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Sides Debate Truck Proposal

Supporters of a proposed ban on the sale of diesel trucks see an opportunity for California to seize in the face of an ever-worsening energy crisis. Others - particularly those involved in the transportation industry- are seeing another crisis.

The proposal, which would require that all medium- and heavy-duty trucks sold in the state be 100% emissions-free beginning in 2040, was put forward by the California Air Resources Board in August. The Advanced Clean Fleets resolution also sets several deadlines designed to force large trucking companies to convert from diesel big rigs and other fossil fuel-reliant vehicles, with total fleet conversion required by 2042.

The resolution is the latest CARB rule put forward to address the disparate energy consumption and environmental impacts of Internal Combustion Engine transport trucks. In June 2020, the board passed the Advanced Clean Trucks regulation, which set the strictest emissions standards in the nation for truck manufacturers. CARB maintains that the clean fleets and clean trucks measures are necessary to help meet the state's goal of carbon neutrality by 2045.

But leaders in the transportation industry have expressed concern that the proposals are too much, too fast, and would cause chaos for California trucking companies. Bradford G. Hughes, an attorney at the downtown-based Clark Hill LLP, who counsels commercial and transportation businesses on the management and avoidance of risk, said the new clean fleets resolution represents the "third salvo" lobbed by CARB at the trucking industry in recent years, along with the clean trucks regulation and a 2015 rule requiring all transportation vehicles to be equipped with costly electronic logging devices that monitor emissions.

The biggest private fleets can absorb the costs, Hughes said, and they're large enough to keep their businesses operational while the transition is made. But the costs will be cost-prohibitive for many small- and mid-sized trucking fleets, and the impact on business would be debilitating.

"I think the biggest threat under this rulemaking by CARB is to the small- and mid-size trucking companies, who would not be able keep up with the costs of operating in the marketplace," he said. Sam Appel, California State Manager for BlueGreen Alliance, acknowledged that a portion of the industry would be hit hard by the rules. But he said the split would be mostly between "high-road" companies, the ones acting in good faith to commit to the state's carbon emission goals, and the "low-road" ones.

"There's a lot of low-road work in the trucking sector, that's where the dirtiest trucks are driven, where workers are constantly being paid less than minimum wage," said Appel, who acts as a liaison to transportation unions and their members for the BlueGreen Alliance.

"With this rule, CARB is calling out those controlling entities within the industry that haven't taken responsibility."

Infrastructure deficit

Chris Shimada, senior vice president of government affairs at the California Trucking Association, said the impact would be more widely felt than expected, noting that 90 percent of trucking fleets in California operate fewer than 20

trucks.

Shimada said he did not think "anyone in the industry is opposed to going in this direction," particularly in best-use cases like "last mile carrier" deliveries, which are entirely local. But he stressed that the infrastructure, technology, and production capacity to make other operations feasible simply don't exist.

Southern California currently has about 3,000 publicly available electric vehicle charging locations that trucks can use, Shimada said, many of which are in remote desert locations that aren't practically accessible by most fleets.

"In Los Angeles, there's only around 1,500, which is well short of what you'd need to support the infrastructure necessary," Simoda added.

Stronger policies

But that business motivation does exist, according to Alli Gold Roberts, a senior director at the San Francisco office of the nonprofit Ceres. She leads the organization's efforts to mobilize businesses and investors as advocates for stronger climate policies, including environmental, social and governance initiatives and electric vehicles.

Roberts said major investment fund managers like CalPERS and CalSTRS, alongside a number of large asset managers in Los Angeles and beyond, have made strong commitments to green-friendly investments and EVs in particular. That trend will only grow stronger as the hazards of the fossil fuel market worsen and the green-friendly alternatives mature.

"(Investors) recognize that we need those vehicles, we need that infrastructure," said Roberts. "We're already seeing that deep investment in ESG topics. Being able to ride the waves of volatility in the fossil fuel market - that's a lot easier if it's a smaller part of their portfolio, or not at all a part."

Even if California's plans play out perfectly, Hughes, at Clark Hill, said trucking companies would have to operate around the assumption that other states wouldn't follow suit. Jane Ellison Usher, a partner at the downtown-based Musick Peeler law firm specializing in regulatory affairs, agreed that transportation clients were concerned about the lack of certainty that a nationwide effort would coalesce.