July 3, 2025

Submitted Electronically

RE: Comments on Washington Department of Ecology Amendments to Clean Vehicles Program Rules (Chapter 173-423 WAC) Incorporating Changes to the Advanced Clean Trucks and Heavy-Duty Low NOx Omnibus Regulations

To Whom It May Concern:

On behalf of the Truck Renting and Leasing Association (TRALA), we submit the following comments on Washington State's Department of Ecology Amendments to Clean Vehicles Program Rules (Chapter 173-423 WAC) incorporating changes to the California Air Resources Board's (CARB) Advanced Clean Trucks (ACT) and Heavy-Duty Low-NOx Omnibus (Omnibus) regulations. TRALA's comments will focus on the ACT rule as its electrification mandates will have -- and has had -- a huge impact on truck renting and leasing companies' ability to purchase new diesel trucks in Washington.

Based in Alexandria, Virginia, TRALA is a 47-year-old national trade association representing the interests of nearly 500 truck renting and leasing companies and over 100 supplier companies. TRALA advocates on behalf of its members both before federal and state regulators. TRALA's members provide short-term commercial rental vehicles, short-term consumer rental vehicles, and full-service leases to customers that operate a vehicle or fleet of vehicles. Most TRALA members are family-owned businesses that have operated for generations to supply the transportation backbone to small businesses throughout the U.S. Many are unaware that 95.5 percent of carriers in the U.S. operate 10 or fewer trucks and 99.6 percent operate fewer than 100 power units.[1] TRALA's member customers typically rent or lease fewer than four trucks and are dependent on flexible transportation contracts to manage variable operations and expand their small businesses.

Washington must account for the complex nature and vehicle needs of an industry as widely varied as trucking. This especially holds true for those fleets utilizing rented and leased trucks. TRALA members' customers opt to rent or lease rather than purchase trucks due to the cost of new equipment, the complexity involved in undertaking maintenance, and to

[1] https://www.truckersnews.com/news/article/15683773/atas-trends-report-shows-freight-tonnage-down-revenue-up-in-2023.

support seasonal and temporary freight demand surges. These truck operators are the least able to manage a transition to zero-emission vehicles (ZEVs) due to high capital costs, limited access to fueling infrastructure, and highly variable operations. These challenges are particularly burdensome for small, and often minority-owned, trucking companies operating in Washington.

Leased vehicles make up a substantial portion of the nation's trucking fleet. TRALA's member companies purchase more than 30 percent of all new over-the-road trucks operating on our nation's highways today. Some trucking companies only use leased trucks, others operate a mix of owned and leased trucks, and some may not lease any trucks at all.

By way of illustration, private fleets now make up nearly half of the nation's truck market.[2] According to a 2024 National Private Truck Council (NPTC) Annual Benchmark Survey, 28 percent of private fleet respondents reported leasing most of their fleet.[3] The NPTC Benchmark Survey also reported that 34 percent of private fleet respondents employ a combination of ownership and leasing as their heavy-duty acquisition strategy while 32 percent of respondents turned to the rental market.[4]

TRALA supports technological and economically feasible efforts to reduce transportation-related emissions. However, the ACT rule in Washington is now in jeopardy following President Trump's signing into law the Congressional Review Act (CRA) Resolution of Disapproval on June 12 for the U.S. Environmental Protection Agency (EPA) previously approved Clean Air Act waiver authorizing the ACT rule. If California's ACT waiver disapproval survives legal challenge, Washington -- as a Clean Air Act § 177 (42 U.S.C. § 7507) state – can no longer opt into the CARB ACT rule. That being said, TRALA commends Washington for issuing its June 6 *Manufacturer Guidance* indicating that it will exercise enforcement discretion pausing portions of the ACT rule's implementation for six months beginning June 6, 2025. This action will afford additional time for pending litigation to play out and the opportunity for more dialogue, information sharing, and discussion of opportunities between the trucking industry and the Washington Department of Ecology to further reduce in-state emissions.

