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IKEA Distribution Services North America
100 IKEA Drive
Westampton, NJ, 08060

Texas Commission on Environmental Quality
Air Quality Division
Implementation Grants
P.O. Box 13087
Austin, TX, 78711

Dear TCEQ,

Thank you for the opportunity to review the Volkswagen Environmental Mitigation Trust Draft Beneficiary Mitigation Plan. IKEA Distribution Services would first like to congratulate the Texas Commission on Environmental Quality for developing a draft mitigation plan that acknowledges the potential for electric vehicle technologies, among other alternative fuel options, within the transportation sector. We share a goal to accelerate electric vehicle charging infrastructure and to help pave a way for alternative fuels in the future of the transportation industry.

The primary comment from IKEA Distribution Services is in regard to the funding allocated to Class 4-7 local freight trucks. The current language under Eligible Actions, section 2, part b reads:

“A privately-owned or government-owned truck may be replaced or repowered with a new all-electric, diesel, or alternative fuel (e.g., CNG, propane, hybrid) vehicle or engine, including charging infrastructure associated with a new all-electric engine.”

This language presents a challenge to IKEA and other operations like our own. IKEA supports the aim of this plan, as we are working to transition our home delivery fleet to 100% zero emissions electric vehicles, and would like to bring this offer to customers in Texas as soon as possible. However, like many retailers and other business models throughout the country and the state of Texas, IKEA contracts external service providers for our delivery operations, and we do not own existing diesel vehicles that can be replaced

or repowered. Each of our service providers operates on a non-asset based model, meaning that vehicles are owned or leased by independent contractors. We have identified that most of these independent contractors choose to lease an existing diesel class 4-7 truck.

The transition to electric in class 4-7 transport is, therefore, most feasible through similar leasing agreements with new vehicle technologies. As written, the language presented in the draft mitigation plan does not allow for funding to be allocated to electric vehicle lessors and/or independent contractors looking to purchase a new electric vehicle instead of continuing their diesel vehicle lease.

Recognizing that TCEQ is committed to reduce NO_x emissions in the state of Texas, a lessor could potentially demonstrate a similar NO_x reduction benefit. Replacement of an existing diesel lease with a new electric or alternate fuel vehicle lease would effectively have the same impact of removing one baseline diesel engine from operation in the state and replacing it with a more fuel efficient vehicle. The same could be demonstrated with a purchase of a new alternative fuel vehicle in place of operating a leased diesel vehicle. While the diesel vehicle is not scrapped, one less driver is choosing diesel. In the long run, funds allocated to encourage independent contractors to change decision making around vehicle preference may have a lasting impact to the state transportation industry.

As a result, we would suggest the following change:

Eligible Actions

2. Class 4-7 Local Freight Trucks

Replacement may include the replacement of an existing diesel vehicle lease with the lease of an alternative fuel vehicle or with the purchase of an alternative fuel vehicle, where application of the new lease can be proven sufficiently similar in mileage and use to the existing diesel lease.

All eligibility requirements for the leased diesel vehicle and replacement engine in parts a, e, g, and h-j within Eligibility Requirements, section 2 apply.

*In the case of a lease replacement, reimbursement might be a percentage of the cost of the new lease or the difference in cost between a diesel lease and alternative fuel vehicle lease to encourage

at or near price parity for alternative fuel vehicles within the Texas market.

*Emissions reduction calculations could be calculated with the existing leased vehicle as the baseline engine.

IKEA Distribution Services is encouraging these changes not only because they may help us reach our own fuel efficiency goals in the state of Texas, but also because we have committed to accelerate a global transition to EV in transportation. We aim to encourage and inspire others to adopt alternative fuels, and we believe that making alternative fuel vehicles more accessible to all independent drivers is a means to that goal.

Sincerely,



Amelia Atkins
Sustainability Coordinator
IKEA Distribution Services North America