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Warehouse Indirect Source Rules

Study Commissioned by



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Contact

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SCAQMD's WAIRE Program did not generate any creditable emissions reductions

Emission benefits from NZE and ZE truck visits are a result of existing Statewide vehicle and fuel regulations, including CARB's:

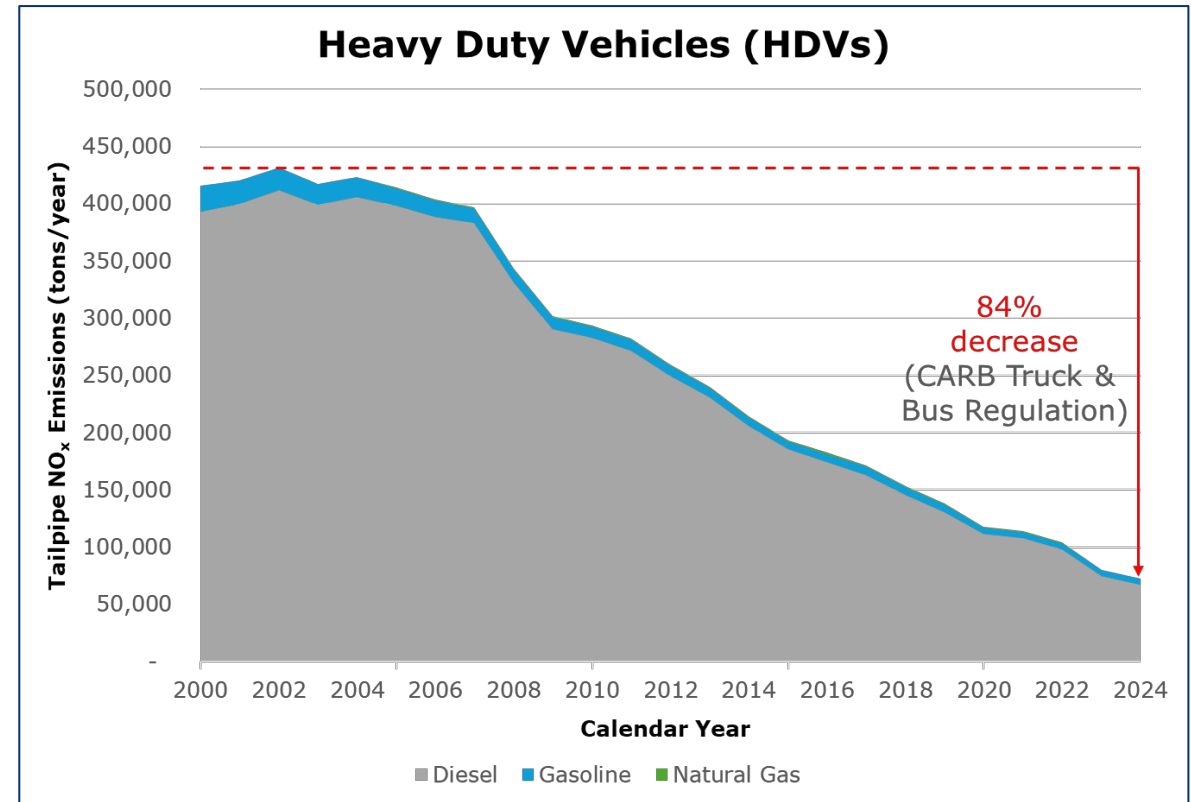
- Truck and Bus Regulation
- Low Carbon Fuel Standard (LCFS) Program
- Advanced Clean Truck Regulation
- Advanced Clean Fleets Regulation

The WAIRE Program requires NZE trucks to use engines that meet the lowest optional NO_x standard.

- Since the WAIRE program adoption in 2022, no new engines have been certified to this standard.

USEPA stated that it

"did not find a sufficient basis to credit Rule 2305 with achieving a specific amount of emissions reductions."



SCAQMD significantly overestimated emission benefits of certain actions credited under the WAIRE Program

Yard Hostlers

- The District claims NO_x emission benefits of 0.4 to 0.5 tons per day in 2023, this significantly exceeds the baseline NO_x emissions of 0.09 tons per day baseline for these equipment.

Zero-Emission (ZE) Trucks

- Use of basin-wide average one-way trip lengths overestimate emissions benefits of ZE trucks, typically deployed on shorter routes.

Solar Electricity Generating Systems

- Contrary to the District's assumptions in the emission benefit analysis for these systems, most electric power supplied to the region is not produced by local natural-gas fueled power plants.

SCAQMD underestimated the cost burden of rule compliance and the negative financial impacts on industry

Far-Reaching Effects on Industry

- The WAIRE program has profound impacts on the supply chain industry, affecting not only warehouses but also retail (office supplies, grocery stores, etc.), e-commerce, and manufacturing.

True Compliance Costs

- Experts estimate that actual compliance costs are three-fold to nine-fold higher than SCAQMD's initial estimates.

Financial Burdens on Consumers and Small Operators

- Increased compliance costs will be passed down to consumers, resulting in higher prices for goods.
- Small warehouse operators, unable to absorb these additional costs, could be forced out of business.

The WAIRE program primarily acts as a tax and will pose a significant financial burden on industry

Limited Truck Control for Warehouse Operators

- Most warehouse operators do not control the trucks visiting their facility or own the warehouse buildings they operate in.
- Their primary compliance option is to pay a mitigation fee.

Excess Early Action WAIRE Points

- SCAQMD's 2nd Annual Report states that mitigation fees account for only 5% of total WAIRE points earned.
- However, most WAIRE points earned to date were credits for early actions/banked points whose emission benefits were not caused by the WAIRE program.

Increasing Reliance on Mitigation Fees

- The Annual Report shows that 18% of reported compliance obligations in the first two years of implementation were met using mitigation fees.
- This value could increase to as much as 70% once all warehouses subject to the rule submit their overdue annual reports.

Indirect source rules can cause emissions leakage and net emissions increases

Relocation of Warehousing Operations

- Increased warehousing costs from indirect source rules could result in relocation of operations out of the region, shifting emissions rather than reducing them.

Increased Truck Trip Distances

- Relocation could result in longer truck trip lengths, leading to a net increase in regional emissions.

Warehouse indirect source rules will result in a significant administrative burden for implementing agencies

Software Development and Maintenance Costs

- SCAQMD has allocated over half a million dollars for the development and maintenance of their online reporting tool, WAIRE POP, which still suffers from foundational data integrity issues.

Inadequate Staffing

- SCAQMD's 6.3 Full Time Equivalent staff for rule implementation have been unable to keep up with warehouse operators' requests; response times have varied from 1-2 weeks to over a year.
- Additional staff are required for enforcement and the development/implementation of the mitigation fee funding program.

Thank you

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