TRUCK RENTING AND LEASING ASSOCIATION

TRALA

May 12, 2025

Submitted Electronically

RE: Post-Hearing Comments on Proposed Clean Car and Truck Standards: Proposed 35 ILL. ADM. CODE 242 Illinois Pollution Control Board Docket Number R24-17.

To Whom It May Concern:

On behalf of the Truck Renting and Leasing Association (TRALA), we submit the following comments opposing the Illinois Pollution Control Board (IPCB) adopting two sets of regulations that the California Air Resources Board (CARB) approved for Medium (MD) and Heavy-Duty (HD) trucks in California including the Heavy-Duty Omnibus Low-NOx (Omnibus) regulation and the Advanced Clean Trucks (ACT) regulation.

TRALA supports efforts to reduce emissions and our industry has made historical progress over the past 25 years in achieving near-zero levels for criteria pollutants. However, the proposed standards are not the right solution for Illinois since they will not meaningfully improve air quality due to the high volume of out-of-state trucks that are not covered by the proposed regulation. In addition, the proposed standards impose unrealistic deadlines, tremendous costs, infrastructure challenges, and disproportionate burdens on small- and medium-sized Illinois trucking companies. These burdens will cause negative impacts on the state's economy including higher prices for consumer goods, the collapse of truck dealer new equipment sales, supply chain disruptions, and the shift of jobs and investments to neighboring states that do not impose similar mandates.

TRALA urges the IPCB to reject the adoption of both the ACT and NOx Omnibus rules and work with industry and stakeholders to find a more practical, achievable, and economically responsible path forward.

BACKGROUND

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. Their diverse customer bases typically rent or lease fewer than four trucks per customer and are dependent on flexible transportation contracts to manage variable operations and expand their small businesses.

Regulators 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 support seasonal and temporary freight demand surges. These truck operators are the least able to manage a transition to zero-emission vehicles (ZEVs) under the ACT rule 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 Illinois.

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.[1] According to a 2024 National Private Truck Council (NPTC) Annual Benchmark Survey, 28 percent of private fleet respondents reported leasing most of their fleet.[2] 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.[3]

TRALA supports Illinois' efforts to reduce transportation-related emissions; however, future emission reductions attributed to the ACT and Omnibus rules in Illinois are purely speculative given the high probability that both rules will either be delayed or stricken altogether either through pending litigation and/or through President Trump's and the U.S. Congress' commitments to reverse California's emissions waivers previously approved by the U.S Environmental Protection Agency (EPA). Joint Resolutions of Disapproval under the Congressional Review Act (CRA) to prohibit implementation of both the ACT and Omnibus

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

rules have already been introduced and passed in the U.S. House of Representatives and are awaiting votes in the U.S. Senate which could take place any day. If California's ACT and Omnibus waivers are stricken by Congress (or as an alternative reversed by EPA), Illinois -- as a Clean Air Act § 177 (42 U.S.C. § 7507) state -- cannot opt into either California standard. TRALA asks the IPCB to await the final votes by Congress given the proposed IPCB state emissions standards premised on the CARB ACT and Omnibus regulations may soon become a moot point altogether.

COMMENTS

The Rules Will Impact New Truck Fleet Purchases

OEMs keep requiring truck dealers to sell more ZEVs in ACT states so OEMs can achieve their compliance obligations. While regulators continue to state 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), fleets in ACT states will tell you first-hand that this is not the case.

Fleets are 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.

Likewise, next generation NOx engines will add expensive premiums to the retail price of trucks as OEMs attempt to recoup hundreds of millions of dollars in research and development costs, require the purchase of costly extended warranty packages, and charge substantially more for new technology pathways.

There is a saying in the trucking industry that a truck not moving is a non-productive truck. The fact remains that many ZEVs and untested technologies become stranded assets that are not delivering freight and, in turn, do not reduce emissions as envisioned.

The Rules Will Severely Impact State Truck Dealer Sales

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.

