scheme. As stated in response to question 1(a) above, 61% of total greenhouse gases are attributed to three primary sources namely stationary combustion (28.8%); passenger cars, light-duty trucks and motorcycles (16.5%); and stationary combustion – gas (15.7%). Since these three sources

combined contribute nearly 61% of the nation's total greenhouse gases, ATA recommends the focus of any cap-and trade policy, if advanced, should begin by focusing on the power generation, industrial, and passenger cars, light-duty trucks, SUVs, and motorcycle sectors. Other sectors may have to be factored into the nation's greenhouse gas reduction goals if it is found that the largest sectors are not achieving the established reduction goals.

Before consideration is given to phasing-in those sectors contributing lesser amounts of greenhouse gases, the Committee should account for greenhouse gas reductions that will likely be recognized through the implementation of any renewable fuel portfolio standard (including ethanol, biodiesel, cellulosic ethanol, etc.). In addition, ATA recommends that the Committee assess greenhouse gas reductions associated with carbon sequestration strategies as well as any shift to nuclear power generation which has a smaller greenhouse gas footprint than traditional power plants before addressing smaller sources of greenhouse gases.

b. To what degree should the details be set in statute by Congress or delegated to another entity?

ATA has not taken a position on any cap-and-trade greenhouse gas regulatory scheme. If greenhouse gas regulation is advanced, it is imperative that our elected body of federal officials establish such a program by statute. As stakeholder input is received and debated, the Congress can further determine what roles any designated federal agencies, industry, and states should play in setting quantitative targets for emission reductions, timetables to achieve them, how to issue and distribute permits, how to establish safety valves, and how to gauge progress in achieving established goals. ATA offers up its assistance to the Committee if called upon.

c. Should the program's requirements be imposed upstream, downstream, or some combination thereof?

ATA has not taken a position on any cap-and-trade greenhouse gas regulatory scheme. If caps were to be placed on power generators, they will merely result in consumer rate hikes to offset utility permit or permit auction costs. Therefore costs associated with upstream caps will be dispersed to downstream consumers. Likewise, caps imposed downstream will also be dispersed onto end-use consumers.

While any cap-and-trade program that allows companies to buy and sell rights to produce targeted emissions provides a level of certainty regarding the quantity of greenhouse gas emissions, it also creates much more volatility in energy and energy-related pricing. Fuel is often the second largest expenditure for trucking companies (second only to labor) and oftentimes accounting for up to 25% of a trucking companies operating expenses. Taking into account the fact that 97% of trucking companies are small businesses; the increased costs of

trucking insurance, driver pay, fuel, and equipment; and the uncertainties associated with economic cycles, ATA would prefer that any program requirements that may impact diesel fuel pricing be imposed as far upstream as practicable.

d. How should allowances be allocated? By whom? What percentage of the allowances, if any, should be auctioned? Should non-emitting sources, such as nuclear plants, be given allowances?

ATA has not taken a position on any cap-and-trade greenhouse gas regulatory scheme. Entities such as the Chicago Climate Exchange, the European Climate Exchange, and the Chicago Board of Trade (authorized by EPA under the Clean Air Act Amendments to auction off sulfur dioxide (SO2) emissions under EPA's Acid Rain Program) are better situated to provide guidance to the Committee.

Permit auctions do have the potential to increase transaction costs associated with greenhouse gas reductions and could enable private market manipulation. These two matters must be carefully monitored to ensure capital is not directed away from its intended purpose of reducing greenhouse gases.

ATA opposes awarding allowances to non-emitting sources such as nuclear plants. Power generators can already request rate increases to offset rising energy production costs. ATA sees no need to provide greenhouse gas reduction incentives or allowances to those sectors or specific industries with no greenhouse gas footprints.

e. How should the cap be set (e.g., tons of greenhouse gases emitted, CO2 intensity)?

While ATA has not taken a position on any cap-and-trade greenhouse gas regulatory scheme, the industry believes the most equitable means to assess a cap would be to base it on tons of CO2 emitted. Reductions should in turn be largely directed at those sectors contributing the greatest volumes of CO2.

The establishment of any such cap should take into account the nation's economy, security, and global competitiveness. In addition, each sector's ability to efficiently and effectively further reduce its carbon footprint must be taken into account. For example, the trucking industry uses clean-burning, highly efficient, energy-infused diesel fuel as opposed to traditional gasoline. The conversion to diesel fuel has improved truck fuel economy by 20 - 40% as previously stated. Burning less fuel means generating less greenhouse gases. To further this objective, the trucking industry has also endorsed a voluntary and highly acclaimed greenhouse

gas reduction program that has a proven track record. Details on this program are discussed further in ATA's response to question 3 below. Finally, trucking companies are advancing fuel efficiency measures through the introduction of hybrid vehicles, use of fuel savings devices, and education.

f. Where should the cap be set for different years?

While ATA has not taken an affirmative position on any cap-and-trade greenhouse gas regulatory scheme. ATA is not qualified to answer questions pertaining to where a cap should be set for different years due to the endless number of variables. Foremost of these variables is how the rest of the world decides to approach the issue of greenhouse gas reductions and to what extent they will mandate proactive measures.

ATA believes if any cap is set that directly impacts the nation's trucking industry, utmost consideration should be given to flexibility and recognition of those in our industry that have proactively advanced improvements to reduce greenhouse gases in advance of any government mandates. For example, trucking fleets actively participating with federal voluntary greenhouse gas reduction programs should be recognized for their proactive efforts. (ATA addresses this matter more specifically in our response to question 3 below). Another example is to recognize and reward those trucking fleets that have advanced greenhouse gas cutting measures through the introduction and use of hybrid technologies, idling reduction, improved truck aerodynamics, and other fuel efficiency measures.

If any cap is set that directly impacts the trucking industry and its equipment, keep in mind that legislative authority currently exists under the Clean Air Act (CAA) to provide heavy-duty engine manufacturers adequate lead time to perform the research and development associated with new engine emission standards and to recapture their investments. Section 202(c) of the CAA requires new heavy-duty engine standards to commence no sooner than four years after a new or revised standard has been established. These standards must last for a minimum of three model years. New heavy-duty engine emission standards took effect in 2007 and will again take effect in 2010. Therefore, under the provisions of the CAA, if additional engine emission standards are to be directed at heavy-duty diesel truck engines, the earliest these standards could take effect would be 2013.

g. Which greenhouse gases should be covered?

