Testimony on the Draft TCI Memorandum

1) No room for chaos. Containing climate change is said to be a race against time. If true, there is no room or time for false starts, for programs that are not well-planned, or well executed, for lack of preparation time on the part of the regulators and the regulated. Above all else, if various States decide to implement TCI, it is vital that it be done smartly and in some reasonable partnership with business so as to avoid regulatory chaos. Regulatory chaos will not contain climate change.

2) Need for Investments in infrastructure. The cap and invest program will generate substantial sums of money. The trucking industry can better accept the higher fuel prices that will be asked of them if they see a substantial part of those sums invested in improving highway infrastructure or other trucking related benefits. Bottlenecks in highways waste fuel and create unnecessary carbon emissions. Our industry can recommend vitally needed improvements.

3) Lead Times. In the case of trucking, it is very important to recognize the need for appropriately long lead times because:
a. Fleet Turnover: Trucks being sold today will still be on the road in quantity in 2040 in the case of delivery vans, and still on the road in quantity in 2030 in the case of tractor trailers.
b. Availability of alternative fueled trucks: If the TCI cap and invest program will drive up the price of diesel and gasoline, but if alternative fuels or trucks that can operate on them are not in place in time at scale, then the effect is just to drive up the price of trucking. Much has been said about shifting to electric, battery operated trucks to substitute for conventional trucks. They are still not generally regarded as tested in service and available for deployment at scale.
c. The Cost Containment Reserve cannot take care of inadequate lead times because it is invoked if reduction costs are higher than projected. What if the replacement trucks are simply not available in time?

4) Compliance in 2 years? The TCI calls for first compliance period “as early as January 1, 2022.” Is it possible for the trucking industry to supply trucks that run on other than diesel or gasoline and supply them at scale in 2 years? Policy makers should ensure that TCI does not just drive up fuel prices with no beneficial effect because the only compliance possible is the purchase of offsets.

5) The offset program needs much greater specification. The cap and invest program by its nature cannot predict how high fuel prices will rise because it is largely a market mechanism. The alternative is to buy offsets. That is also inherently unpredictable. Carbon offset prices in the world are notoriously variable depending on many factors. Will the TCI program define the only offsets that are available or are other carbon offset programs acceptable?

6) Regulatory recourse is critical. The cap and invest program is imposed almost entirely on the fuel suppliers upstream of the fuel purchasers, such as truckers. There is a real possibility of regulatory errors, hopefully just inadvertent. It is the trucking industry who will have to handle the consequences of these errors. They deservesome means of quick recourse, other than just going to court. I urge you to provide such recourse.

Mark Giuffre
Vice President
State Government Affairs
UPS - East Region
643 W. 43rd Street
New York, NY 10036
mgiuffre@ups.com
212-631-6565 (office)
502-727-7539 (mobile)
502-374-2511 (fax)