Truck dealers have shared that their customers do not want ZEVs due to their exorbitant expense, lack of charging infrastructure, range issues, uncertainty surrounding the fate of current federal tax credits, and whether the current Trump Administration or Congress will

undo the California emissions waivers altogether. Truck dealers also added that the cost for them to purchase ZEVs to satisfy their customers' demand for new clean diesel trucks was not a financially viable option since they would have to finance the purchase of ZEVs no fleet wishes to buy and that the useful battery 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 are and will struggle to find a way to navigate the ZEV sales dilemma. This will also be the case in Illinois for truck dealer networks. Truck dealers will not survive the economic impact of ZEV sales requirements being placed on them by OEMs despite being in business for generations. They will have no other option but to eliminate jobs, move their operations, and potentially lose their livelihoods.

A 50-State Approach is Preferred for an Industry that Operates in Interstate Commerce

It makes little sense for Illinois to implement CARB's Omnibus regulation starting in MY 2029 (which may begin as early as January 1, 2028) when CARB has already agreed to align their state regulation with EPA's 50-state HD2027 low-NOx regulation that begins implementation with MY 2027 equipment. Likewise, the EPA Phase 3 Truck Greenhouse Gas Rule (Phase 3) serves as a national regulatory pathway for zero-emission vehicle adoption with the next round of emissions milestones set to take effect in MY 2027 and beyond. Harmonized 50-state emissions approaches are a far more effective means to secure national emissions reductions than piecemeal, state-by-state efforts.

CARB Rule Amendments Will Complicate the State's Ability to Enforce

CARB has committed to further amend its Omnibus NOx regulation to conform with EPA's HD2027 regulation through a rulemaking later this year. The amended CARB rule will align with EPA's NOx rule creating one national harmonized NOx approach for new engines starting in MY 2027. In addition, CARB will likely further amend its ACT regulation during the same time period. As such, the IPCB will be obligated to adopt future amendments to both the ACT and Omnibus rules as § 177 states must "mirror" the CARB regulations they are adopting.

It is likely that CARB will not seek or obtain a preemption waiver or "within the scope" determination from EPA on its Omnibus amendments meaning that the IPCB will be precluded from enforcing the Omnibus regulation until such time as CARB is actually able to receive a preemption waiver or "within the scope" determination from EPA for their amendments.

Given the views of the current Administration and the U.S. Congress on California emissions standards, it is safe to assume that CARB will not seek EPA approval of its changes until sometime after the next Presidential election. It is therefore premature for the IPCB to opt-

in to CARB standards that can have no operational effect in Illinois for the next four years or more. The same scenario will also likely play out with respect to the ACT regulatory amendments as well.

The Standards Will Likely Lead to Increased Emissions Levels

Adopting the CARB rules will curtail historical efforts to advance efficient, clean diesel technologies as new truck sales -- both diesel and electric -- will become limited, keeping older, heavier polluting trucks on the road longer. Currently, 65 percent of HD diesel vehicles in Illinois meet the latest EPA clean diesel standards for both particulate matter (PM) and nitrogen oxide (NOx) emissions whereby only 0.09 percent of commercial trucks in Illinois are electric.[4] The high level of new diesel technology adoption already makes Illinois the eighth ranked state nationwide in transforming the commercial trucking space towards the use of cleaner diesel equipment.[5]

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."[6] 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).

[4] 2023 U.S. Vehicles in Operation TIPNet Data (Class 3-8 vehicles, Model Year 2010 and newer) provided by S&P Global Mobility.
[5] *Id*.
[6] Electric Vehicle Total Cost to Transport Analysis, Ryder System Inc. (May 2024).

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.[7] 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.[8] These transportation cost increases could cumulatively add approximately 0.5 to 1.0 percent to overall inflation according to Ryder.[9] TRALA asks that the IPCB fully understand the true financial costs that would be imposed upon trucking fleets if the ACT rule were to be approved and implemented.

Truck Charging Infrastructure Remains Insufficient in Illinois

The public charging network in Illinois 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 11 public direct-current (DC) fast charging locations with 44 EV charging ports in the entire State of Illinois that can accommodate Class 3–6 ZEV trucks and zero DC fast charging locations for Class 7-8 ZEV trucks.[10]

[7] *Supra* note 18, at 2.
[8] *Id.*
[9] *Id.*
[10] https://afdc.energy.gov/stations#/analyze?fuel=ELEC&ev_levels=dc_fast&maximum_vehicle_class=MD&country=US&tab=station&region=US-IL.