ATA has not taken an affirmative position on any cap-and-trade greenhouse gas regulatory scheme. According to EPA, the primary greenhouse gas emitted by human activities in the United States was CO2 representing approximately 85% of total greenhouse gas emissions in 2005. The largest source of CO2 and overall source of greenhouse gas emissions was through

the combustion of fossil fuels. Therefore ATA believes CO2 should be the primary target of any greenhouse gas legislative or regulatory scheme.

h. Should early reductions be credited? If so, what criteria should be used to determine what is an early reduction?

ATA has not taken an affirmative position on any cap-and-trade greenhouse gas regulatory scheme. However, ATA would strongly advocate for early reduction credits insofar as the trucking industry is concerned.

In terms of early reduction credits, ATA believes such credits should be awarded in situations where documentation is available from reliable and credible sources. Specific to the trucking industry, such credits have been formally tracked and accounted for by the federal government through EPA's voluntary SmartWay Partnership Program (SmartWay Program). Detailed discussion on the SmartWay Program is included in the response to question 3 below.

In terms of the criteria that should be used to determine what should be credited towards early reductions, it is logical to only credit reductions that have occurred subsequent to any established base year. For example if the base year is determined to be 1990, greenhouse gas reductions from specific sectors that were recognized subsequent to 1990 should be considered for offset credits.

Keep in mind that fuel is the second largest expense in the trucking industry next to labor equating to as much as 25% of total operating expenses. One way to develop early reduction credits from the trucking industry and reduce trucking's greenhouse gas footprint is to burn less fuel. While the concept is logical, the trucking industry has been hamstrung over the past 22 years in that the fuel economy of a heavy-duty diesel truck has steadily declined due largely to continual diesel engine emission reduction controls being imposed upon our industry. The trucking industry has seen such diesel engine emission mandates in 1984, 1988, 1990, 1991, 1994, 1998, 2002/2004, and 2007.[1] In the way of example, new diesel engine emission standards that took effect on October 1, 2002, degraded fuel economy by 8%. Considering that the average fuel economy of a heavy-duty diesel engine was 6.4 miles per gallon prior to October, an 8% decrease in fuel economy equates to ½ mile per gallon fuel penalty.

New diesel engine emission standards that took effect on January 1, 2007, required the nation-wide introduction of ultra low-sulfur diesel (ULSD) in October 2006 to achieve EPA's

[1] EPA's rule to reduce nitrogen oxide emissions from 4.0 g/bhp-hr to 2.5 g/bhp-hr was set to take effect for all diesel engine manufacturers on January 1, 2004. However, due to judicial Consent Decrees entered into between EPA and certain manufacturers, the January 1, 2004 effective date was "pulled-ahead" by 15 months to October 1, 2002. Hence the designation for the 2002/2004 emission mandate years.

diesel engine emission reduction targets. While ULSD is a cleaner burning fuel, its energy content is roughly 1% lower than that of traditional diesel fuel. In other words, more gallons of ULSD are now required to conduct the same amount of work as before the new fuel standard took effect. Hence, fuel economy in the trucking industry has once again been sacrificed in the name of emission reductions. What additional impacts new 2007 and 2010 diesel engine emission reduction technologies will ultimately have on fuel economy within the trucking industry remains to be seen.

Strategies to reduce greenhouse gas emissions should focus upon improving fuel efficiency. In this regard, Congress should consider enacting a requirement ensuring that any new emission reduction regulations for heavy-duty diesel engines should do not result in further fuel economy degradation. After all, diesel fuel not burned results in greenhouse gases not created.

i. Should the program employ a safety valve? If so, at what level?

While ATA has not taken an affirmative position on any cap-and-trade greenhouse gas regulatory scheme, we foresee the need for a safety valve to ensure that the trucking industry can continue to grow to meet the increased consumer demand for freight services. Any safety valve for the trucking industry would need to consider the overall growth of the economy relative to trucking, using such data as gross domestic product and trucking volumes (tonnage and/or shipments), for example. ATA offers its assistance and expertise to work with the Committee as more details regarding a specific greenhouse gas concept is developed.

j. Should offsets be allowed? If so, what types of offsets? What criteria should govern the types of offsets that would be allowed?

While ATA has not taken an affirmative position on any cap-and-trade greenhouse gas regulatory scheme, ATA believes that offsets generated by the industry's use of alternative fuels, hybrid technologies, and other fuel efficient practices should be considered for offset allowances under any designated regulatory scheme.

Offsets will only work if they can truly be verified to achieve reductions. To be certain that an offset project results in a true net greenhouse gas reduction, a baseline projection of emissions without the offsets must be developed and then actual emissions must be measured. The difference between the actual and the projected emissions is the greenhouse gas benefit. ATA describes such a program already in place for the trucking industry in our response to question 3 below.

Congress may wish to establish a multi-agency task force to conduct literature reviews and research to develop a proper protocol and guidance to ensure that the verification activities are consistent and thorough.

k. If an auction or a safety valve is used, what should be done with the revenue from those features?

While ATA has not taken an affirmative position on any cap-and-trade greenhouse gas regulatory scheme, ATA believes that any auction or safety valve revenues associated with mobile sources should be redirected to three primary areas. These areas include: (1) fuel efficiency research; (2) financial assistance directed at fuel efficient devices, vehicles, and additives; and (3) funding of the Highway Trust Fund. It is inherent that revenues generated by specific industry sectors remain within such designated sectors.

l. Are there special features that should be added to encourage technological development?

While ATA has not taken an affirmative position on any cap-and-trade greenhouse gas regulatory scheme, ATA believes that technological advancements are a key element to achieve such reductions. As noted in ATA's response to question 2(k) above, ATA believes that a portion of auction or safety valve revenues associated with mobile sources should be redirected to research. Specific to the trucking industry, ATA encourages designated federal agencies to serve an important role in not only conducting research, but to certify and/or verify the performance of existing technologies and make their results be known through the dissemination of such information to industry.

m. Are there design features that would encourage high-emitting developing countries to agree to limits on their greenhouse gas emissions?

