# Meeting Summary Clean Truck Rules 2025 Updates

Advisory Committee Meeting #1 Feb. 21, 2025 – via Zoom

### Meeting attendees

#### DEQ attendees

- Eric Feeley (Air Quality Planner)
- Gerik Kransky (Senior Transportation Policy Advisor)
- Rachel Sakata (Transportation Strategies Section Manager)

#### Rulemaking advisory committee members

- Carrie Nyssen (American Lung Association)
- Ty Kelly (Beaver Coach Sales)
- Ray Clayton (City of Portland)
- Brett Morgan (Climate Solutions)
- Michael Graham (Columbia-Willamette Clean Cities Coalition)
- Matthew Spears (Cummins)
- Sean Waters (Daimler Trucks North America)
- Don Emerson (FMI)
- Mary Peveto (Neighbors for Clean Air)
- Tim Miller (Oregon Business for Climate)
- Jana Jarvis (Oregon Trucking Association)
- Jason Muggy (Pape Group)
- Nancy Bennett (PGE)
- Hanny Steinweg, alternate (Rivian)
- John Barnes (TEC)
- Zach Kahn (Tesla)
- Timothy French (Truck & Engine Manufacturers Association)
- Sam Wilson (Union of Concerned Scientists)
- Xitlali Torres (Verde)
- Michael Ganny (Watt EV)

Public attendees: Approximately 70 other attendees were present

## Welcome, introductions, agenda overview, committee ground rules

Gerik Kransky welcomed everyone to the meeting, reviewed meeting logistics and facilitated introductions of DEQ staff and advisory committee members. Rachel Sakata reviewed the meeting agenda, committee ground rules and scheduling of future meetings.

## Background on diesel pollution in Oregon

#### Translations or other formats

<u>Español</u> | <u>한국어</u> | <u>繁體中文</u> | <u>Pycский</u> | <u>Tiếng Việt |</u> Contact: 800-452-4011 | TTY: 711 | <u>deqinfo@deq.state.or.us</u>

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Rachel Sakata presented background information on the impacts of diesel pollution on human health, described disproportionate impacts of diesel pollution on communities of color, shared information on the sources of diesel particulate pollution, reviewed DEQ's current approaches to reducing diesel pollution and provided details on the legal authority granted to states under the federal Clean Air Act to adopt California emission standards for on road vehicles and engines.

#### Background on the Heavy-Duty Low NOx Omnibus rules

Rachel Sakata presented details of the Omnibus rules that were originally adopted by the Environmental Quality Commission in 2021. This included new medium- and heavy-duty vehicle engine standards designed to significantly reduce emissions of oxides of nitrogen, or NOx, by up to 90% and particulate matter by 50%, a new low load cycle standard to reduce emissions from vehicles traveling at low speeds or with light payloads and longer warranty and useful life periods that encourages manufacturers to build vehicles and engines with more durable components. Rachel also explained that these rules apply to manufacturers of medium- and heavy-duty vehicles and engines and not to fleets or individuals who purchase those vehicles. Vehicle exemptions were also described which include transit agency diesel bus engines, emergency vehicles and very high horsepower engines, up to a certain sales volume. These exemptions were adopted to ensure that rules adopted in Oregon are identical to the California rules.

Rachel reviewed actions taken since the original Omnibus rule adoption including the EPA enacting new national medium- and heavy-duty vehicle and engine standards starting with model year 2027, the Clean Truck Partnership agreement between California and vehicle and engine manufacturers and rule amendments that both increased compliance flexibilities and delayed implementation. The most recent Omnibus implementation delay was adopted as a temporary rule by the EQC in November 2024 which addressed manufacturer expressed intentions to limit supply of diesel-powered vehicle options in 2025, limit their use of available compliance flexibilities such as credit purchases and emission offset projects and place sales restrictions on dealers that order new vehicles such as requiring a zero-emission vehicle to be sold prior to releasing any diesel-powered vehicles for sale.

