

# Clean Trucks Rule 2021 Rulemaking Advisory Committee Meeting #2

Aug. 5, 2021

# Today's Agenda

Time	Topic	Presenter
1 p.m.	Welcome & Introductions Review agenda	Michael Orman Cory-Ann Wind, Facilitator
1:15 p.m.	Review Rule Language – Low NOx Omnibus & Advanced Clean Trucks	Eric Feeley Rachel Sakata
2:05 p.m.	Fiscal & Economic Impact Analysis – Omnibus	Eric Feeley
2:40 p.m.	Break	
2:50 p.m.	Fiscal & Economic Impact Analysis – ACT	Rachel Sakata
3:55 p.m.	Low Emission Vehicle Updates	Rachel Sakata
4:10 p.m.	Public Comments	Facilitator
4:25 p.m.	Wrap up and Next Steps	Facilitator
4:30 p.m.	Adjourn	

# Ground Rules

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- Please set your display to your name and affiliation
- Remember to stay muted when not speaking
- For questions/comments, use the “Raise Your Hand” button in the Participants panel to get in the queue and I will call on you
- If you are joining by phone, press \*9 to raise your hand
- When you are called on, state your name and affiliation before speaking
- Use the “Chat” feature if you do not want to speak.
- Respect each other’s viewpoints, values and interests
- Focus comments on topics at hand – be hard on the issues and soft on the people

# Review of the Proposed Rule Advanced Clean Trucks

# Advanced Clean Trucks Rule - Overview

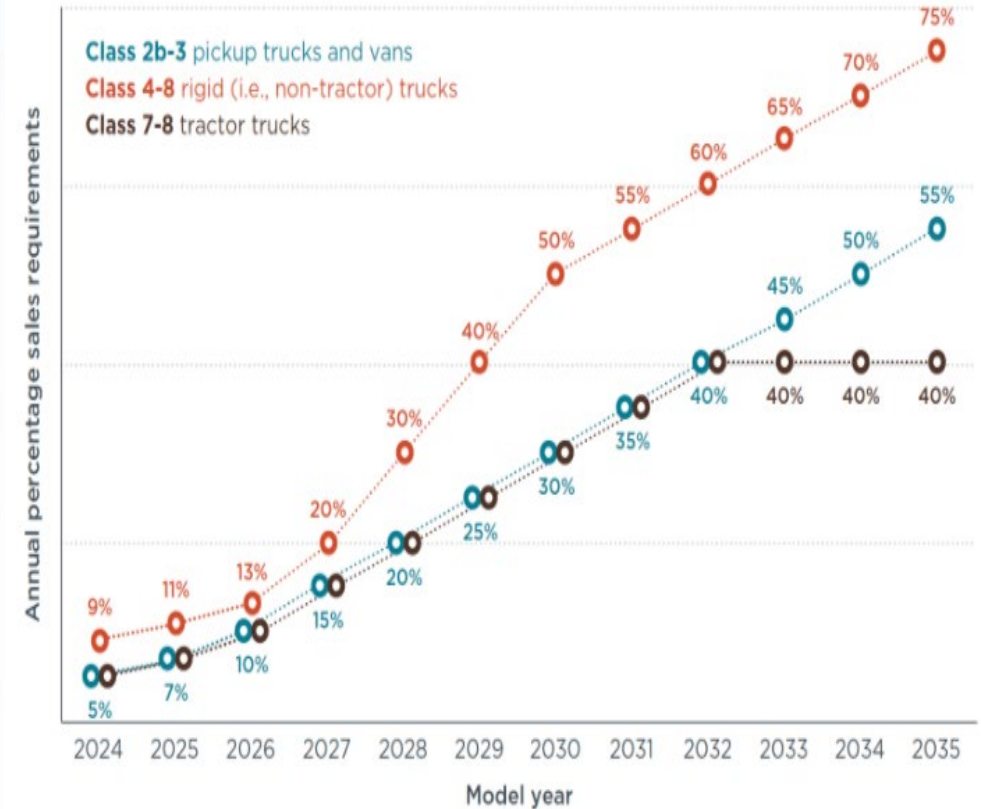


Figure 1: Zero-emission sales percentage schedule by vehicle group and model year.