While ATA has not taken an affirmative position on any cap-and-trade greenhouse gas regulatory scheme, ATA believes that the lessons learned from the Kyoto Protocol (Kyoto) need to be carefully assessed on how to encourage developing countries to participate. While the Kyoto agreement was signed and ratified by a total of 169 countries and other governmental entities, Kyoto committed only 36 countries/governmental entities (*i.e.*, Annex-1 countries under the agreement) to achieve specific reductions of CO2 and other greenhouse emissions using 1990 levels as the baseline year. The United States and Australia signed the agreement but subsequently declined to ratify it.

Many developing countries, such as China, India, Mexico, Korea, South Africa, and Brazil, were exempt under the Kyoto agreement. By 2012, these six countries are projected to produce one-third of global CO2 emissions. Within the next ten years, China's greenhouse gas emissions are expected to exceed those of the United States. While China went on record as recent as last year reiterating its position to not accept emission caps at any time, other developing countries agreed to ratify Kyoto only if it imposed no economic restraints on their growth. Thirty-six Annex-1 countries, plus the United States and Australia, account for roughly one-half of all global greenhouse gas emissions. The other half of greenhouse gas emissions are largely attributed to those defined as developing nations.

Since greenhouse gas generation is local by nature and global by impact, it is critical to link our nation's reductions to those being made by developing countries such as China and India. While diplomacy is more apt to accomplish such an objective, the Committee should be open to entertain such ideas as trade barriers and most-favored nation status.

3. How well do you believe the existing authorities permitting or compelling voluntary or mandatory actions are functioning? What lessons do you think can be learned from existing voluntary or mandatory programs?

In terms of a successful voluntary greenhouse gas reduction program, the trucking industry has a remarkable story to share. In February 2004, the freight industry and EPA jointly unveiled the SmartWay Transport Partnership Program (SmartWay Program), a collaborative voluntary program designed to increase the energy efficiency and energy security of our country while significantly reducing greenhouse gases. The SmartWay Program, patterned after the highly-successful Energy Star Program developed by EPA and the United States Department of Energy, creates strong market-based incentives that challenge companies shipping products and freight operations to improve their environmental performance. To date, more than 500 companies have joined the SmartWay Program including 323 carriers, 11 shipper/carriers, 47 shippers, 37 logistics partners, 2 truckstops, and several affiliate members. These companies own or operate over 400,000 trucks which equates to approximately 5% of all trucks operating in the industry.

Trucking companies that sign up as SmartWay Program partners must develop three-year plans outlining how they intend on reducing fuel consumption and corresponding greenhouse gas emissions. Greenhouse gas reduction plans are developed on a per company basis. Individual companies, using EPA's unique software calculator tool, can estimate and track how they are progressing in their annual commitments and reduction goals. Proactive measures companies may pursue to attain their emission reduction goals include the purchase and use of idling reduction devices, tractor and trailer aerodynamic equipment, energy efficient tires, and speed regulators to name a few. Participants not only recognize increased profits in the way of fuel savings, but also are recognized as environmental stewards and leaders in the industry. With more and more shippers

demanding green transport, membership in the SmartWay Program makes both environmental and financial sense.

One has to go no further than the trucking industry's greenhouse gas reductions both achieved and forecasted under the SmartWay Program to validate the success of this voluntary approach. **(See Table 4)** In 2005, medium and heavy-duty trucks contributed 386 teragrams of CO2 equivalent. In 2012, EPA is predicting that SmartWay Program participants will reduce their greenhouse gas footprint by 44 teragrams of CO2 equivalent. Put in another way, greenhouse gas reductions by SmartWay Program partners in 2012 are projected to equal 11% of CO2 equivalents generated by the trucking industry in 2005. This remarkable forecast is a testament to the fact that the SmartWay Program is one voluntary greenhouse gas program that indeed works and actually exceeds expectations.

4. **How should potential mandatory domestic requirements be integrated with future obligations the United States may assume under the 1992 United Nations Framework Convention on Climate Change? In particular, how should any U.S. domestic regime be timed relative to any international obligations? Should adoption of mandatory domestic requirements be conditioned upon assumption of specific responsibilities by developing nations?**

The agreement reached in 1997 on the Kyoto accords called for the reduction of carbon dioxide and other heat-trapping pollutants to 5.2% below 1990 levels over a five-year period beginning in 2008, set the first binding limits on greenhouse gas emissions. China and India ratified the agreement but are not bound by its mandatory reduction targets. The United States withdrew from the agreement in 2001 arguing that the mandatory emission cuts would harm the Nation's economy. United States, like China and India, opted out of the agreement due to, among other issues, potential constraints on economic development and shifts in the global competition paradigm.

Logically, any mandatory domestic requirements should be dovetailed into any international obligations agreed to by the Administration. It is inherent that a global balance be achieved so that no industrialized country suffers a disproportionate economic disadvantage due to the establishment of any greenhouse gas reduction regime. ATA therefore recommends that any legislative approach being considered by this Congress must have economic safety valves for the nation's industries and consumers alike.

5. **What, if any, steps have your organization's members or its individual members taken to reduce their greenhouse gas emissions? Which of these have been voluntary in nature? If any actions have been taken in response to mandatory**

requirements, please explain which authority (State, Federal, or international) compelled them?

Recently, the Energy Security Leadership Council, comprised of industry, financial, and government leaders, concluded increasing allowable gross vehicle weight (GVW) for single tractor-trailers from a current maximum loaded weight of 80,000 pounds to 97,000 pounds as one of the top four measures to reduce oil consumption in the United States in its *Recommendations to the Nation on Reducing U.S. Oil Dependence* (December 2006). In addition the council recommended that the government, after studying the safety impacts of longer and heavier tractor trailer combinations, consider allowing such vehicles on our nation's highways to generate significant fuel savings in the trucking industry. These fuel savings would in turn equate to substantial greenhouse gas reductions from the trucking sector. ATA endorses these two recommendations.