#### Advisory committee questions and comments on background topics

- A RAC member asked for clarification on what the draft proposed delay would mean. DEQ staff
  restated that the draft proposed rule amendments would mean that the Omnibus rules would go into
  effect starting in 2026. In the meeting chat DEQ staff also clarified that the EQC action in November
  2024 did delay Omnibus rule implementation until 2026. However, because the EQC action to delay
  was a temporary rule adoption, a permanent rule is required to replace or codify the expiring temporary
  rule.
- A RAC member said that if we were going to delay the Omnibus implementation in a meaningful way, we would delay it until 2027.
- A RAC member asked about committee decision making options. What kind of refinements, guidance or input other than thumbs up/thumbs down is DEQ looking for from the RAC? DEQ staff responded that it wants to hear from the committee about other options that DEQ should consider beyond a permanent delay to 2026.
- A RAC member asked whether DEQ has looked into enforcement discretion and whether it has the ability to issue enforcement discretion since the rules have to be adopted identically to California. DEQ staff responded that it had issued enforcement discretion in 2024 prior to the EQC adopting temporary rules to delay the Omnibus rules for a second year. <u>That enforcement discretion</u> was specifically for solid waste collection vehicles and school buses.
- A RAC member asked about the Omnibus rule applicability to fleets who purchase vehicles and how
  these rules are not regulating fleets in Oregon in terms of what they can purchase. Wouldn't fleets who
  purchase vehicles in Oregon have to meet the Omnibus rules standards? DEQ staff stated that the only
  trucks that would be available for fleets to purchase in Oregon in 2026 were those that were in
  compliance with the Omnibus rules.
- A RAC member asked when the Omnibus rules were originally adopted in Oregon, how long have regulated parties had to prepare and what are the requirements for lead time for regulations like these.

DEQ staff stated that these rules were adopted in 2021, that the draft proposal would delay them until 2026, and that Oregon would have to provide at least a two year lead time for manufacturers when making any changes to emission standards for new vehicles.

- A RAC member stated that there is significant human health cost associated with a delay associated with these rules which were designed to reduce the harmful emissions associated with diesel engines.
- A RAC member brought up concerns related to availability of infrastructure to support battery, electric, and hydrogen powered vehicles. Lead times for infrastructure installations can be months or years. They also said that is not easy to sell a buyer a truck that they cannot use until they get the infrastructure installed at their site. If customers cannot charge these vehicles, then these rules are unworkable. DEQ staff stated that we will be discussing this in more depth during our second meeting where we focus on the Advanced Clean Trucks rule. The RAC member responded that if a fleet cannot buy a diesel and can't get infrastructure
- A RAC member asked about clarification on what the actual barriers are to purchasing a diesel truck would be helpful. Another RAC member responded that some manufacturers are not planning on delivering an Omnibus compliant engine to sell in 2026 and that would only leave an electric option since there is no current hydrogen fueling infrastructure in Oregon.
- A RAC member expressed that it would be helpful to reduce confusion if we could keep Omnibus rule topics separate from Advanced Clean Trucks rule topics.
- A RAC member said that ACT is impacting our ability to sell any diesel engines, including Omnibus certified compliant engines so from their perspective the two rules are interconnected. DEQ staff acknowledged the connection between the two rules.
- A RAC member said that if Oregon implements the Omnibus in 2026, there will be some availability of compliant engines. But how many new compliant engines will be sold in Oregon if you stick with Omnibus implementation in 2026? They said there are other issues under Omnibus that could be a deterrent to sales including warranty requirements and upgraded onboard diagnostic system requirements. In addition, under the new federal administration the EPA waiver will be reviewed under the Congressional Review Act. They ask whether it makes sense for Oregon to go forward with 2026. There is a lot of effort being spent on this and wondering what the value to Oregon is for a 2026 implementation.
- A RAC member said that the two rules are overlapping and that the ratio of battery electric vehicle sales to internal combustion sales is the big hurdle that we all have to overcome. With Omnibus in place those ratios change dramatically. If you sell one battery electric vehicle you can sell 11 diesel tractors. DEQ staff stated that the ACT does not require ratioing but instead requires manufacturers to sell a certain percentage of zero emission vehicles and manufacturers can meet those requirements in a few different ways. There is no requirement for a battery electric vehicle to be sold prior to a diesel being sold.

