

2024 RFP Season: Where Economic & Environmental Sustainability Meet



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In a typical year, most shippers would conclude the holiday season, take a deep breath, and then focus on hindsighting. The process generally includes identifying the successful carriers and those who went above and beyond to ensure a seamless holiday season. And yes, it also regularly means looking for opportunities for improvement, be they in price or performance.

The end of 2023 and the weeks leading to 2024 are anything but typical.

Despite a muted peak season, shippers are seeing tremendous volatility. There are rumblings of labor strikes on the east coast, while the major canals (Suez and Panama) bring their own concerns, driven by climate change and geopolitical strife. Steamship lines are blanking sailings and even laying up several ships to increase rates, making it harder for shippers to plan and execute their holiday and just-in-time initiatives.

And all of this is against the backdrop of a highly aggressive regulatory setting in which emissions tracking and reporting are about to become more critical than ever. Clean trucking regulations are taking hold, while emissions disclosure is about to become required. This is true in California, where many shippers are being funneled due to the issues above and across the nation at large.

How We Arrived Here

Recency bias would have us believe that the movement to tackle emissions is a new phenomenon. It's anything but.

- The Clean Air Act was established in 1963
- The Environmental Protection Agency introduced emissions trading in 1977
- The Clean Air Act was amended in 1990
- Greenhouse gas offsets became available in 1993

- The International Emissions Trading Association was created in 1999

If the supply chain were a country, it would be among the six worst polluters in the world. Emissions from steamship lines, diesel trucks and rail engines, along with air freight, have taken a tremendous toll on the environment. At the same time, consumer demand for next-day (or same-day) delivery has exploded, driven by e-commerce giants and independent delivery options. There's more rush than ever before to get goods into the hands of consumers.

Environmentally speaking, shippers are quite literally being asked to do more while creating less emissions.

Soon, it won't be an "ask."

The Regulatory Environment

Over the last few years, we've seen regulations and rules that look to reduce carbon. IMO 2020 required steamship lines to create less emissions by retrofitting vessels with scrubbers to help keep harmful emissions from reaching the environment.

In California, Clean Air Resource Board (CARB) requirements have already begun to remove some of the oldest, highest emission trucks from the road, with more stringent requirements, including zero emissions at the tailpipe, to register a truck for port work beginning in 2024. It's important to remember that California often sets the trend for environmental issues, and many states are likely to follow suit shortly (New York and Massachusetts are among those likely to be next).

On a national level, there are two further requirements shippers must be aware of. The first is a request by the White House for states to report emissions. Though enacting these laws will be on a state-by-state basis, it seems likely that the federal government will publish best practices (or formal guidelines),

a piecemeal approach to reporting will add friction to any shipper looking to move goods from one state to another.

Additionally, the SEC plans to require carbon disclosure for any public company; CFOs will be at risk of jail time for erroneous reporting, just like they are for financial disclosures. Though these requirements have yet to be fully published, they have been discussed and shared publicly, and early signs point to disclosure of Scope 1, Scope 2, and Scope 3 emissions reporting requirements.

This means the largest shippers will likely soon need to report the emissions created by each truck, container ship, airplane, and terminal they utilize to move goods, and there will be very real consequences for misreporting.

The Challenges of Reporting

Fragmentation across the supply chain is a common theme, and it presents a challenge for emissions reporting. If a vessel's captain elects to sail 75 miles out of the way to avoid a storm, that will change the amount of fuel needed to complete a voyage. At the same time, each port terminal operates differently, with some more environmentally advanced than others.

In other words, a captain's decision to maintain crew safety and choice of terminal are two variables that shippers must be aware of. This is before they consider whether a long-haul shipment will be handled via truck or rail. And, in terms of variables, we're yet to address the type of truck (make/model/year) performing drayage or hauling freight, which can have profound impacts on a container-by-container or trailer-by-trailer basis.

Whether a shipper is using its private fleet, a broker to aggregate capacity, or is leveraging direct relationships with trucking companies, the tracking challenges here are significant. Was a vehicle stuck in traffic, and while there, was it idling?

Track & trace has been a cumbersome hurdle for many shippers to overcome. These new requirements are adding several layers of complexity.

The Forest from the Trees

Complexity is one of the many reasons that environmental reporting and improvement come with challenges. For instance, there has been a discussion in California about limiting the aggregate emissions allowed at the ports; each port would have a specific number of metric tons of emissions they're required to stay below, and any shipments that would push them over the limit would have to be routed to another US port.

The Port of Long Beach has reduced emissions by 90% in the last decade. The effort being discussed would push goods from the greenest possible option to a port that's less sustainable. Air travels, so the net result of this type of program would be a negative for the environment.