According to a report published by the American Transportation Research Institute (ATRI), increasing the maximum GVW for commercial vehicles above the current federal limit of 80,000 pounds has the potential to decrease fuel consumption (and the corresponding greenhouse gas emissions associated with fuel consumption).[2] The ATRI study modeled six different vehicle configurations over a representative route using Cummins Inc.'s Vehicle Mission Simulation model. As shown in **Figure 6**, fuel consumption generally decreased for each ton-mile of freight transported when compared to two standard configuration vehicles at 80,000 pounds GVW (ranging from 4 to 19 percent fuel consumption reductions at 100,000 pounds GVW; 15 to 22 percent reductions at 120,000 pounds GVW; and 27 percent reductions at 140,000 pounds GVW). **Figure 7 and Figure 8** provide graphic depictions of the longer combination vehicles plotted in **Figure 6**.

ATA is proud of its proactive efforts to reduce greenhouse gas emissions and advocacy on measures to improve fuel efficiencies. While our participation in the voluntary EPA SmartWay Partnership has already been discussed in our response to question 3 above, ATA currently has various other efforts underway to decrease our sector's greenhouse gas footprint.

ATA continues to strongly support and advance efforts to reduce greenhouse gas emissions associated with idling trucks. Of the 38 billion gallons of diesel fuel consumed by the trucking industry in 2005, about 1.1 billion gallons of this total was consumed while a truck was

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[2] American Transportation Research Institute, *Energy and Emissions Impacts of Operating Higher Productivity Vehicles* (September 2004).

idling. The U.S. Department of Commerce estimates that more than 400,000 long-haul truckers routinely travel more than 500 miles from their home base. For these people, their truck becomes their second home. During the hours drivers sleep to comply with federal rest mandates, trucks idle in order to run heaters, air conditioners, and appliances. EPA estimates that the average truck idles up to 3,000 hours each year.

While ATA remains technology-neutral in how best to reduce idling from trucks, many drivers prefer to carry their own anti-idling devices because they park in varied locations and their routes often change. They cannot always take advantage of truck stop electrification areas where they can plug in to a stand-alone heating, air conditioning and power system or the more sophisticated electric plug-in systems available for specially-modified trucks. Alternate devices, such as auxiliary power units and battery packs, consume a fraction of the diesel fuel compared to idling a truck's main engine. Since many fleets have been slow to adopt these energy conservation/greenhouse gas reducing devices due to the associated weight penalty, ATA worked with Congress to include a weight exemption up to 400-pounds for trucks equipped with idle reduction equipment under Section 756 of the Energy Policy Act of 2005 (EPACT). While Congress' intent was to mandate this exemption in order to remove an idling reduction equipment barrier (*i.e.*, additional weight being added onto a truck), the Federal Highway Administration (FHWA) has determined that the weight exemption is discretionary on a state-by-state basis. Without the 400-pound weight exemption, many trucks would have to reduce their load to avoid exceeding the maximum weight limit. The weight exemption is necessary to eliminate disincentives in purchasing these technologies and to complement efforts in Congress to secure tax credits to incentivize such purchases. ATA will continue its efforts to secure a 400-pound weight exemption for idling reduction equipment.

A wide variety of technologies are currently available to help trucking companies save on fuel costs. However, many companies lack the required up-front investment capital to purchase idling reduction or other fuel efficient devices such as wide-based or fuel efficient tires or aerodynamic packages. To help more companies start saving fuel and money while reducing the emissions and greenhouse gases produced by their trucks, ATA has supported efforts to provide federal incentives to offset the purchase costs of fuel efficient equipment such as idling-reduction equipment. While states such as Arkansas, California, Minnesota, Oregon, Pennsylvania, Texas, and Wisconsin have programs to provide low-interest loans and grant monies for specific fuel efficient equipment for trucks, there are no comparable federal financial incentive programs (outside of low interest loans offered to qualifying small businesses under the SmartWay Program).

ATA supports HR-139 legislation that offers tax credits up to $1,000 for the purchase of idling reduction devices. The bill has been assigned to Committee and is currently waiting to be acted upon. ATA also worked closely with Congress to include provisions under EPACT to

authorize the expenditure of monies for idling reduction equipment and energy conservation equipment. However to date, no monies have been appropriated to carry out these specific provisions under the Act.

The trucking industry supports extending subsidies for hybrid medium-duty vehicles to 2012 and removing the cap on the number of eligible vehicles. Hurdles need to be removed for the expedited development of future trucks and subsidies are needed until such time where hybrid vehicles become technologically feasible and affordable in the marketplace.[3]

Decreasing fuel use in the trucking industry is the best measure to reduce our greenhouse gas footprint. From a business sense, we attempt to minimize the amount of fuel we consume. The trucking industry faces an unusual paradox in that newer, cleaner burning engines and fuels continue to degrade our fuel economy. While new EPA engine emissions standards have steadily eroded our fuel economy, the nation-wide introduction of ultra low-sulfur diesel for new engines comes at the cost of lower energy content as well (roughly 1% lower than that of traditional diesel fuel). In short, the trucking industry's attempts at improving fuel efficiency are being negated by new engine and fuel standards. It is ATA's hope to see a reversal in this trend.

The trucking industry stands ready to offer up our continued assistance and views as your Committee continues its deliberations on the complex issue of greenhouse gas regulation. While the trucking industry's greenhouse gas emissions are relatively small when compared to other sectors, we have been and will continue to be proactive in decreasing our footprint while still keeping the nation's freight moving.

Sincerely,

Bill Graves

[3] The Energy Security Leadership Council's findings in its *Recommendations to the Nation on Reducing U.S. Oil Dependence* (December 2006) also included advancing hybrid technologies in the trucking industry as one of its top four measures to reduce oil consumption in the United States.

List of Tables and Figures

Table 1: Top Ten Sources of U.S. Greenhouse Gas Emissions, 2005

Source	2005 Tg CO_2 Eq.	Percent of Total U.S. GHG Emissions
Total U.S. GHG Emissions	7,262.3	--
1. Stationary Combustion – Coal	2,093.6	28.8%
2. Passenger Cars, Light-Duty Trucks & Motorcycles	1,201.4	16.5%
3. Stationary Combustion – Gas	1,138.2	15.7%
4. Stationary Combustion – Oil	626.3	8.6%
5. Medium/Heavy-Duty Trucks	385.8	5.3%
6.N_2O Emissions from Agricultural Soils	310.5	4.3%
7. Commercial, General Aviation, & Military Aircraft	189.2	2.6%
8. Non-Energy Use of Fuels	142.3	2.0%
9. Emissions from Landfills	132.0	1.8%
10. Emissions from Ozone Depleting Substances	123.3	1.7%
All Others	919.7	12.7%

Source: U.S. Environmental Protection Agency, *Draft U.S. EPA, Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990 – 2005*, Tables A-1 & A-108, pp. A-3-4 & A-127-128 (February 2005).