[2] https://www.fleetowner.com/research/article/55136759/national-private-truck-council-benchmarking-survey-reveals-fleet-growth-and-increased-efficiency.
[3] https://www.fleetowner.com/operations/article/55136778/nptc-private-fleet-benchmarking-survey-shows-equipment-stats-and-increase-in-driver-retirement.
[4] *Id*.

BACKGROUND

While the ACT rule is directed at original equipment manufacturers (OEMs) to sell increasing percentages of zero-emission trucks through model year 2035, the thousands of individual state fleets will determine the success or failure of the rule by deciding whether to purchase new and exceedingly expensive power units and charging stations for their daily operations. Under the ACT rule, roughly 10 percent of all new box trucks, vans, two-axle buses, yard trucks, and light-duty delivery vehicle sales were to be zero-emission trucks beginning January 1, 2025 (though there are other pathways for achieving these targets whether through banked emissions credits or sales of ZEVs in other truck categories).

TRALA member fleets that rent vehicles have little or no customers wishing to rent ZEVs even with incentives in place to do so (*e.g.*, offering pricing parity to comparable diesel or gasoline vehicles). In addition, and as discussed below, manufacturer requirements for fleets to take delivery of certain numbers of ZEVs when placing orders for new, clean diesel trucks in ACT states significantly impacts the bottom lines of rental companies and provides no environmental benefit as customers are not willing to rent or lease ZEV vehicles. The following comments outline TRALA's primary concerns over Washington implementing the ACT rule if it were to withstand pending legal challenges.

COMMENTS

Commercial Trucks are Far Different Than Cars

Commercial truck electrification cannot be compared to passenger car electrification. Cars are used largely for pleasure or necessity in contrast to commercial trucks which are purchased and used to conduct work. Charging infrastructure for cars is unlike the charging infrastructure for commercial trucks. Electric car charging can be as elementary and low-cost as plugging an extension cord into a home outlet. A 2024 survey by ChargeLab found that 86 percent of EV car drivers have access to home chargers and 60 percent of such drivers use public chargers weekly.[5] The number of public charging stations for electric cars keeps growing in Washington and nationwide. By comparison, public charging infrastructure for commercial vehicles does not exist across the state due to the lack of commercial ZEVs.

The average gasoline passenger car typically weighs between 2,600 and 4,400 pounds.[6] The average electric car weighs 6,042 pounds.[7] The ACT rule focuses on new commercial trucks

[5] https://chargelab.co/blog/news-survey-2024.
[6] https://www.carmula.com/how-much-does-a-car-weigh-a-guide-to-average-car-weight-in-2023/.
[7] https://readysetrev.com/how-much-do-electric-vehicles-weigh.

weighing from 8,500 pounds up to and oftentimes exceeding 80,000 pounds.

Commercial electric trucks that travel limited miles use smaller battery packs to reduce equipment purchase costs and eliminate unnecessary additional weight. Heavier over-the-road trucks, on the other hand, can easily exceed 500 miles in a day. Longer travel routes require much more battery power. With increased range comes payload penalties as the added battery weight significantly impacts the amount of freight that can be legally transported. By one estimate, this can equate to a payload penalty of between 4,000 to 5,000 pounds per haul.[8] Less freight payload per truck will also result in additional truck traffic, labor and equipment costs, and other impacts which will be discussed further below in the comments.

Commercial ZEVs are also extremely more expensive than electric passenger cars making them out-of-reach for most trucking companies to purchase, both with and without government subsidies. Higher costs for commercial ZEVs mean higher monthly truck payments and higher insurance premiums that are difficult to offset given typical razor-thin profit margins in the freight industry. Fleets considering adding additional capacity must now decide whether to write a check for one new ZEV or 2.5 new technology diesel trucks (roughly the same monetary equivalent). This example does not even account for the installation of likely -- and extremely expensive -- on-site charging infrastructure.

