

California Regulators Prepare New Plan to Tighten Greenhouse Gas Emission Limits for Freight Industry

California regulators are preparing to announce a plan that promises big reductions in greenhouse gas emissions from the transportation sector, along with significant new compliance challenges for the freight industry.

The four state agencies working on California's "Sustainable Freight Action Plan" have announced that they anticipate releasing a draft plan this month, in advance of a July 2016 deadline for finalizing the plan. The plan will focus on transitioning trucks, trains, ships, planes, and other vehicles in California to zero- and near-zero emission technology to support the state's goal of cutting greenhouse gas emissions by 40% below 1990 levels by 2030.

These emissions reduction goals are beginning to have a significant impact on the regulation of the freight industry in California. For example, the California Air Resources Board (CARB) [recently announced plans](#) to reduce emissions of greenhouse gases (as well as particulate matter) from Transport Refrigeration Units (TRUs) by 2020.

The development of the Sustainable Freight Action Plan signals California's intent to continue tightening greenhouse gas emission standards for the freight industry. The plan will likely include far-reaching goals, outlined in a presentation to stakeholders earlier this year, including:

- A target to improve freight system efficiency (defined as freight sector output per ton of greenhouse gas (GHG) emissions) by 25% by 2030
- Development of electric charging and hydrogen fueling networks for medium- and heavy-duty vehicles
- Phasing out the use of fossil-fueled Transport Refrigeration Units (TRUs)

The agencies also noted the possibility that they will impose new "Phase 2" greenhouse gas standards for trucks, and that they will consider including aviation, interstate locomotive, and marine fuels in the state's Low Carbon Fuel Standard and Cap-and-Trade programs.

The agencies anticipate achieving the state's emission reductions

goals through a mix of zero- and near-zero emission technologies. In the trucking industry, heavy-duty engines fueled by ultra-low emission natural gas are the most readily available technology for widespread commercial deployment. However, other advanced natural gas, renewable diesel, and electric-drive technologies may be developed to meet emission reductions goals.

When finalized, the Sustainable Freight Action Plan will serve as a blueprint for regulations that will impact almost every freight-industry company that does business in California. The plan is also likely to influence regulators in other states that often follow California's lead in tightening air quality regulations.

There will be an opportunity to comment on the draft plan before it becomes final later this year. After the plan is finalized, it promises to affect procurement decisions and operations of companies across the freight industry for years to come.

For more information, please contact:

William D. Taylor, Partner
916-551-2939
wtaylor@hansonbridgett.com