Table 2: U.S. Greenhouse Gas Emissions by Transportation Source, 2005

Source	2005 Tg CO_2 Eq.	Percent of Total U.S. GHG Emissions
Total U.S. GHG Emissions	7,262.3	--
Total GHG Emissions from Transportation	2,015.6	27.8%
Transportation Subcomponents:		
- Passenger Cars, Light-Duty Trucks & Motorcycles (98% Gasoline)	1,201.4	16.5%
- Medium/Heavy-Duty Trucks (92% Diesel)	385.8	5.3%
- Commercial, General Aviation, & Military Aircraft	189.2	2.6%
- Boats & Ships	64.8	0.9%
- Rail	50.8	0.7%
- Pipelines	31.1	0.4%
- Buses (92% Diesel)	15.3	0.2%
- Other	77.2	1.1%

Source: U.S. Environmental Protection Agency, *Draft U.S. EPA, Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990 – 2005*, Table A-108, pp. A-127-128 (February 2005).

Table 3: U.S. Greenhouse Gas Emissions by Transportation Fuel Type, 2005

Source	2005 Tg CO_2 Eq.	Percent of Total U.S. GHG Emissions
Total U.S. GHG Emissions	7,262.3	--
Total GHG Emissions from Transportation Fuel	2,015.6	27.8%
Transportation Fuel Subcomponents:		
- Gasoline	1,220.2	16.8%
- Diesel/Distillate	456.4	6.3%
- Jet Fuel	186.7	2.3%
- Other	152.1	2.1%

Source: U.S. Environmental Protection Agency, Draft *U.S. EPA, Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990 – 2005*, Table A-108, pp. A-127-128 (February 2005).

Table 4: CO2 Reductions from Freight Industry Under U.S. EPA's Voluntary SmartWay Transport Partnership Program

	Actual Results Per Year				Yearly Goals			
Year	Gallons Diesel Saved	CO2 Saved (Tons)	CO2 Saved (Teragrams)	MMTCe Saved	Gallons Diesel Saved	CO_2 Saved (Tons)	MMTCe Saved	CO2 Saved (Teragrams)
2004	75,849,820	841,933	.76	0.210	86,486,486	960,000	0.24	0.87
2005	151,699,550	1,683,865	1.53	0.421	118,918,919	1,320,000	0.33	1.20
2006	221,583,784	2,459,580	2.23	0.615	198,702,543	2,205,598	0.55	2.00
2007					332,013,618	3,685,351	0.92	3.34
2008					554,764,126	6,157,882	1.54	5.59
2009					926,959,675	10,289,252	2.57	9.33
2010					1,548,864,101	17,192,392	4.30	15.60
2011					2,588,009,024	28,726,900	7.18	26.06
2012					4,324,324,324	48,000,000	12.00	43.54
Total CO_2 Saved:	449,133,153	4,985,378	4.52	1.246	10,679,042,816	118,537,375	29.634	107.54

NOTE: Freight transportation consumed approximately 38 billion gallons of diesel fuel in 2005. Because diesel is about 20 - 40% more efficient than gasoline, there are substantial greenhouse gas reductions associated with diesel use. Whereas 38 billion gallons of diesel produce roughly 421,800,000 tons of CO2, the gallons of gasoline needed to perform the equivalent amount of work would increase CO2 emissions on an annualized basis of between 20,520,000 to 94,240,000 tons.

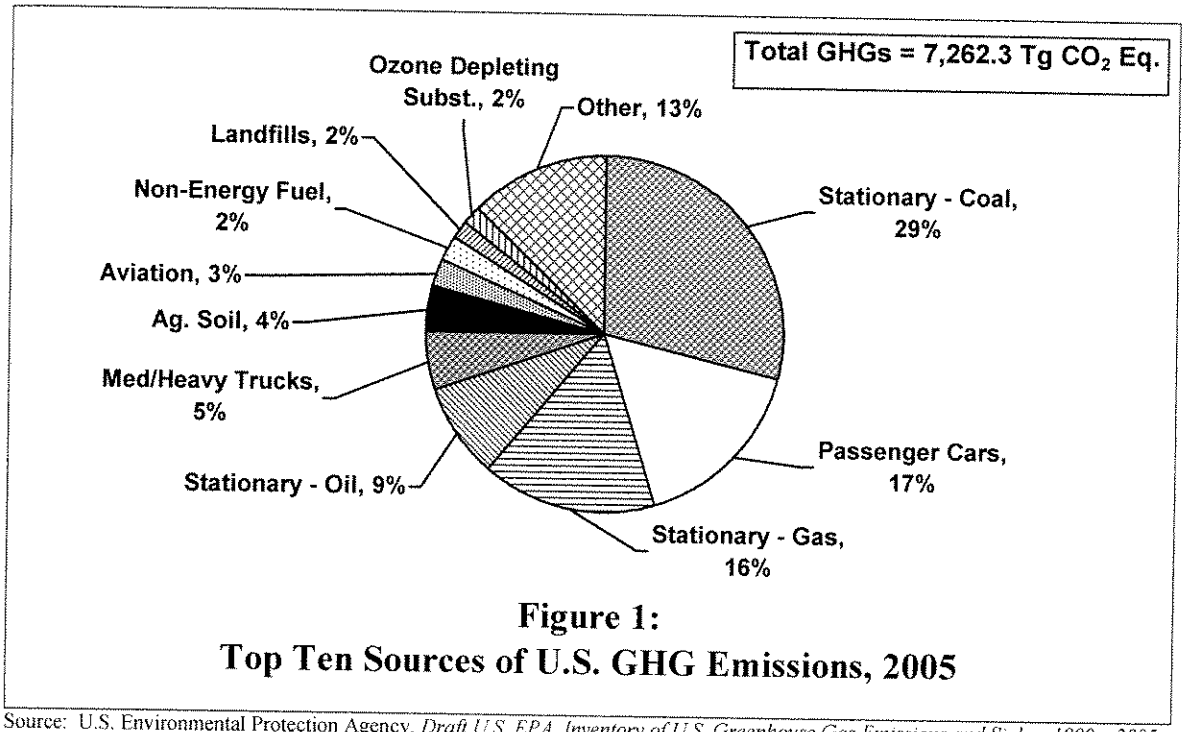

Figure 1:
Top Ten Sources of U.S. GHG Emissions, 2005

Source: U.S. Environmental Protection Agency, *Draft U.S. EPA, Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990 – 2005*, Tables A-1 & A-108, pp. A-3-4 & A-127-128 (February 2005).