History has Shown ACT Rule Severely Impacts Fleet Purchases of New Trucks

TRALA has already seen Original Equipment Manufacturers (OEMs) pinching truck dealers to sell more ZEVs in ACT states so OEMs can achieve their compliance obligations. While regulators note that fleets remain free to purchase equipment that satisfies their needs under the ACT rule since this is an "OEM" directed regulation (as opposed to a "fleet" directed regulation), truck dealers and fleets in other states can share their experiences first-hand that this has not been the case.

The ACT "technology-neutral" narrative does not align with fleets being forced to purchase set numbers of ZEVs for the opportunity to take delivery of a given number of clean-diesel trucks. Fleets are not in the practice of purchasing expensive assets that will be either under-utilized or not utilized at all. There is a saying in the trucking industry that a truck not moving is a non-productive truck. Mandated ZEVs purchased by truck renting and leasing companies have a high likelihood of becoming stranded assets that do not result in reduced emissions since there is little or no demand to utilize these trucks.

[8] https://www.businessinsider.com/electric-trucks-longhaul-batteries-tesla-heavy-cargo-weight-problem-2023-2.

ACT Rule Would Severely Impact Truck Dealers

Under the ACT rule, OEM emission credits are earned when a new ZEV is sold to the final purchaser. The challenge is that internal combustion engine (ICE) trucks cannot be sold to a fleet until a certain percentage of ZEVs have been purchased by consumers to generate the credits needed to comply. This has come to be known as the ZEV to diesel ratio formula.

Fleet adoption of ZEVs has not occurred to the level needed that would allow Washington's ACT rule to be successful across almost all classes of trucks. Truck dealers continue to report that their customers do not want ZEVs at this time due to their exorbitant expense, lack of charging infrastructure, range issues, and uncertainty surrounding the fate of current federal tax credits. Truck dealers also note that the cost for them to purchase ZEVs to satisfy their customers' demand for new clean diesel trucks is not a financially viable option since they would have to finance the purchase of ZEVs no fleet wishes to buy and that the battery useful life of such trucks will be compromised if not used, resulting in dealers having to potentially spend $40,000 - $80,000 to replace battery packs.

Dealers across the country struggled to find a way to navigate this situation but OEMs have received reprieves with the issuance of state enforcement discretion memos, extension of state compliance milestones, and most importantly, the reversal of the CARB ACT rule waiver from EPA by the U.S. Congress under the CRA. If the courts were to reverse the CRA efforts, truck dealers in ACT states would be hard pressed to survive the economic impact of this rule -- especially during the current and near-term freight recession -- despite being in business for generations. They would have no other option but to eliminate jobs and potentially cease to operate.

ACT Rule Would Likely Lead to Increased Emissions Levels

Implementing the ACT rule within such short timelines would curtail historical efforts to advance efficient, clean diesel technologies as new truck sales -- both diesel and electric -- become limited, keeping older, heavier polluting trucks on the road longer. Currently, 56 percent of heavy-duty diesel vehicles in Washington meet the latest EPA clean diesel standards for both particulate matter (PM) and nitrogen oxides (NOx) whereby only 0.3 percent of commercial trucks in Washington are electric.[9] Attempting to implement the ACT rule on accelerated timelines will unfortunately result in the opposite aim of reducing emissions in Washington as fleets will trend towards longer fleet turnover cycles in order to

[9] 2023 U.S. Vehicles in Operation TIPNet Data (Class 3-8 vehicles, Model Year 2010 and newer) provided by S&P Global Mobility.

avoid purchasing much more expensive/range-limited electric trucks with little or no existing public charging network to fuel them.

Compliance Costs Must Be More Thoroughly Considered

In May 2024, Ryder System Inc. released a report on ZEV pricing titled "Electric Vehicle Total Cost to Transport Analysis."[10] In using a wholistic ZEV cost approach called "total cost to transport" (TCT), Ryder calculated annual cost figures that included labor and additional truck purchase needs among other inputs. Ryder's figures represented a real-world analysis for transporting freight using battery electric vehicles (BEV's) in California. The findings estimated an annual TCT of more than $648,000 per electric truck. (See Table 1).