#### Heavy-Duty Low NOx Omnibus draft proposed amendments

Rachel Sakata summarized the draft proposed rules. These rules, if adopted, would delay implementation of the Omnibus rules in Oregon until 2026. This action would codify the previously adopted temporary rule from November 2024. The delay would address manufacturer plans to restrict the supply of new diesel engines for 2025 and allows additional time for more Omnibus certified compliant engines to reach the market.

#### RAC discussion on Heavy-Duty Low NOx Omnibus draft proposed amendments

- A RAC member stated that if this does move forward DEQ needs to look very seriously at how to increase funding for zero emission vehicles to support compliance with Omnibus and ACT.
- A RAC member recommended that Omnibus implementation be delayed until 2027 and for Oregon to align with the federal EPA standards in 2027.
- A RAC member stated that every time in the past where diesel engine emission standards were
  updated there has been a manufacturer surcharge associated with these changes. These surcharges

put the Oregon fleets at a severe disadvantage since that translates to increase costs. This could be anywhere from \$10k to \$25k more per truck which would drive Oregon companies out of Oregon or out of business.

- A RAC member asked whether DEQ has done any cost benefit analysis associated with the delay to 2026 including looking at impacts to regulated parties and public health and climate benefits related to a delay to either 2026 or 2027. DEQ staff said that we will need to be addressing what the impacts of the delay to 2026 would mean. The RAC member responded that their organization has modeled health impacts associated with any delays of both Omnibus and ACT and would be happy to share the data with DEQ.
- A RAC member expressed concerns over the delay to these rules. DEQ is under a legislative mandate to reduce the risk of diesel emissions across the state. The concentration of diesel emissions remains persistently high. What programming is DEQ putting in place as we continue to delay. These rules are a lynchpin to reduce risk. Would like to see analysis that DEQ will do in terms of public health cost. If not this what will DEQ do to reduce health risk associated with diesel emissions.
- A RAC member brought up that as a dealer we don't have much control over what manufacturers will
  provide for us in terms of engines and chassis. We are a small segment (recreational vehicles) though
  we do use the same engines as trucks. All we do is sell a product. We see our only choice is to close
  our business or move out of state. Moving is a challenge because the product lines that we carry
  already have established territories with dealers all around the country with maybe only one or two
  territories available. We would be forced to move to one of those areas.
- A RAC member wanted to better understand the historical context of this. Prior regulations have been discussed. In those prior regulation changes what were the surcharges then and how did fleet owners respond. Did they find ways to transition? Another RAC member responded with specific amounts of surcharges in 2007 and 2010 and described those surcharges as happening nationwide since those were federal EPA standards.
- A RAC member asked about compliance under the Omnibus rules and whether it is at the time of order or at the time of delivery. DEQ staff responded that compliance is related to engine model year and that there could be some vehicles that are delivered in 2026 that have 2025 engines, and those 2025 engines would be allowable and not covered by the Omnibus rules since the rules, if adopted, would apply to engine model year 2026. DEQ staff affirmed that there is nothing prohibiting the purchase of a
- A RAC member who is a truck dealer said that they currently can't sell diesel trucks because they haven't been able to sell battery electric trucks.
- A RAC member who is a truck dealer said that Kenworth will have a CARB Omnibus compliant engine available in April of this year but that the engine that will be available only makes up about 50% of their current customer demand for their region in Southern Oregon. They proposed that the Omnibus rules be delayed until 2027 when they expect there to be more Omnibus compliant engine models available to meet a greater percentage of their customer demand. In addition, they stated that these rules put carriers and small businesses in Oregon at a disadvantage because of the price increase. These technology advancements have led to 8 to 10% or \$15,000 to \$20,000 price increases year over year for a truck to be registered in Oregon compared with another state. In response to a question from DEQ staff about whether Omnibus compliant engines would be sold in 2026 without the Omnibus rules in place in 2026, they said those engines could potentially be sold but that cost was the driving factor and that their customers specify the engine that they want with their truck order.
- A RAC member said that with RVs if we order a coach now it could take a year for it to be delivered. Therefore, we couldn't order a large volume of coaches this November and expect to get 2025 model year engines in those coaches. They also stated that the prior regulations in 2007 and 2010 were nationwide and that meant it was an even playing field. But with the Omnibus rules only being in place in some states their customers can just order the exact same product in Idaho and drive across the border and pick it up. Referring to the ACT rule, they said that the biggest problem for their business is the limitations on the number of engines that manufacturers will deliver to businesses like theirs. They also shared that right now in California there is a \$9,000 surcharge being added to coaches that are sold.