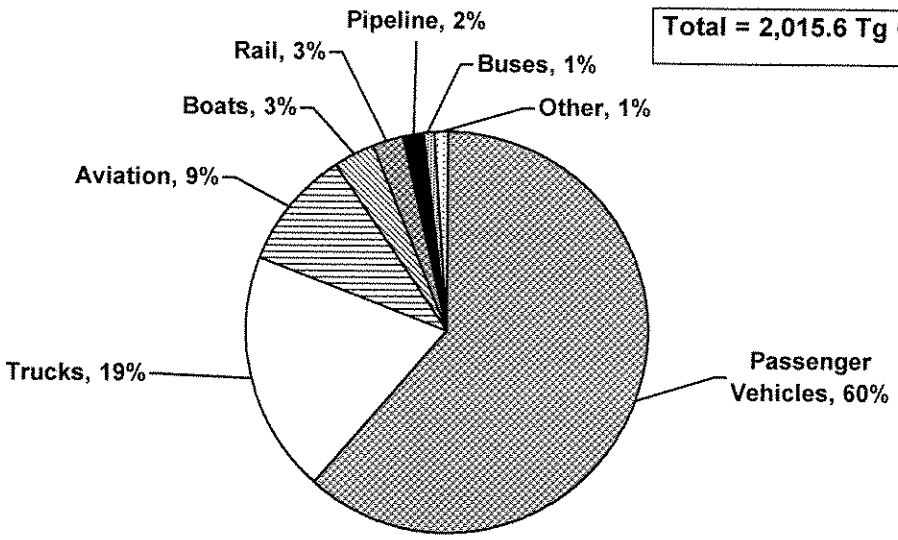

Figure 2:
U.S. GHG Emissions by Transportation Sources, 2005

Source: U.S. Environmental Protection Agency, *Draft U.S. EPA, Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990 – 2005*, Table A-108, pp. A-127-128 (February 2005).

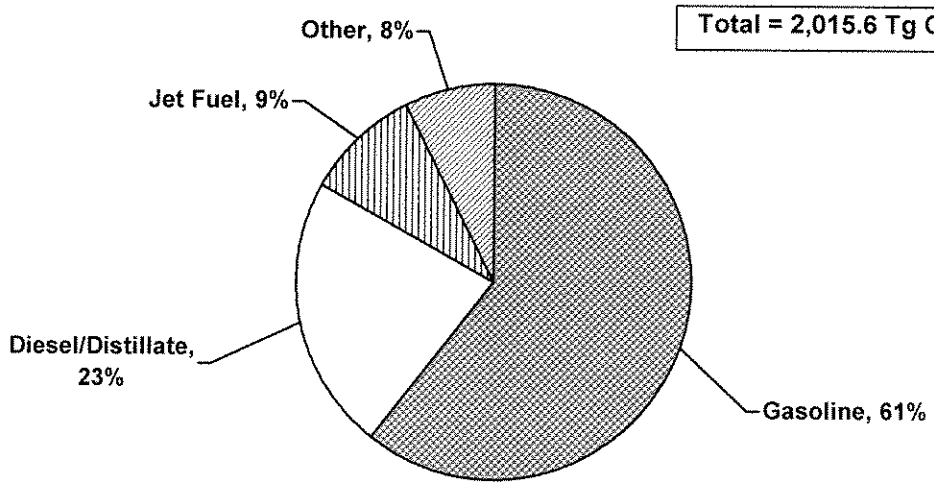

Figure 3:
U.S. GHG Emissions by Transportation Fuel Type, 2005

Source: U.S. Environmental Protection Agency, *Draft U.S. EPA, Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990 – 2005*, Table A-108, pp. A-127-128 (February 2005).