Reporting Isn't Even the Goal

Ultimately, the reason these requirements are being created isn't about numbers; it's about improvement for people and the planet. It's about causing less harm to nature and leaving our children with a world that's in better shape than we found it.

Reporting is step 1, aimed at creating a baseline for where we are today, and then mapping out real, logical, substantial improvements will be phase 2.

Entering Phase 2

Most supply chain professionals are familiar with the buying pyramid, where they can select partners who meet two of the following criteria: good, fast, and cheap. That pyramid is expanding into a diamond.



Emissions reporting will become a significant emphasis for companies of all sizes, but the upcoming requirements aren't a reason for companies to delay increasing their effort to decarbonize.

In transportation, there are several initiatives shippers can begin or partner with their brokers and carriers to launch.

For instance:

- Load bundling and smart routing- There has always been trepidation when it comes to sharing logistics and transportation data; a supply chain is a critical differentiator for many companies, and those companies are highly protective of their trade secrets. However, it is possible to identify other shippers with common routes or, even better, the opposite route. An importer moving goods through Los Angeles into the Inland Empire can seek an exporter exporting from the same location, allowing truckers to handle loads each way and cutting down on empty miles. The ports of LA and Long Beach generally require dual transactions (bringing an empty container to the port to take one out). Still, an approach that leverages multiple shippers (and includes street turns) can be even more effective.
- Revamping hours of operation- The US is the only developed nation where port operations aren't 24/7, placing truckers attempting to go in and out of the ports into

the same traffic as morning commuters and people on their way home from work. It isn't necessary to be open at all hours, but it is possible to better align traffic patterns with import and export activities. This is, however, a large ask. During the pandemic, the San Pedro complex shifted to 24-hour gate availability, but very few warehouses were open to receive goods; truckers could access containers but were then forced to wait until warehouse workers arrived to unload. Unless there is alignment between the ports/terminals, trucking, and receiving communities, the impact of this effort will be minimized.

- Carbon offsets- Offsets are not a panacea; shippers can't plant a million trees and declare themselves net negative when it comes to carbon emissions. Offsets can, however, be part of the solution for shippers looking to reduce their overall carbon footprint. Leveraging offsets as part of an overall sustainability program can be highly effective, both in terms of environmental improvement and public perception.

Over time, the inclusion of zero-emission vehicles (ZEVs) will become table stakes for shippers, but there is currently a lack of infrastructure and a lack of vehicles on the road to make this an initiative that can be effective today.

Leveraging CDL 1000's Approach

It's critical for shippers to get ahead of the emissions reporting requirements now to work out any unexpected challenges they may face as we get closer to emissions reduction requirements and reporting standards. It's easy to think, "Oh, we can wait while the lawsuits straighten themselves out," but the damage done to a brand that seems in opposition to "clean breathing air" will be massive.

Today's consumers demand sustainable approaches, and tomorrow's will be even more aggressive in their selection of brands that give back to the planet.

To help shippers with their journey to sustainability, CDL 1000 has launched a Carbon Tracking as a Service (CTaaS) platform, allowing shippers who leverage our capacity to track and measure emissions easily. We've layered a proprietary approach that utilizes a wide range of variables to calculate emissions per container, trailer, and even product.

The approach leverages the Global Logistics Emissions Council (GLEC) guidelines for tracking emissions.

Our platform allows shippers to easily understand their emissions and calculate possible reductions that come with different modes of transportation, different routes, and even scheduling.

CTaaS isn't limited to those companies who are customers of CDL 1000. We built this program to meet the regulatory hurdles that shippers face and to help them improve their green posture. Brokers and shippers alike can sign up to leverage our platform.

Beyond tracking, we've also built an offset program that helps shippers take a holistic approach to carbon reduction. Shippers and brokers can view a wide range of offset options, ultimately selecting projects they believe make the most sense; a shipper can identify a green program in the city of its headquarters, for instance, to best serve the community where its employees live.

A Greener Future

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CtaaS is the first of many programs that CDL 1000 is launching in order to help shippers

build and implement a more sustainable supply chain, beginning today.

We believe it is everyone's responsibility to improve air quality and reduce carbon emissions, stemming the impact of global warming and helping individuals in the communities where we operate avoid illness and catastrophe.

About CDL 1000

CDL connects premier shippers with drayage, transloading and OTR capabilities. The company has been trusted to move goods for 17 of the top 20 importers in the US, and 9 of the top 10 freight forwarders. CDL 1000 is a freight company at heart, but also layers in technology to make it easier for shippers and carriers to seamlessly work together. Headquartered in Chicago, CDL 1000 operates on a nationwide basis, including each of the major ports in the contiguous US.