- A RAC member asked what the requirements for electric sales today and what year is it that ACT
  effectively bans the sale of diesel trucks. DEQ staff stated that there is no ban on diesel trucks. The
  ACT is not a 100% ZEV requirement. Manufacturers are choosing to meet the requirements by
  restricting sales. The RAC member followed up to ask if it is the manufacturers that are limiting the sale
  of diesel trucks and not the ACT or Omnibus rules. DEQ staff responded yes to that question.
- A RAC member said that a delay to implementing these rules for electric trucks is a direct denial of
  justice for our most vulnerable communities for another year. As mentioned, any delay results in a
  significant loss of human life. The impacts of reductions in diesel pollution are near immediate since
  diesel pollution disperses from the air in a short amount of time. Near term reductions have immediate
  benefits. The progress that has been on reducing diesel pollution up to this point has not happened in a
  vacuum, but those reductions were accomplished with the implementation of previous regulations. Also,
  following federal regulations is not a comfort at this time. The only backstop against federal rollbacks
  are strong state standards.
- A RAC member who is a dealer said that the manufacturer that we work with (Kenworth) and they
  believe that most other dealers are experiencing as well is that they are not releasing truck orders
  unless we have ZEV credits. So the discussion around ACT not limiting truck sales and that there are
  three years to carry over deficits is not what I am seeing. Our reality is that I cannot place another truck
  order in the state of Oregon this entire year unless I sell an electric truck. The rumor is that the
  manufacturer risks a \$40,000 fine for every diesel they sell in excess of the allowable number which
  would be passed on to us as the dealer. No business could afford that.
- A RAC member addressed the issue of dealers who are being limited in the number of diesel trucks that they get unless they sell a certain number of ZEVs or manufacturers otherwise insisting that dealers take electric trucks. They wanted to know how manufacturers are able to do that under the state's franchise laws. These laws are typically designed to protect dealers so how is this type of manufacturer restriction allowed? These rules typically say that you can't force a franchise to take a truck that they didn't order and you can't refuse to sell them a truck that you're selling elsewhere. Having dealt with this on the light duty side I'd like to know what role franchise laws play in this situation with medium- and heavy-duty.
- A RAC member responded that any fines associated with the ACT or Omnibus rules would essentially be passed through to dealers based on clauses that were added to their franchise agreements and dealer operating standards. So the manufacturers are trying to avoid their penalties and likewise so are the dealers because now we are responsible for those penalties.
- A RAC member who is a medium-duty dealer stated that their manufacturers will not have an available Omnibus certified compliant engine and so the manufacturer has told us that once this rule goes into effect you will not have a diesel truck available to sell. There will only be a gas engine or battery electric vehicle. As a dealer if they no longer have a model available then I no longer have one to sell. DEQ staff followed up with a question about whether they expect their manufacturer to have a 2027 federally compliant engine. The RAC member responded that at this time their manufacturer believes they will have a 2027 federally compliant engine, but they have not signaled that they are 100% sure that they will. However, they are much more optimistic about the 2027 standard.
- A RAC member who is an engine manufacturer expects to have additional Omnibus compliant engines in the middle of 2026 for their 15L diesel engine which go in Class 7 and 8 trucks. They said they will not have any compliant Omnibus compliant product for their medium heavy-duty engine line which go into Class 4 through 6 trucks. States that have adopted the Omnibus rules from Cummins products and the medium heavy-duty engine class unless additional amendments were made by CARB to the legacy engine provisions since there is a 0% legacy engine allowance in 2026.
- A RAC member said that it sounds like we are just assuming that we cannot sell electric products. This
  has been a rule that has been on the radar since 2021 and has already been delayed one year and
  now we are delaying it another year. DEQ doesn't have to solve all the world's problems. DEQ should
  stick to its plan to implement these rules, and this community needs to go to the legislature and say that
  help is needed to sell electric products so that we can comply with the ACT and in turn be able to
  deliver these diesel products. There needs to be incentives and we need infrastructure support. The

alternative is that people are dying and getting cancer because of the pollution from diesel trucks. These rules should not be delayed.