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 are long enough that customers will have to recharge multiple times throughout the course of the rental. Unlike owner-operators utilizing ZEVs that have access to a private charging depot where convenient charging can occur overnight or between usage, other customers renting ZEVs will be forced to navigate the public network for all of their charging needs.

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 Illinois.

Truck Electrification Will Further Impact the State Electric Grid

Major concerns regarding electricity demands includes the tidal wave of new demand from data centers powering technology like generative Artificial Intelligence (AI). Utility companies are projecting electricity sales growth several times higher than previous estimates. The rapid growth of AI has raised concerns that the U.S. electric utility industry -- historically known for slow and steady returns -- will be unable to respond quickly to the rise in power demand because of a swelling backlog of power generation and transmission projects in line to connect to the grid.

Data centers are driving the fastest U.S. power demand growth since the start of the millennium, outpacing grid expansions and leaving technology companies to seek and secure vast amounts of electricity. Data centers could use up to 9 percent of total electricity generated in the U.S., more than doubling their current consumption, as technology companies pour funds into expanding their computing hubs according to the Electric Power Research Institute.[11]

Illinois is a leading player in global data processing. The state has 222 data center ranking fourth in the country with more being built or planned.[12] When power demands in Illinois exceed supply during winter storms or heatwaves for example, utilities and governments will be forced to make decisions about who has access 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 and create a wide array of statewide disruptions, including the impossibility to recharge commercial trucks.

[11] *Id*.
[12] Illinois Data Centers.

Illinois' electric grid system continues to age and faces growing reliability and resilience challenges from extreme weather and cyber and physical security threats. Power plants are being retired at a faster pace than they're being replaced according to the Federal Energy Regulatory Commission (FERC) commissioners testifying at a 2023 hearing before the Senate Energy and Natural Resources Committee.[13] FERC commissioners warned that there is a "looming reliability crisis in our electricity markets."[14] Commissioners added that, "This problem is coming. It's coming quickly. The red lights are flashing." [15]

Failing to provide enough reliable power quickly enough will jeopardize the electrification of all on-road electric vehicles and cause a ripple effect in transportation of both freight and passengers. Illinois businesses and residents, demand greater certainty in power supply than that. The trucking industry, as the nation's logistical backbone, deserves greater certainty, as well.

Illinois is Already Amongst the Nation's Leaders in Adopting Clean Diesel Technologies

Sixty-five percent of HD diesel vehicles in Illinois currently meet the latest EPA emissions standards for both Particulate Matter and NOx emissions.[16] This high level of new diesel technology adoption makes Illinois the eighth ranked state nationwide in transforming the commercial trucking space towards the use of cleaner diesel equipment.[17] With this equipment transition, Illinois is already at the forefront of addressing emissions reductions state-wide. Only 0.09 percent of all commercial trucks in the state are electric, the bulk of which are at lower truck Class weights exercising hub-and-spoke business models of operation.[18]

CONCLUSION

TRALA and its members remain committed to a sustainable, low emission 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 wish to help facilitate that

[13] https://www.energy.senate.gov/hearings/2023/5/full-committee-hearing-to-conduct-oversight-of-ferc.
[14] *Id*
[15] *Id*.
[16] 2023 U.S. Vehicles in Operation TIPNet Data (Class 3-8 vehicles, Model Year 2010 and newer) provided by S&P Global Mobility.
[17] *Id*.
[18] *Id*.

adoption and our industry's substantial investments in decarbonization efforts over the years underscores that commitment.

However, the feasibility, costs, and economic disruptions attributed to adopting the ACT rule have already prompted the states of North Carolina, Connecticut, and Maine to back away from their initial support for the rule. Other states that have already adopted the rule -- such as Colorado, Maryland, Massachusetts, and Rhode Island -- have delayed their original implementation dates after becoming more educated on the impacts of implementing the ACT rule.

TRALA asks that the IPCB not adopt the ACT or Omnibus rules at this time as their futures remain in limbo given pending litigation; whether the rule's EPA waivers will be revoked by Congress; the unknown fate of federal financial incentives for the purchase of ZEVs and fueling infrastructure; and the likely changes to the EPA HD2027 NOx rule that is set to align with the CARB Omnibus NOx rule starting with MY 2027 trucks.

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