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DRAFT TELECONFERENCE MEETING SUMMARY
TLU Technical Working Group
Call #7, February 28, 2007

Members Attending:

Jim Boyer	Lisa Peterson
John Prinkki	Matt Elsaesser
Sandra Straehl	Cyra Cain
Mike Kress	

Montana DEQ: Lisa Peterson, Cyra Cain, Jim Boyer

Center for Climate Strategies: Karl Hausker, Jeff Ang-Olson, Lewison Lem, Tiffany Batac

Other Attendees: Dick Turner (MDT), Bill Cloud (MDT), Lou Moore

Background documents:

(all posted at http://www.mtclimatechange.us/Transportation_Land_Use.cfm)

Agenda Item#1: Introductions and Roll Call.

Karl Hausker conducted roll call, introduced new members of CCS and reviewed the agenda and goals of this meeting. The TWG members navigated through meeting documents including: materials posted on the website, policy description drafts and comments by MDT and DEQ, and an updated document by Sandra Straehl with separate VMT numbers for gasoline and diesel.

It was decided by the group to first run through the policy recommendations with fewer comments and move the following policy recommendations toward the end of the meeting for more discussion: TLU-5 Growth and Development Bundle, TLU-7 Heavy Duty Vehicle GHG Emissions Standards and Incentives and TLU-9 Procurement of Efficient Fleet Vehicles.

Agenda Item#2: Review and Approval of Call #6 Meeting Summary.

Call #6 Meeting Summary was reviewed and approved with the following suggestions for modification:

Call #6 would recommend a VMT of 1.9% consisting of both gas and diesel sales and would help the CCAC adjust for forecasts. Lewison Lem will consult more with MDT and Bill Cloud. Sandra Straehl explained some of the findings in differentiating the gasoline and diesel sales

taxes. Straehl also noted some leakage in gas sales because not all gas used in Montana is purchased in Montana and the differential in fuel tax makes it preferential to purchase gas in Wyoming. Straehl clarified that the volumes on roads are over represented, but the 1.92% VMT is not affected by this. More information differentiating passenger and commercial numbers will be produced by the middle of next week by MDT. Please see Sandra Straehl's spreadsheet for further information.

Agenda Item#3: Review TLU Policy Options.

All TLU policy options were reviewed and discussed for clarification, additions and modifications of language. The following describes comments made by TWG members on each policy option. It was clarified that none of these policy options would be removed or moved forward until language is revised upon both the TWG and CCAC approval.

TLU-1 Light Duty Vehicle Clean Car Standards

Additions: A clarifying statement in policy design section where Montana would need a bidding process or public involvement before or during legislative process for transparency. Suggestion for DEQ to pursue adoption of this legislation in the next legislative session (for 2009?)

TLU-2 Fuel Efficient Replacement Tire Program

Low Rolling Resistance (LRR) tires do not currently work on ice, but research is currently being conducted by Michelin on "all weather tires." In this case, two sets of tires per vehicle would be needed and rotated seasonally. Montana can run a research program or pilot program for this. About 50% of the rental fleet would use LRR tires and would have to rotate vehicles. Montana buys and retires cars on an annual basis, auctions off old ones, and expected turn over is at about an 80,000-90,000 mile range. Rental rates may increase because LRR tires are about \$12 more than conventional tires.

In looking at the California program, LRR tires are being differentiated by high performance, regular, snow, etc. but are not necessarily "all weather." Lewison Lem also pointed out that the California policy instruments should be considered in different parts such as: public education program (energy star ratings?), minimum standards elements, and tire differentiation.

A single source for information on this topic was also recommended. It was suggested that the Cross Cutting TWG include this in their global information program that may be available for fleet managers, consumers, etc.

Delete: Mandatory/regulatory portion of the program and tire recycling.

TLU-3 Consumer Information on Vehicle MPG

TWG members discussed whether the financial incentives part of the option is necessary when the add-on devices are generally in the \$100 range.

Members agreed to keep the option language as-is for now and revisit the financial incentives portion at a later time.

TLU-4 Financial and Market Incentives for Low GHG Vehicle Ownership and Use

The Feebates option of this recommendation would generally have the same effect as the Pavley standards but takes more of an incentive rather than regulatory approach.

Members agreed that this is a “soft” option where the state needs to “study and develop,” and get consumer acceptability before implementation.

