



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
POLICY

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Jennifer Beiro-Réveillé, AIA
Senior Director
Environmental Affairs and Corporate Sustainability
United States Postal Service
475 L'Enfant Plaza SW, Room 2717
Washington, D.C. 20260-4233

Dear Ms. Beiro-Réveillé:

In accordance with the U.S. Environmental Protection Agency's (EPA) responsibilities under Section 309 of the Clean Air Act and the National Environmental Policy Act (NEPA), EPA has reviewed the United States Postal Service's (Postal Service) Final Environmental Impact Statement (final EIS) for Next Generation Delivery Vehicle (NGDV) Acquisitions (CEQ No 20220001). The purpose of the proposed action is to purchase and deploy purpose-built NGDVs to replace the Postal Service's end-of-life and high-maintenance delivery vehicles with new vehicles that have more energy-efficient powertrains, updated technology, reduced emissions, increased cargo capacity and improved loading characteristics, improved ergonomics and carrier safety, and reduced maintenance costs. Our review has determined that EPA's concerns with the draft EIS were not adequately addressed and that the final EIS remains seriously deficient.

Key deficiencies include the fact that contrary to NEPA's requirements, a contract for this proposal was awarded prior to the NEPA process, critical features of the contract are not disclosed in the EIS, important data and economic assumptions are missing in the EIS, and the EIS failed to consider a single feasible alternative to the proposed action. Specifically, the final EIS does not disclose essential information underlying the key analysis of Total Cost of Ownership (TCO), underestimates greenhouse gas (GHG) emissions, fails to consider more environmentally protective feasible alternatives, and inadequately considers impacts on communities with environmental justice concerns. These deficiencies render the final EIS inconsistent with the requirements of NEPA and its implementing regulations. For these reasons, EPA concludes that the relevant portions of the final EIS should be revised and made available for public comment in a supplemental EIS. EPA finds that preparation of a supplemental EIS is particularly important to maintain the integrity of the NEPA process given that the Postal Service executed a contract, including an award of \$482 million¹ before conducting any analysis of the environmental impacts of the project as required by NEPA. At the same time, EPA understands that vehicle acquisitions are critical to Postal Service operations and believes any near-term needs by the Postal Service can be readily met in a manner that mitigates environmental impacts while preserving the

¹ U.S. Postal Service Quarterly Report, pursuant to 39 U.S.C. § 3654 and Section 13 or 15(d) of the Securities Exchange Act of 1934 (for the Quarterly Period Ended March 31, 2021).

Postal Service’s choices for considering reasonable alternatives to its proposal.

As noted, the Postal Service has already awarded a vehicle acquisition contract and funded as much as \$482 million to the vendor prior to initiating the NEPA process—exactly what CEQ regulations prohibit.² Contrary to CEQ’s NEPA regulatory requirement to identify methodologies used and make explicit reference to sources relied upon for conclusions in an EIS, the Postal Service also chose to inappropriately limit disclosure of such information, effectively preventing the public, federal agencies, and decisionmakers from understanding and evaluating the Postal Service’s ability and flexibility to purchase additional clean vehicles.³ The TCO analysis that served as the basis for the Postal Service’s selection of the preferred alternative is not transparent and is potentially flawed and out of date. It failed to explain the basis for the electric vehicle cost assumptions employed and did not consider the financial risk from near complete reliance on petroleum-based fuels with volatile prices. Despite corrections offered by EPA in its comments on the draft EIS, the Postal Service systematically and substantially underestimated GHG emissions from its new ICE vehicles, while overestimating GHG emissions from BEVs.

Further, the contract award effectively limited the choice of alternatives that the Postal Service considered in the EIS. The Postal Service chose not to consider in detail even a single feasible alternative to its proposal that would be more environmentally protective, evaluating only alternatives the Postal Service itself considered to be infeasible (e.g., 100 percent BEVs given longer rural routes). To put this in NEPA context, CEQ guidance makes clear that consideration of alternatives is “the heart of the EIS.”⁴ Postal Service’s actions are inconsistent with NEPA’s purpose to inform decisions before they are made, in violation of NEPA regulatory requirements that agencies not commit resources prejudging the selection of alternatives before a final decision, that an EIS serve as a means of assessing environmental impacts of proposed actions rather than justifying decisions already made, and that no action may be taken that would limit the choice of alternatives.⁵

EPA believes the Postal Service must supplement its final EIS to cure its infirmities and ensure it meets the basic requirements of NEPA. EPA’s findings and recommendations are also intended to strengthen the defensibility of the final EIS. Just last week, the federal district court of the District of Columbia vacated a U.S. Department of the Interior oil and gas lease for failing to take into account certain pollutant emissions, concluding that vacating Interior’s decision altogether “serves to avoid creating perverse incentives for the agency to press forward with a faulty decision and fill in its analysis later. ‘When it comes to NEPA, it is better to ask for permission than forgiveness: if you can build first and consider environmental consequences later, NEPA’s action-forcing purpose loses its bite.’” *Friends of the Earth v. Haaland*, slip op. at 57-58, (D.D.C. 2021) (citing *Standing Rock Sioux Tribe v. U.S. Army Corps of Engineers*, 471 F. Supp. 3d 71, 85 (D.D.C. 2020), *rev’d in part on other grounds*, *Standing Rock Sioux Tribe*, 985 F.3d 1032).

