Is Your Company Moving Freight the SmartWay?

In February 2004 the US Environmental Pollution Agency launched a new Green initiative called the SmartWay Transport Partnership, designed to increase fuel efficiency and significantly reduce emissions generated by the transportation industry. With fuel costs accounting for nearly 25 percent of annual operating expenses, soaring crude oil prices have left many companies in the transportation industry scrambling to stay afloat. The SmartWay Transport Partnership is driving the development of technologies that are environmentally friendly and enable carriers to counter rising costs and remain competitive.

The Basics of the SmartWay Transport Partnership

1) Create Partnerships

Partners are identified as any company willing to improve the environmental performance of their freight operations. Partners must measure current efficiencies, monitor their performance on an ongoing basis with EPA-developed metrics, and ensure that improvements are achieved. Currently, about 1,000 carriers, logistics companies, truck stops, and affiliates have become SmartWay Partners.

2) Reduce All Unnecessary Engine Idling

This component is aimed at improving the quality of air, and reducing fuel usage (which also serves as a cost cutting measure for transportation companies). The EPA is working with local governments to develop idle-reduction options along interstates, at truck stops, and at shippers/consignees.

3) Increase Efficiency and Use of Rail and Intermodal

For many of their transportation needs, companies are learning that shipping via rail is an equal or better alternative than over-the-road trucking. The Partnership seeks to identify areas where rail can be better utilized and encourages the development of efficient rail operations.

Goals of the SmartWay Transport Partnership

One of the most significant objectives of this initiative is to reduce the amount of greenhouse gas emissions and other damaging pollutants being emitted into the atmosphere.

Truck and rail transport currently generate over 350 million metric tons of carbon dioxide each year; by 2012 SmartWay plans to reduce that number by 33-66 million metric tons per year. Similarly, it plans to eliminate 200,000 tons of annual nitrous-oxide emissions. The Partnership is also aimed at reducing energy consumption within the transportation industry. While oil is currently consumed at a rate of 1.1 billion barrels/year (35 billion gallons); the EPA estimates that by 2012 annual demand will be reduced by 150 million barrels/year within the freight transportation industry.

SmartWay Equipment

Companies that purchased equipment with 2007 or later engines likely had the option to choose a 'Certified SmartWay' vehicle. Some of the options available on these tractor-trailers include bunk heaters, auxiliary power units, aluminum wheels, automatic tire inflators, trailer aerodynamics, and oxidation catalysts. These options can combine to generate 10-20 percent in annual fuel savings and significant reductions of harmful emissions. Companies who do not plan to make any new additions to their fleet in the next few years can still implement some of these after-market solutions to achieve SmartWay standards.

Bunk heaters (estimate $1,500) create cab heat for over-the-road drivers to eliminate overnight idling of trucks (thus saving fuel and emissions) while auxiliary power units (estimate $8,500) provide heat, air-conditioning, and additional electrical power. Aluminum wheel sets (estimate $5,600), trailer aerodynamics (estimate $2,400), and automatic tire inflators (estimate $900) help improve fuel economy by reducing annual fuel usage. Oxidation catalysts (estimate $1,200) prevent harmful pollutants from leaving the exhaust system (though they do not affect fuel economy). Additionally, only four tire companies manufacture EPA Certified SmartWay tires at this time, though such equipment can improve fuel economy.

How to Join the SmartWay Transport Partnership

After completing just a few steps, companies are eligible to become a SmartWay Partner. The first step is to sign a 'Freight Carrier Partnership Agreement' with the EPA (with intent to improve the fleets' environmental performance within three years). The next step is to assess the environmental performance of your freight operations. While this may sound slightly vague, the EPA provides an electronic workbook that a company representative can work through in completing this assessment. The third and final step is to send these documents to the SmartWay Transport Partnership office. After review, your company will receive a welcome kit that details ways in which your unique goals can be achieved.

Is SmartWay Right for My Company?

As governments, individuals, and businesses across the globe become increasingly aware of their effect on the environment, one thing is clear: The desire to do business with environmentally-conscious companies is becoming very popular. The SmartWay Transport Partnership offers carriers a sales advantage over their competitors who do not meet the standards set forth by SmartWay. As the transportation industry operates on slimmer margins, leveraging status as a SmartWay Partner can provide much-needed sales assistance during this critical period, and in the future.

A Study in SmartWay Finances

Assume that fuel remains constant at $4/gallon and that an operation currently has three trucks that consume fuel at a rate of 6 mpg, and that each currently idles 2,400 hours annually. After installing an auxiliary power unit, aluminum wheel set, automatic tire inflators, and an oxidation catalyst, a total investment of $16,200 has been made per truck, and a 7.33 percent reduction in fuel consumption is expected. At a 9 percent APR with a 48-month term, the EPA estimates that the fleet would only need to haul 6.084 miles of freight each week, or 2,028 miles per truck to break even on this investment. If each truck operated at 3,000 miles per week, the fleet would turn a monthly net cash flow of $349.59.

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For an owner operator with a single truck, let's assume that the truck runs 50 weeks/year at 2,500 miles/week on 6 mpg fuel economy, with fuel costing $4/gallon, and that the truck currently idles for 2,400 hours annually. With the same upgrades and financing terms, the owner operator can see a reduction of 11.51 percent in fuel consumption, resulting in over $350/month in net cash flow.

While further analysis should be conducted to determine the financial impact specific to each carrier, it is clear that these changes can have a significant impact for both operators of large fleets, and for owner-operators. As companies embrace 'Green' principles and practices, they continue to seek business relationships with companies who share similar values. For SmartWay Partners, the result could be increased revenues, reduced fuel consumption, which lowers operating expenses and improves a company's bottom line. Go ahead, start shipping your product the SmartWay.

For more information on how enVista can help you leverage a SmartWay Transport Partnership for your business or implement further transportation and shipping cost-saving strategies please contact us at 877-684-7700 or via email at inforequest@envistacorp.com

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