TLU-6 Alternative Fuels Bundle

It was reported that biodiesel production is increasing but the E10 mandate that was recently passed into law was shut down with Bill No.175. The concern over Ethanol was raised as a contentious issue within Montana because of its history with retailers, finding leakage, and some adding fuel transmission, thus lowering fuel quality. Further discussion of Ethanol included E20 by 2020, 25x25, and a maximum of 15% production of ethanol feasible in Montana. John Prinkki explained that going beyond 15% in-state would require looking into switchgrass, agricultural waste, etc.

Looking at the case in California: There is a movement to set a Low Carbon Fuels Standard and looking at the lifecycle of those fuels and impacts of cellulosic ethanol.

Another case to look at: Oregon Pilot Program and Indiana. Real-time VMT fees for the costs of driving may provide an alternative taxation option which is more of a flat rate.

The diesel bill requires fuel quality standards and must meet the ASTM standards.

A suggestion was made to further develop the fourth bullet “Alternative Fuel Infrastructure Development.”

Additions/Modifications:

1. Needs to meet fuel quality
2. Alternative Fuel Infrastructure
3. Closer examination of other state cases and “Carbon Neutral” options
4. Access to rail transportation of ethanol. (Don’t add additional tankers, but move it with tankers on rail.)

TLU-8 Anti-Idling/Electrification/Truck-stop docking

Jeff Ang-Olson stated that 15 states have adopted anti-idling statewide. Concerns from the trucking industry are that every state may have different idling times and stresses the need for consistency.

Feasibility issue: Encourage local ordinances the same way. A study could be performed to get a better sense of how many are stopping at rest areas, parking lots, etc.

Electrification:

They should go in tandem (electrification and anti-idling). Jeff Ang-Olson explained that most pilot projects are financed with federal money, grant money and investor financing; \$1.25 per hour for trucker, there are ongoing operational costs for trucker but not capital costs. There is usually a profit after 3-4 years and the GHG emissions benefits are very significant.

Comment was made not to forget about school buses in this option. There is also money available for that. More clarity in statewide law and consistency may be needed to go forward.

TLU-10 Transportation System Management

Sandra Straehl explained the drafting of TLU-10 as currently committed projects. The effects of these may not be captured in the CCS forecasts. CCS can work with MDT to see how if these are carried out how it will affect VMT.

Draft suggests continuing with the funding of these programs. A reference to a joint house resolution last session regarding potential signal prioritization of round-a-bouts was made. Sixteen locations were identified in a year and a half (around Montana City, Helena, etc.). Signal prioritization not just at arterial streets but anywhere where there is a stoplight and has about a 95% conversion rate. This should be considered into power supply equation with RCI.

TLU-11 Backhauling

Intermodal problems were expressed and the need to address backhauling as more than filling up truck, but value added in prospective way.

As per passenger backhauling, Montana is showing really good ridership (239% increase in last 18 months). Significant benefits are being realized in coordination efforts and city coordinators are now being paid for general public, senior citizens, persons with disabilities, etc.

TWG members will recommend to the CCAC to take up rail as an issue.

MODIFICATION: TLU-11 changed to “Promoting Rail Intermodal Operations” and add passenger transit/backhauling to TLU-5.

TLU-12 Aviation

Lewis Lem commented that there is a movement on the federal level and in California for fuel efficiency in aviation particularly for criteria pollutants. The movements for GHG emissions are smaller in ton reductions but still significant and can piggy back onto the criteria pollutants.

A recommendation was made for Montana to monitor these movements and can provide influence on the regional or national direction of standards. No new federal regulatory standards

for this yet, but more federal standards relating to off-road vehicles or can opt into California Standards.

TLU-5 Growth and Development Bundle

This option will be revisited and will incorporate passenger transit.

TLU-7 Heavy Duty Vehicle GHG Emissions

It was explained that accelerating the retirement of the Heavy Duty Vehicle Fleet will have a high cost per ton and MDT noted that there is no financial feasibility for a faster turn over.

Two main points here:

1. Accelerate Turn-over or Retirement (will significantly reduce overall GHG emissions)
2. Retrofits (can reduce significant PM emissions, but not GHG emissions on the whole; PM is not recognized by the UNFCCC as one of the main green house gases but does contribute and to air quality)

A TWG member asked if there is a vehicle inspection system and it was explained that the Climate Change Advisory Committee did not put it on the table and no initial ones voted on.

Modifications: drop requirements and exchange with voluntary or promotional basis. MDT can sponsor research.

TLU-9

TWG members will revisit this and will DELETE reference to hydrogen energy plan

Agenda Item#5: Scheduling of Next TWG Call/Meeting.

The next TWG meeting is scheduled for Friday April 6, 2007 from 10:00AM – 12:00PM Mountain Time.

Agenda Item#6: Public Input and Announcements. None.