- A RAC member who is an RV dealer acknowledged that these rules don't ban RVs. However, they said that we aren't going to have the diesel option, we can't use gas and there are no electric RVs with none even on the horizon. Manufacturers are not even building electric RVs. They had seen a prototype that was possibly two years out but it's not a certainty.
- A RAC member said that they heard rumors about other states that are considering allowing the purchase of CARB Omnibus compliant engines without a need for ZEV credits. They also stated that they have been working on trying to generate sales of ZEVs in this market for three years and have over \$2 million invested in battery electric trucks and they meet weekly with approximately 5 customers each week to make a sale. The problem is that it doesn't make sense for these customers yet because the technology, infrastructure and price point is not where it needs to be for them to make a purchase. And it feels like we are still 10 years away for the medium- and heavy-duty market. Trucks need to be able to 500 miles per day and haul weight at a reasonable cost and the products available are just not there today. We are relying on the manufacturers who supply our products to be able to come up with the technology that meets those needs. The only way to make a truck go further is to add more batteries, which adds costs and weight. Our manufacturer is coming out with a 250-mile range electric truck but it weighs 29,000 lbs. versus 18,000 lbs. in the diesel equivalent and it is 1.5 to 3 times the cost and that is without charging infrastructure. That is what we are up against as dealers when we approach our customers. It is not only about funding for the truck itself.
- A RAC member provided a counterpoint that the latest data from the US Census shows that over 85% of commercial trucks in the US travel less than 100 miles daily. A recent survey from the North American Council for Freight Efficiency (NACFE) shows that 75% of commercial trucks are parked for over 6 hours daily which allows ample charge time. Studies from DOT, NACFE and FHWA also show that in the majority of cases for Class 7 and 8 across the country these trucks are "cubed out" (run out of payload space) far more often than they are "weighed out" (exceed allowable weight limits).
- A RAC member pointed out what is happening in Oregon with regard to lung disease. In the past when people had lung cancer many of them were smokers. Lung cancer is not a diagnosis that you ever want to have. These days I hear from people that they were diagnosed with lung cancer and they don't understand it because they never smoked. So the American Lung Association looks at other factors and one of them is definitely diesel emissions. Diesel emissions cause cancer. When you breathe those emissions your chances of getting lung cancer or another type of cancer or some other type of lung disease increase. So as has been said, we have known that these regulations have been coming for years and I don't understand why we are not further along than we are. We understand the one-year delay. The ALA didn't like it but we are not unreasonable. But at this point we need to move forward without any more delay because the health of Oregonians and all of us who live here are really depending on clean air to breathe.
- A RAC member said that trucking industry as a whole is not against electrification. Trucks are all tools and 85% of the electric trucks that we have sold in California are going in and out of the ports which is a low mileage type of application. In the northwest and west in general everything is spread out enough that the same low mileage work that electric trucks can do well just isn't there in other locations like Oregon. Vast operational changes are needed for our customers businesses. Customers are skittish. They also have concerns about residual value of these trucks in a rapidly advancing technology environment because that residual value is part of their business model. Has DEQ looked at what has been going on with Class 8 vehicle sales in California since both rules haven been in effect down there? It looks like a 70% decrease in registrations which is not a small number. Compare that to national decreases of 20%.
- A RAC member who is an electric truck manufacturer addressed the technical feasibility of electric trucks by describing a recent demonstration with Pepsi where it was shown that their electric truck could put over a thousand miles on a single truck in a single day with the fast-charging system that they have developed. They plan to build their Class 8 trucks at scale in 2026.