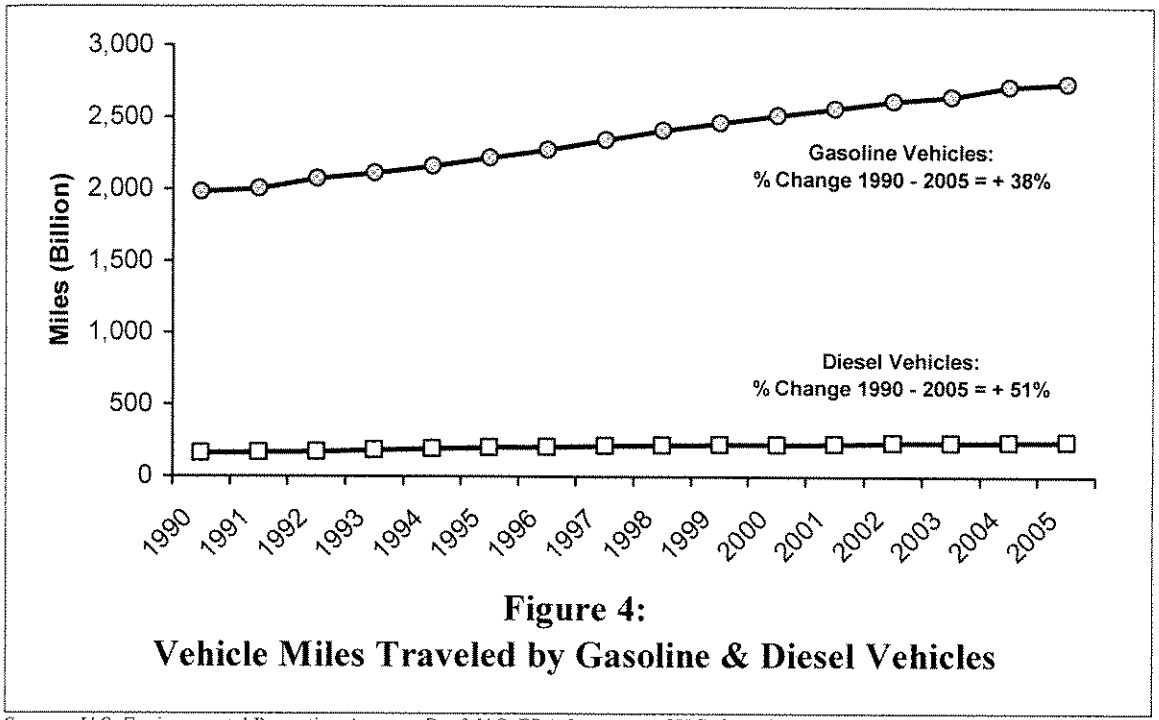

Figure 4:
Vehicle Miles Traveled by Gasoline & Diesel Vehicles

Source: U.S. Environmental Protection Agency, *Draft U.S. EPA, Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990 – 2005*, Tables A-73 & A-74, pp. A-105-106 (February 2005).

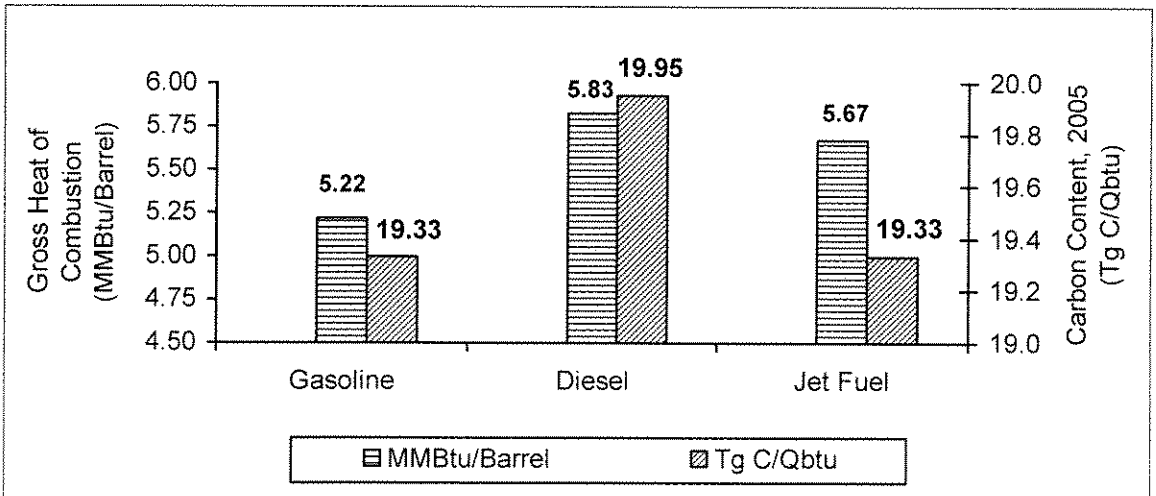

Figure 5:
Energy & Carbon Content of Various Transportation Fuels, 2005

Source: U.S. Environmental Protection Agency, *Draft U.S. EPA, Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990 – 2005*, Tables A-36, pp. A-51 (February 2005).

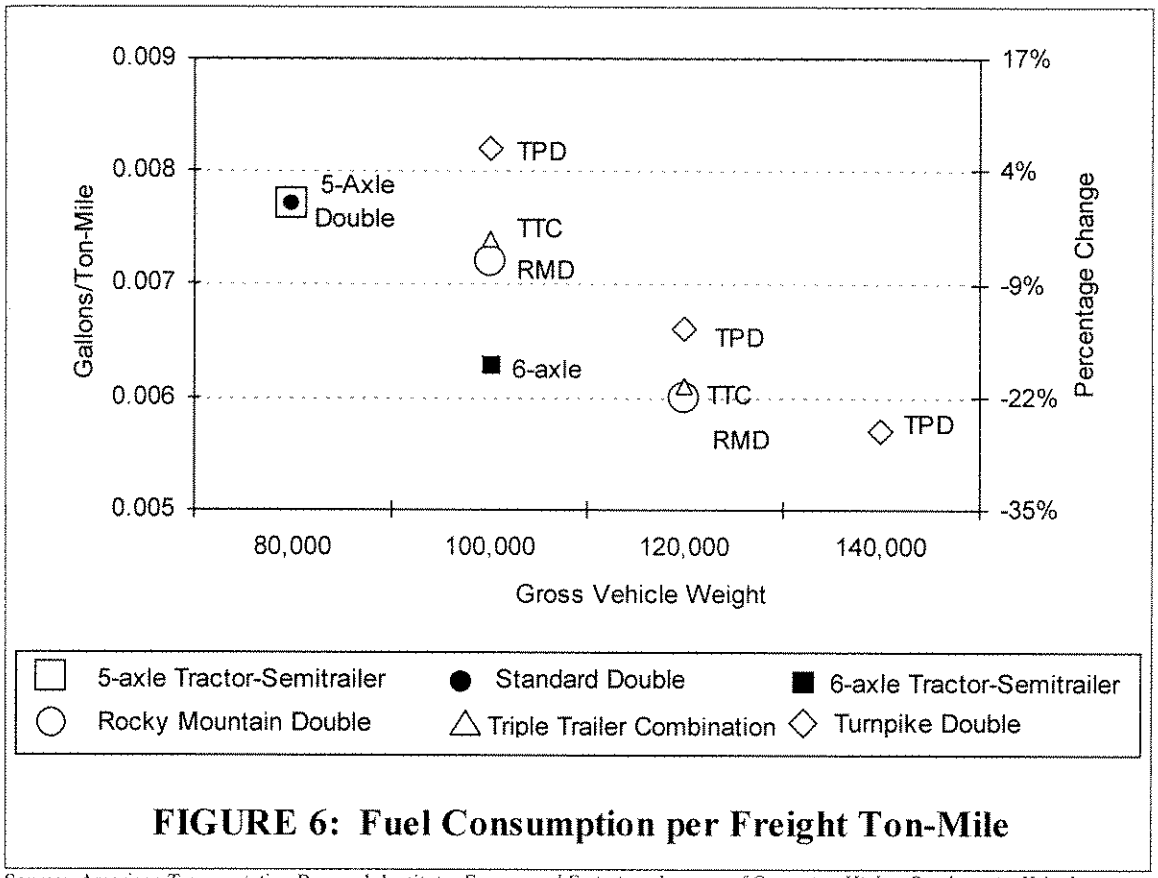

FIGURE 6: Fuel Consumption per Freight Ton-Mile

Source: American Transportation Research Institute, *Energy and Emissions Impacts of Operating Higher Productivity Vehicles*, Figure 6, p. 13 (September 2004).