TABLE 1: Class 8 ICE and ZEC Annual Total Cost to Transport in California

CALIFORNIA	| 1.2. Drivers - 1 Tractor |		| 2.07 Drivers - 1.87 Tractors |			
	ICE TRUCKS		EV TRUCKS		VARIANCE	
Category	Cost Detail	Amount	Cost Detail	Amount	Variance	% Change
Labor Cost	1.2 drivers, $29/hr, ~58 hours/week	$ 93,285	2.07 drivers, $30/hr, ~97 hours/week	$ 164,151	$ 70,866	76%
Other Personnel Costs	PTO, Payroll Tax, Workers Comp	$ 40,742	PTO, Payroll Tax, Workers Comp	$ 70,955	$ 30,213	74%
Equipment Cost*	1 tractor, $3,444/month per unit	$ 41,328	1.87 tractors, $11,091/month per unit	$ 248,438	$ 207,110	501%
Equipment Maintenance Cost*	$0.065/mile	$ 7,097	$0.06/mile	$ 8,734	$ 1,637	23%
Fuel vs Energy Cost	$0.89/mile fuel cost, 6.9 MPG	$ 96,997	$0.32/mile energy cost	$ 46,126	$ (50,871)	(52%)
EV Charger Cost	N/a	$ -	$186k hardware, installation, maintenance	$ 8,267	$ 8,267	-
Other Operating Costs	1 tractor, insurance, G&A, CVCs, etc.	$ 54,665	1.87 tractors, insurance, G&A, CVCs, etc.	$ 102,041	$ 47,376	87%
Total	**Annual TCT**	**$ 334,114**	**Annual TCT**	**$ 648,712**	**$ 314,598**	**94%**

94% TOTAL COST INCREASE

(Electric Vehicle Total Cost to Transport Analysis, Ryder System Inc. (May 2024))

Ryder's analysis estimated the one-to-one conversion from diesel to ZEVs for heavy-duty trucks in California increases the TCT from 94 to 114 percent.[11] When expanding the analysis to a mixed fleet, Ryder estimated it can cost 56 to 67 percent more to convert a fleet to EVs in California where fuel and energy costs are typically higher than in other states.[12] These transportation cost increases could cumulatively add approximately 0.5 to 1.0 percent to overall inflation according to Ryder.[13] TRALA asks that Washington fully understand the true

[10] Electric Vehicle Total Cost to Transport Analysis, Ryder System Inc. (May 2024).
[11] *Supra* note 18, at 2.
[12] *Id.*
[13] *Id.*

financial costs that would be imposed upon trucking fleets if the ACT rule were to be implemented.

Truck Charging Infrastructure Remains Insufficient in Washington

The public charging network in Washington is insufficient to support the charging needs of medium and heavy-duty truck rental customers, almost all of whom will be exclusively reliant upon the public network for their charging needs. According to the U.S. Department of Energy (DOE), there are only three public direct-current (DC) fast charging locations in Washington with a total of 12 ports that can accommodate Class 3 - 6 ZEV trucks (150kW-350kW).[14] There are a total of zero public direct-current (DC) fast charging locations (350kW) statewide.[15]

Nearly all charging of a rented truck will happen while the truck is in the hands of the customer. The duration of most truck rentals is long enough so that customers will have to recharge multiple times throughout the course of the rental period. Unlike users utilizing ZEVs that have access to private charging depots where convenient charging can occur overnight or between usage, most ZEV rental customers are forced to navigate the public network for all of their charging needs – whenever and wherever they need it. Truck rental customers -- nearly all of whom will not have access to their own charging depot -- will be 100 percent reliant upon a non-existent public fast charging network that simply cannot support the needs of customers renting trucks in Washington.