- A RAC member said that everyone needs to understand that the technology is not there yet. Businesses will either hang on to older diesel trucks for longer or move their business out of state and that is already happening. There are significant limitations to battery electric trucks, particularly in the Class 7 and 8 space. There is not a good business case. Creating a mandate in 2025 for a product that is not available and without any infrastructure investments in this state it is hard to understand how this makes sense. There are other health concerns that we need to worry about. We need to keep the freight industry viable in our state.
- A RAC member wanted to address the point that was brought up about 85% of commercial trucks in the US travel less than 100 miles daily. They are guessing that those are primarily medium-duty, with some likely being heavy-duty. It is important to remember that medium duty customers are not in the freight business but are instead in the meat, produce, mattress business, etc. They need to run auxiliary equipment like refrigeration units, liftgates, etc. Those requirements drain batteries and substantially decrease range. Also, it would help if Tesla shared the costs of one of their trucks along with the charging station. They also brought up other challenges with ZEV trucks.
- A RAC member responded that Tesla charging costs \$500 a kilowatt fully installed.
- Another RAC member responded that for members that have bought an electric Class 8 truck and have charging fully installed it was close to a million dollars. These numbers do not represent Tesla prices.
- A RAC member stated that when Oregon does things different than a national standard it is very hard for an industry in interstate commerce to comply and compete with other carriers outside the state. If we cannot delay the Omnibus rule until we get the federal standard, then we are just going to delay purchasing newer equipment or move out of state. Those are our two options.
- A RAC member stated that ACT and Omnibus interact fundamentally. ACT inherently restricts how
  many vehicles can be sold whether they be Omnibus compliant engines or not. You may ask why
  manufacturers don't just buy the credits. It depends on what type of truck we are talking about. But also
  buying credits increases the price of the vehicle to recoup the cost of the credit. Also, most
  manufacturers are going to keep as many credits as they can due to future uncertainty and the
  increasing percentage of sales mandates. For Oregon, you should be doing a market survey to
  determine how many Omnibus compliant engines are actually going to be sold in Oregon during the
  2026 model year. Fleets could just withhold their purchasing for one cycle or buy out of state. Is it worth
  it for Oregon to stay with the Omnibus rule for 2026? When both rules are combined together, I just
  don't see the benefit. The question you should ask is are these rules working and what are you really
  going to get in terms of Omnibus compliant engines in one purchasing cycle. You don't have the
  answer to that.

#### **Public comment period**

- A member of the public stated that both Omnibus and ACT should be delayed until 2027 and that incentive funding should be increased.
- A member of the public who is also the Baker County Commission Chair shared concerns related to the use of electric trucks in Eastern Oregon related to the distances and grades that trucks need to be able to travel as well as concern for local dealerships that could go out of business if they can't sell electric trucks that are not currently in demand. They also shared thoughts around improving the efficiency of diesel engines, how the increased costs of new trucks impact agricultural communities and providing more consideration for the entire state on these issues.
- A member of the public who is a specialty vehicle dealer says that they bought as many chassis as they
  could to prepare for 2025, but they are coming to the end of those and now their manufacturers will not
  sell them trucks. They stated that these rules are impacting them in the same ways as the RV dealer on
  the RAC. This equipment does not run on electric since there are hydraulics on board that require a lot
  of power. Because of this, municipalities and contractors are not able to purchase equipment to meet
  their needs.
- A member of the public who is also the National Director for the Safe Roads Coalition (an association of towing and recovery businesses and their employees) requested to delay implementation of the

Omnibus rules until 2027 when they align with the federal standard. They also stated that California has issued enforcement discretion to abandon large portions of the Omnibus rules because of the severe reduction in the availability of trucks in California. The Omnibus rules restrict availability of engines because there is not sufficient manufacturer production meeting the California Omnibus standards during the transitional 2024 to 2026 period. The towing and recovery industry has not had any increase of availability of chassis even with the enforcement discretion in place in California. Our industry doesn't have any options.

 There was additional discussion regarding CARB Omnibus rule enforcement discretion letters and manufacturer advisory correspondence and the need for Oregon to make sure that the details of any applicable Omnibus MACs and EDs also apply in Oregon.

#### Additional comments from RAC members

A RAC member stated that if Oregon pushes forward with both the ACT and Omnibus the new truck market in Oregon will collapse.

#### **Next steps**

Rachel Sakata reviewed date and topics for the next two advisory committee meetings and shared a high-level timeline for the release of the formal notice of proposed rulemaking, the public hearing and when the EQC will consider the proposed rules. Rachel asked that any additional comments or feedback related to today's meeting be sent to <u>CTR.2025@deq.oregon.gov</u> by Friday Feb. 28, 2025.