Source: <https://theicct.org/sites/default/files/publications/CA-HDV-EV-policy-update-jul212020.pdf>

# Advanced Clean Truck Rule Highlights

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- 340-257-0020 – Applicability and Effective Date
  - Effective with 2025 model year
- 340-257-0030 – Definitions
  - Added new definitions to provide clarity
- 340-257-0050 – Incorporation by Reference
  - Incorporated California’s rules by reference, including those rules referencing the Heavy-Duty Low NOx Omnibus revisions
- 340-257-0055 – Enforcement provisions
- 340-257-0090 – ZEV Credit Bank and Reporting
  - Allows early credits starting with 2024 model year

# Fleet Reporting Rule Highlights

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- 340-257-0200 – Fleet Reporting Applicability
  - (b) Any person that owns or operates a facility in Oregon and that, in the 2021 calendar year, owned or operated **50** or more vehicles with a GVWR greater than 8,500 pounds.
  - (c) Any person that operated a facility in Oregon and that, in the 2021 calendar year dispatched **50** or more vehicles with a GVWR greater than 8,500 pounds.
- 340-257-0220 – Fleet Reporting Requirement
  - Requesting information on company & facility information, vehicle home base information, vehicle information

# ACT – Feedback on Draft Rules

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Questions/comments from the RAC on the draft proposed rule language for Division 257?



# Review of the Proposed Rule Low NOx Omnibus

# Low NOx Omnibus Rule – Overview

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Proposed Rule – Lower NOx and PM standards for all new conventionally-fueled, medium- and heavy-duty trucks sold in Oregon

- DEQ is proposing to adopt:
  - Lower emissions standards
  - Longer useful life and warranty requirements and improved emissions warranty information reporting
  - Improved in-use testing methods, durability demonstration
  - Exemptions
  - NOx credit, banking and trading system
  - Phase 2 greenhouse gas rules for trucks and trailers

# Omnibus Highlights

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- 340-261-0020 – Applicability and Effective Date
  - Effective with engine model year 2024
- 340-261-0050 – Incorporation by Reference
  - Incorporating California’s rules by reference
  - Referring to 340-257-0050 for rules previously adopted by the EQC
  - Incorporating Phase 2 greenhouse gas rules for trucks and trailers
- 340-261-0060 - Exemptions
  - Incorporating California exemptions, excluding Transit Agency Diesel bus; includes Oregon Transit bus exemption

# Omnibus – Feedback on Draft Rules

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Questions/comments from the RAC on the draft proposed rule language for Division 261?

# Fiscal and Economic Impact Analysis

# Fiscal and Economic Impact Analysis

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As ORS 183.333 requires, DEQ will ask for the committee's recommendations on:

- Whether the proposed rules would have a fiscal impact,
- The extent of the impact, and
- Whether the proposed rules would have a significant adverse impact on small businesses and complies with ORS 183.540.
- The committee will review the draft fiscal and economic impact statement and will share its comments findings with DEQ staff, who will document those comments and findings.

# Fiscal and Economic Impact Analysis

## Low NOx Omnibus

# Low NOx Omnibus Rule – Benefits

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- Environmental
  - NOx reduction
  - Secondary particulate matter reduction
  - Ground-level ozone reduction
  - Volatile Organic Compound (VOC) reduction
- Health
  - Reduced hospitalizations and ER visits
  - Reduced cardiopulmonary mortality



# Omnibus – Requirements and Impact

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## *Rule requirement:*

All new conventionally-fueled, medium- and heavy-duty trucks sold in Oregon starting with engine model year 2024 will need to meet lower NOx and PM standards

## *Overall:*

This proposal will have a positive impact by improving air quality and reducing adverse health effects

# Omnibus – Impact to the Public

Will have an overall positive impact to the public primarily due to reduction in NOx, volatile organic compounds (VOCs), secondary particulate matter (PM) and greenhouse gases

## Benefits:

- Fewer adverse health effects
- Reduces diesel emissions in low-income and disadvantaged communities
- Continues to keep PM low with regulations that match current technology

## Costs:

- No direct costs; may experience indirect costs if manufacturers pass on increased production costs of vehicles to the truck purchasers and those costs are in-turn passed on to the public

# Omnibus – Impact to Large Businesses

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## *Direct costs:*

- The proposal will have a fiscal impact on:
  - Truck manufacturers
  - Businesses that purchase new trucks
  - Businesses that repair trucks
- There may be costs associated with:
  - Developing, manufacturing and selling new compliant trucks
  - Training technicians to repair new compliant trucks
  - Increases in repairs due to longer warranty periods
- Additional administrative costs associated with the state-specific credit averaging, banking and trading program are expected.

# Omnibus – Impact to Small Businesses

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- Up to 1,335 businesses were identified in Oregon that are associated with truck transportation and engine and vehicle manufacturing. The vast majority of these are small businesses.
- Small businesses that repair truck engines and/or aftertreatment technology could also be impacted.
- Direct costs are likely to be the same as described for large businesses

# Omnibus – Feedback on the Fiscal Impact

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## Questions for RAC:

1. Are there any significant adverse impacts on small businesses as a result of this rule?
2. Are there any other questions/comments?