Finally, a truck making deliveries that runs out of charge due to range miscalculations or the lack of charging infrastructure has severe implications for a fleet. Not fulfilling deliveries on-time can result in penalties, loss of reputation, cancellation of future contracts, and loss of revenue. In an industry as competitive as trucking, fleets can ill-afford to make any missteps.

Hydrogen Fuel Cell Technology and Infrastructure Remains Far Off

Hydrogen Fuel Cell Electric Vehicles (FCEVs) are an alternative to battery electric ZEVs. However, FCEV technology remains immature and requires a robust hydrogen fueling infrastructure that is not yet commercially available. EPA recognized this fact in its Greenhouse Gas Emissions Standards for Heavy-Duty Vehicles final rule (Phase 3):

[14] https://afdc.energy.gov/stations#/analyze?fuel=ELEC&region=USCA&ev_levels=dc_fast&maximum_vehicle_class=MD&show_map=true.
[15] *Id*.

> "With respect to hydrogen infrastructure … we recognize that this may take longer to develop, and therefore we included a constraint for FCEVs such that we did not incorporate FCEVs into technology packages to support new standards for long-haul vehicles until MY 2030…"[16]

According to DOE, Washington does not currently have a single publicly accessible hydrogen fueling station in the entire state for Class 3-8 trucks.[17] Since the FCEV market is in its infancy and its path forward remains uncertain, Washington should not deem hydrogen FCEVs a viable ZEV pathway at this time. The trucking industry, along with free market economics, is better positioned to make that determination.

Electricity and Grid Demands Remain a Concern

Fuel is typically one of the highest operating costs for trucking companies. In 2024, fuel was the second most expensive operating cost next to wages comprising over 24 percent of annual truck operating expenses.[18] Diesel and gasoline have fueled our industry consistently and reliably for well over a century. With a dramatic shift to a new motive power source, electricity and the grid that transports it remains a concern for fleet electrification both in-state and for interstate and cross border transport of loads.

Discussions regarding escalating electricity demands for society in general are now front and center. In particular, the rapid growth of AI has raised concerns that the U.S. electric utility industry -- historically known for slow and steady returns -- may not be able to respond quickly to the rise in power demand because of a swelling backlog of power generation, transmission projects in line to connect to the grid, and contractual obligations for the exportation of in-state generated energy.

Washington data centers consumed 5,171,612 MWh of electricity in 2023 -- 5.69 percent of the state's total electricity consumption.[19] By 2030, projections estimate that up to 13 percent of state electrical generation may be utilized for data center use.[20] Other users -- such as the transportation sector -- will be competing for the very same limited electrons. When power demands in Washington exceed supply during winter storms or heatwaves for example, utilities and governments will be forced to make decisions about who has access

[16] 89 FR 29592 (April 22, 2024).
[17] Alternative Fuels Data Center: Alternative Fueling Station Locator (energy.gov).
[18] An Analysis of the Operational Costs of Trucking: 2024 Update, American Transportation Research Institute (June 2024).
[19] Powering Intelligence -- Analyzing Artificial Intelligence and Data Center Energy Consumption, Page 15 (May 2024).
[20] *Id*.

to power and for how long. Large-scale rapid electrification of fleets running parallel to increasing energy demands for data centers has the potential to overburden the state grid system (*i.e.*, brownouts and blackouts) and create a wide array of statewide disruptions, including the impossibility to recharge commercial trucks as needed.[21]

Failing to provide enough reliable power quickly enough at the locations of needed charging infrastructure installations will jeopardize the electrification of on-road electric vehicles and cause a ripple effect in transportation of freight. Washington carriers deserve greater certainty.