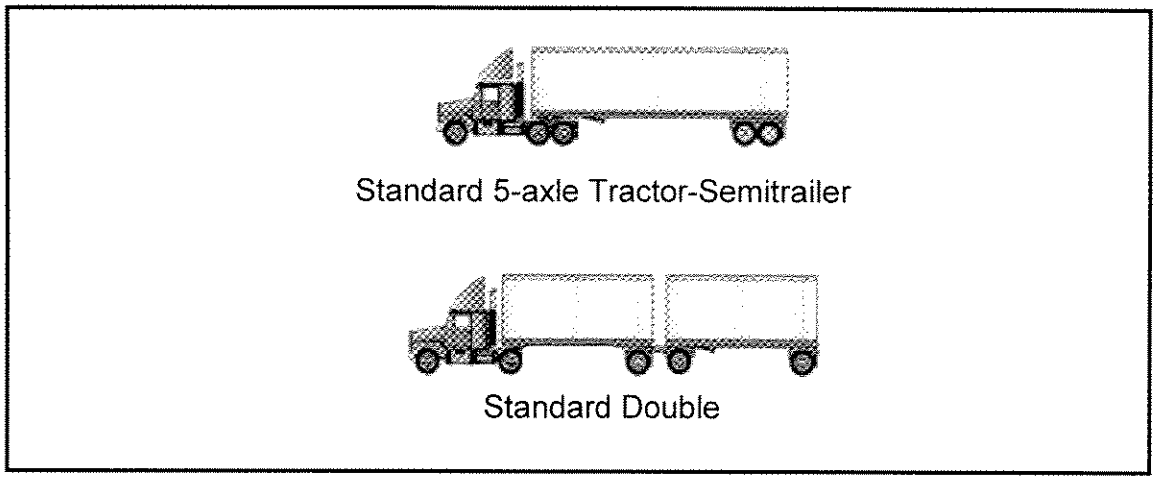

Figure 7: Standard Vehicle Configurations

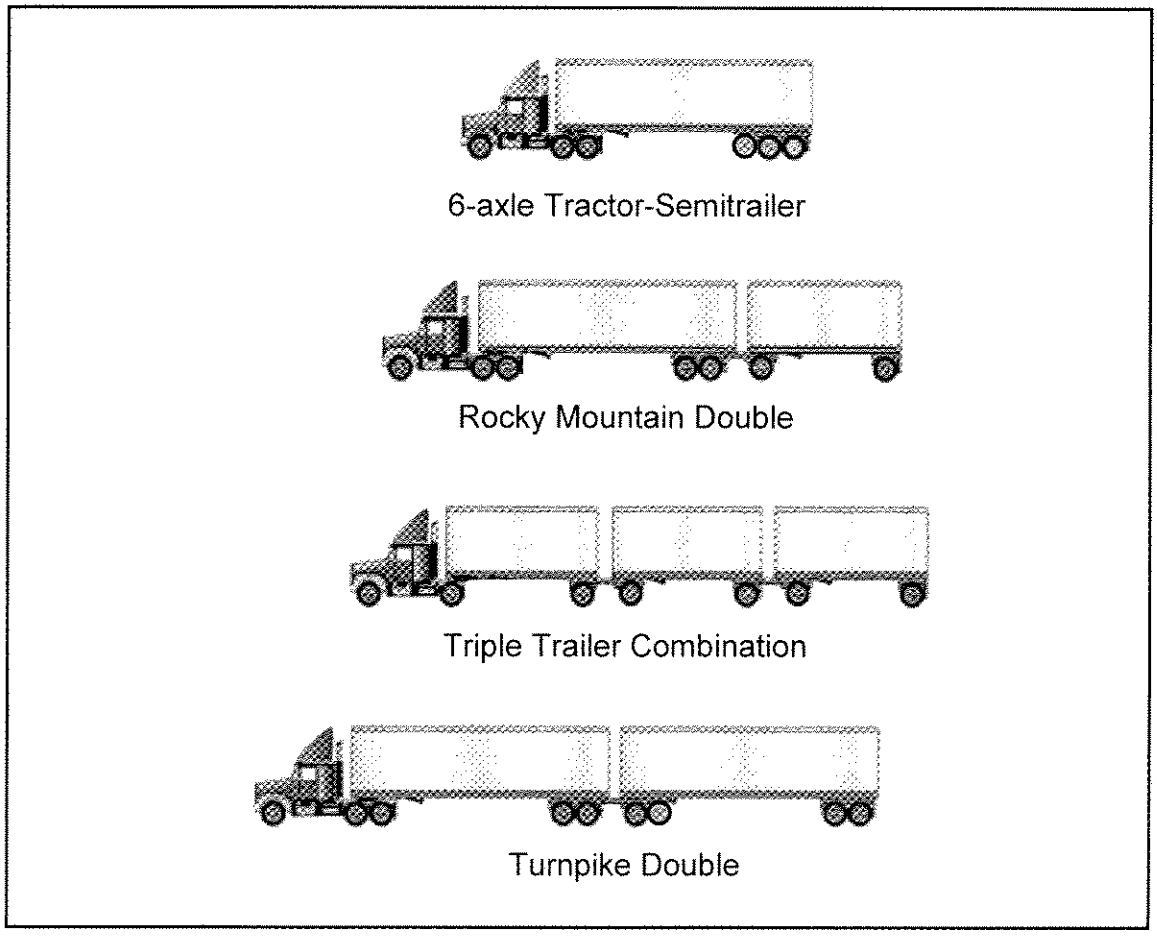

Figure 8: Higher Productivity Vehicle Configurations