Break

# Fiscal and Economic Impact Analysis

## Advanced Clean Trucks

# Advanced Clean Trucks (ACT) Rule

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## *Rule requirement:*

Medium and heavy-duty vehicle manufacturers must sell a percentage of ZEVs based on their overall sales in Oregon, beginning with MY 2025.

## *Overall:*

This proposal will have a positive fiscal impact by addressing climate change, improving air quality and reducing adverse health effects.



# ACT – Impact to the Public

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Will have an overall positive impact to the public due to reduction in GHG and air quality pollutants

## Benefits:

- Fewer adverse health effects, fewer GHG impacts such as wildfire events, higher temperatures, and effects on water supplies
- Reduces diesel emissions in low-income and disadvantaged communities

## Costs:

- No direct costs; may experience indirect costs if manufacturers pass on costs of vehicles to the truck purchasers and the public

# ACT – Impact to Large Businesses

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## *Direct costs:*

The proposal will have a fiscal impact on 10 truck manufacturers, as they are subject to rule requirements to sell a certain percentage of ZEVs based on their overall sales in Oregon. There may be costs with developing, manufacturing, and selling new ZEV vehicles plus costs associated with reporting compliance information.

## *Indirect costs:*

If truck purchasers and dealers decide to purchase ZEVs they may experience an initial fiscal impact due to higher purchase prices and infrastructure needs. These costs are anticipated to be offset over the lifetime of the vehicle due to reduced fuel and maintenance costs or accumulating credits under the Clean Fuels Program.

# ACT – Impact to Small Businesses

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## *Direct Costs:*

No direct fiscal impact to small businesses because not subject to the requirements.

## *Indirect Costs:*

May be some small indirect fiscal impacts for small brokers or entities that dispatch fleets. They would experience initial higher upfront purchase costs and infrastructure development costs.

# Fleet Reporting – Impact to Large Businesses

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- Expected to have a fiscal impact on all large reporting entities and government agencies.
- The impact is expected to be minimal, as it is a one-time reporting requirement and anticipated these entities would already collect most of the information requested.

# Fleet Reporting – Impact to Small Businesses

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There may be small businesses subject to fleet reporting requirements. These costs are expected to be minimal (~4 hours) due to one-time reporting and the likelihood the information is already being collected by the entity.

# ACT – Feedback on the Fiscal Impact

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## Questions for RAC:

1. Are there any significant adverse impacts on small businesses as a result of this rule?
2. Are there small businesses with fleets of 50 or more?
3. Are there any other questions/comments?

# Review of the Proposed Rule Low Emission Vehicles

# Low Emission Vehicles Rule Highlights

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- Updates to maintain existing identity with LEV rules
  - On-Board Diagnostic (OBD II) requirements for light-duty vehicles
    - Changes clarify both existing definitions and testing requirements and also allow manufacturers to certify future vehicles that comply with the OBD II regulation.



# Fiscal and Economic Impact Analysis

## Low Emission Vehicles

# Low Emission Vehicle (LEV) Rule

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## *Rule requirement:*

On-Board Diagnostic (OBD II) requirements for light-duty vehicles. Clarified both existing definitions and testing requirements, and also allow manufacturers to certify future vehicles that comply with the OBD II regulation.

## *Overall:*

The fiscal impacts of the rule are expected to be positive due to more durable engines and vehicles and reduced repairs.

# LEV – Impact to the Public

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## *Direct costs*

No direct costs as a result of the rule, as only manufacturers are subject to the requirements

## *Indirect costs*

There may be a fiscal impact to the public as a result of manufacturers passing on the costs they incur to conduct compliance data reporting and improved emissions controls. However, consumers would benefit from needing fewer repairs due to the improved engines.

# LEV – Impact to Large Businesses

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Overall positive fiscal impact due to streamlining and flexibility features included in the rules. Some minimal costs due to reporting associated with new software reprogramming requirements but these costs may be passed on to purchasers.

# LEV – Impact to Small Businesses

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Small businesses may incur reporting and recordkeeping costs for vehicles subject to OBD II certification requirements. This could involve up to 8-16 hours per week.

# LEV – Feedback on the Fiscal Impact

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## Questions for RAC:

1. Are there any significant adverse impacts on small businesses as a result of this rule?
2. Are there any other questions/comments?

# Public Comment Period

# Next Steps

