

## SAMPLE POLICY OPTIONS

### TLU-2 Fuel Efficient Replacement Tire Program

#### Policy Description:

Improve the fuel economy of the light duty vehicle (LDV) fleet by setting minimum energy efficiency standards for replacement tires and requiring that greater information about Low-Rolling Resistance (LRR) replacement tires be made available to consumers at the point of sale. Snow and mud LRR are even available.

Manufacturers currently use LRR tires on new vehicles, but they are not easily available to consumers as replacement tires. When installing original equipment tires, carmakers use LRR tires as a way to contribute to meeting the federal automobile fuel economy standards, which is referred to as CAFE. When replacing the original tires, consumers often purchase less efficient tires and potentially, more costly (depending on annual vehicle miles traveled). Currently, tire manufacturers and retailers are not required to provide information about the fuel efficiency of replacement tires.

An appropriate state agency would initiate a fuel efficient tire replacement program. The program would include consumer education, product labeling, and minimum standards elements.

Another state program would be introduced to buy back used tires as a waste management technique. An auxiliary program would be established to funnel the used tires to businesses that recycle tires for other non-combustible usages (asphalt and concrete components, rubber piping, playground mulch, etc.), thereby creating new economic opportunities in the state.

These programs would be developed under a rule development process. All programs would incorporate the best scientific information, including the test results of tires conducted by the tire manufacturers, the California Energy Commission, and the National Academy of Sciences.

#### Policy Design:

**Goal levels:** Establish voluntary LRR standards that achieve an average 4.5% gain in fuel economy.

**Timing:**

By 2009, the State will:

- Initiate a fuel efficient tire replacement program for the state fleet.
- Establish voluntary LRR standards for tires.
- Create state incentive programs for the installation of LRR tires, which would include tax benefits, rebates, and/or feebates.

- Develop a marketing program with the supplemental used tire applications

By 2011, mandatory program standards will take effect:

- Establish legislation to set LRR standards for tires with mandatory manufacture labeling.
- All tires replaced on state-owned and leased vehicles will be LRR tires, if available for the vehicle type.

**Parties Involved:** MT Dept. of Environmental Quality, MT Dept. of Transportation, LRR Manufacturers, Tire Distributors, Montana University System, Headwaters Cooperative Recycling

### **Implementation Mechanisms**

#### ***Information and Education:***

Provide general public and commercial businesses such as taxi and food delivery services that use light-duty vehicles for daily business that the improved fuel efficiency is directly related to decreased rolling resistance. Information on the potential annual costs savings using LRR tires would also be provided. For example, a car averaging 15,000 miles per year the fuel savings is over \$80 (at \$2.25 per gallon). A chart of recommended tire models would be included with information on product labeling and minimum standards elements. Best scientific information including the results from tests of tires conducted by the tire manufacturers, the California Energy Commission, and the National Academy of Sciences would be reviewed and incorporated.

The manufacturers of the LRR tires would be contacted to encourage promotion of their relevant products through regional newspaper and television advertising. A MDEQ liaison from the Air, Energy, and Prevention Bureau, MDEQ, associated with recycling would be invaluable in these efforts. The producers of LRRs may freely provide promotional materials.

The Headwaters Cooperative Recycling would be contacted as the likely avenue to initialize recycling of used tires. This non-profit organization has been extremely successful recycling products in Montana.

#### ***Promotion and Marketing:***

The state will lead by example by initiating a fuel efficient tire replacement program for state vehicles, both owned and leased.

Over time, all state fleet tires that need replacement will be changed to LRR tires, if available for the vehicle type.

Establish voluntary LRR standards that achieve an average 4.5% gain in fuel economy.

Encourage local/county governments to act consistently with and support state procurement on their behalf.

Encourage federal agencies located within the state to act accordingly with and support state actions.

Encourage businesses that depend upon vehicles to conduct daily business to act accordingly with and support state actions.

Create state incentive programs for the installation of LRR tires, which would include tax benefits, rebates, and feebates.

Develop a marketing program with tire dealers and consumers to encourage the purchase of LRR tires. This effort might include a voluntary labeling program for tire fuel efficiency.

Establish a program to identify alternative applications for used tires and to promote new businesses to develop/relocate/expand to Montana to utilize this new resource.

Encourage the Montana university system to conduct research on alternative non-combustible applications for used tires.

All state-supported programs would have dedicated detailed web sites. In addition to information and materials, program participation by the various governmental agencies and individual businesses (i.e., success stories) would also be documented and extolled.

***Technical Assistance:***

Contact the LRR manufacturers and tire distributors to coordinate objectives and obtain technical support for outreach materials.

***Funding Mechanisms and/or Incentives:***

Replacement of tires on state fleet vehicles is already budgeted through the MDT annual funding processes.

Funding for rebates, feebates, and/or tax credits would to be proposed through legislative action. Partial funding may be obtained from the state gasoline and diesel taxes. A feebate would be an additional cost imposed at the time of purchase of any non-LRR tire. Some monies would be obtained from the commercial businesses that recycle the used tires for alternative applications or from the state taxes paid by these businesses.

Finally, the funding for tire shredders for the Headwaters Cooperative Recycling may be accomplished through landfill fees, and state and federal waste reduction programs.

***Voluntary and or Negotiated Agreements:***

Work with the manufactures and affected parties to achieve objectives with flexibility of the timelines.

***Codes and Standards:***

The state of California has developed substantial information pertaining to LRR tires due to legislative actions that require tires to be replaced with more efficient ones. Associated

documentation identifies testing methods and LRR standards. The appropriate state agency can review the information and establish suitable Montana standards.

***Pilots and Demonstrations:***

Coordinate with product developers to help them promote their technologies.

***Reporting:***

The state will develop a system for tracking purposes so that the state can eventually determine the turnover to LRR tires and the benefits achieved from the conversion. A simple tracking system would be established relatively easily by contacting the primary tire distributors of the major Montana cities on an annual basis and estimates can be gathered from their inventories.

***Enforcement:***

No enforcement actions are necessary initially since this is a voluntary program. After the mandatory labeling becomes in effect, spot checks at the primary tire distributors in the main Montana cities would be annually conducted by the county health departments and the state staffs.

**Related Policies/Programs in place:**

The 1997 Montana Legislature approved Senate Bill 332 (SB 332), which amended the Solid Waste Management Act, establishing financial assurance requirements for new waste tire recycling or disposal facilities (MCA 75-10-216).

In October of 2003, the state of California adopted the world's first fuel-efficient replacement tire law (AB 844). This law directed the California Energy Commission to develop a State Efficient Tire Program that includes the following issues: (1) develop a consumer education program, (2) require that retailers provide labeling information to consumers at the point of sale, and (3) promulgate through a rule development process a minimum standard for the fuel efficiency of replacement tires sold. The California rule development process is scheduled to begin in January 2007.

**Estimated GHG Savings and Cost Per Ton:**

	<u>2010</u>	<u>2020</u>	<u>Units</u>
GHG Emission Savings	0	0.3	MMtCO <sub>2</sub> e
Net Present Value (2006-2020)	n/a	TBD	\$ Million
Cumulative Emissions Reductions (2009-2020)	0	1.5	MMtCO <sub>2</sub> e
Cost-Effectiveness	n/a	-\$90	\$/MtCO <sub>2</sub> e

- Data Sources: **TBD**
- Quantification Methods: **TBD**
- Key Assumptions: **TBD**

**Key Uncertainties**

TBD

**Additional Benefits and Costs**

TBD

**Feasibility Issues**

TBD

**Status of Group Approval**

TBD

**Level of Group Support**

TBD

**Barriers to Consensus**

TBD