RECOMMENDATIONS

The path forward on the ACT rule in Washington will hinge on the outcome and inevitable appeal of the June 12 challenge by 11 states regarding the waiver reversal by Congress. In the interim, TRALA recommends Washington pursue the recommendations below to further reduce statewide emissions:

<u>If Current Litigation Reinstates the ACT Rule Waiver</u>

- Conduct continued outreach efforts and listening sessions with key utilities and users including AI providers, the trucking sector, consumer groups, and other key current or future high-use grid customers to better gauge ongoing electrical demands, grid capabilities, public fast-charging infrastructure availability, and economic impacts. Washington should also consider establishing an on-going implementation task force comprised of interested stakeholders. Real-time information and data should in turn be used by the state in determining whether to implement the ACT rule on present timelines, delay implementation milestones, or exercise enforcement discretion.
- Consider and address the operational concerns of the truck industry overall and in particular, the renting and leasing sectors, such as limited space for the installation of charging infrastructure; the contractual inability for many truck rental companies to install permanent charging infrastructure at leased locations; and the inability for such renting and leasing businesses to control routes and usage of ZEVs used both intra- and inter-state.

<u>If Current Litigation Reaffirms the ACT Rule Waiver Denial</u>

- Further leverage use of the EPA SmartWay Transport Partnership Program in seeking greater market penetration rates for use of lower emission in-state vehicles.

- Support and afford more attention to, and credit from, the use of lower carbon intensity fuels such as biodiesel, renewable diesel, and renewable natural gas.
- Ensure and expand the availability of state fleet and fueling infrastructure funding for the purchase of cleaner vehicles.
- Include back-up energy storage systems in state financial incentive packages for charging infrastructure.
- Explore new partnerships with key in-state industry stakeholders to share or build alternative fueling locations available for public use.
- Support federal efforts to repeal the Federal Excise Tax on new vehicle purchases; increase weight exemption limits for alternative-fueled vehicles; greater use of longer combination vehicles; and the placement of charging infrastructure at public rest areas.
- Explore state opportunities surrounding charging port up-times and develop options to ensure better serviceability to the businesses that rely upon them.
- Undertake and coordinate better state, interstate, and cross-border infrastructure planning and availability to ensure streamlined and uninterrupted use of alternative-fueled vehicles.
- Explore opportunities/potential for private fleet access to state alternative fueling infrastructure locations.
- Work to ensure that adding ZEV charging spaces to existing fueling locations does not reduce and exacerbate the current truck parking shortage.
- Consider development of an expanded truck scrappage program -- beyond current limited drayage efforts -- targeting the replacement of higher-emitting trucks and providing robust financial and other incentives to do so.
- Require 100 percent ZEV adoption rates for state and municipal agencies.
- Compel new public works projects to use ZEVs to the extent practical.
- Work to ensure the reliability of public charging outlets for commercial trucks through measures addressing equipment and driver security at fueling locations.

CONCLUSION

Washington should take pause insofar as the likelihood of the ACT rule succeeding for several key reasons including: the rule's final disposition remains in limbo given pending litigation on the CRAs; the fate of federal financial incentives for ZEVs and fueling infrastructure remains uncertain; trucking is currently in a freight recession which will take some time to correct; ZEV trucks and fueling infrastructure remain excessively expensive and out of reach for most trucking fleets; commercial truck public fast-charging locations in Washington and outside of the state are virtually non-existent; limited range anxiety continues to weigh heavily on purchase decisions ; and payload penalties make ZEV fleets less competitive.

TRALA and its members remain committed to a sustainable, lower-carbon transportation future and we support sensible, reasonable efforts that help us get there. Rental and leasing companies' experiences with ZEVs, if positive and cost effective, can meaningfully help advance the broader adoption of lower-carbon technologies. We stand ready to work with the state and the Washington Trucking Associations to achieve a cleaner transportation model while continuing to be the state's economic engine in supplying goods and services. Together, we can help facilitate that change as shown by our industry's substantial investments made already to decarbonize our industry.

Should you have any questions regarding our comments, please contact me at jjacoby@trala.org.

Sincerely,

C. Jake Jacoby
President and CEO
Truck Renting and Leasing Association