Based on our review, our concerns with the draft EIS were not adequately addressed. EPA has determined that the final EIS lacks disclosure of important underlying information, contains serious deficiencies, and the Postal Service should not proceed to a decision. For these reasons, EPA concludes

² See 40 CFR §§ 1502.2(f), 1502.2(g), and 1506.1(a)(2).

³ See 40 CFR § 1502.23.

⁴ *Forty Most Asked Questions Concerning CEQ’s National Environmental Policy Act Regulations*, as amended (1986), Q7.

⁵ See note 2, *supra*; *Metcalf v Daley*, 214 F 3d 1135, 1145 (9th Cir. 2000) (holding that Federal agencies violated NEPA when they signed a contract and thus made a “firm commitment” prior to preparing an environmental assessment).

that the relevant portions of the final EIS should be revised and made available for public comment in a supplemental EIS.

We further believe that a public hearing pursuant to Postal Service's NEPA regulations at 39 CFR 775.14 would aid the Postal Service's efforts to generate a more meaningful supplemental EIS. We are aware of and support the California Air Resources Board's request dated January 28, 2022, for a public hearing in accordance with that provision. Given our serious concerns and jurisdiction over, and special expertise concerning, the proposed action related to motor vehicles and emissions, EPA independently requests a public hearing under 39 CFR 775.14 as well.

The Postal Service's proposal as currently crafted represents a crucial lost opportunity to more rapidly reduce the carbon footprint of one of the largest government fleets in the world. A ten-percent commitment to clean vehicles, with virtually no fuel efficiency gains for the other 90 percent is plainly inconsistent with international, national, and many state GHG emissions reduction targets, as well as specific national policies to move with deliberate speed toward clean, zero-emitting vehicles, including Executive Orders 14008⁶ and 14037⁷ and their policies, in addition to the U.S. economy-wide target under the Paris Agreement to reduce net GHG emissions to 50-52 percent below 2005 levels by 2030, consistent with achieving net zero emissions by 2050.⁸ These policies are all driven by what the science tells us about the urgency of tackling the climate crisis. Because this is the single largest federal vehicle procurement in the foreseeable future and these investments are long-lived, a fully informed Postal Service NGDV decision on this unparalleled opportunity for the federal government to lead by example on climate and clean energy innovation is essential.

EPA is also concerned that the new vehicles the Postal Service proposes to acquire do not make meaningful progress in reducing the Postal Service's GHG and other emissions as well as oil consumption. Specifically, the proposed new internal combustion engine (ICE) vehicles are expected to achieve only 8.6 miles per gallon (mpg), barely improving over the decades old long-life vehicles that achieve 8.2 mpg. Moreover, full implementation of the 90 percent ICE and 10 percent battery electric vehicles (BEV) purchase would only reduce relevant annual fleet emissions by 21.7 percent after ten years. The GHG emissions from the inefficient new ICE vehicles will total nearly 20 million metric tons of carbon dioxide equivalent over the vehicles' 20-year expected lives,⁹ equivalent to the annual emissions from 4.3 million passenger vehicles or 5 coal-fired power plants. Using the current interim social cost of carbon dioxide,¹⁰ the present value of the climate damages from these emissions would exceed \$900 million (in 2020 dollars).¹¹

⁶ See <https://www.federalregister.gov/documents/2021/02/01/2021-02177/tackling-the-climate-crisis-at-home-and-abroad>.

⁷ See <https://www.federalregister.gov/documents/2021/08/10/2021-17121/strengthening-american-leadership-in-clean-cars-and-trucks>.

⁸ See <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet-president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/> and <https://www.whitehouse.gov/wp-content/uploads/2021/10/US-Long-Term-Strategy.pdf>.

⁹ The Postal Service's estimated annual emissions for deployed ICE vehicles are 995,643 MT (FEIS Table 4-6.2); vehicles are designed to last 20 years.

¹⁰ The interim SC-CO₂ estimates are presented and described in detail in the Interagency Working Group on the Social Cost of Greenhouse Gases (IWG) February 2021 Technical Support Document: Social Cost of Carbon, Methane, and Nitrous Oxide Interim Estimates under EO 13990, available at: https://www.whitehouse.gov/wp-content/uploads/2021/02/TechnicalSupportDocument_SocialCostofCarbonMethaneNitrousOxide.pdf.

¹¹ Using the Postal Service's hypothetical ten-year purchase/deployment beginning in 2023 and assuming vehicles age out 20 years after deployment to estimate annual emissions from 2023 through 2051; and applying the SC-CO₂ with a 3 percent discount rate and discounting to present value in 2023.

The Postal Service manages the largest single segment of the federal fleet with nearly half of the federal civilian vehicles. The proposed action represents replacing 10 percent to 35 percent of the federal civilian fleet. Electrification of only 10 percent of the Postal Service replacement vehicles over the next ten years falls far short of our national goals for reducing GHG emissions with deliberate speed. The Postal Service's approach is also inconsistent with its major competitors which are embracing BEV technology as an attractive and economically viable alternative. Walmart¹² and FedEx¹³ have committed to fully electric fleets by 2040, while Amazon has committed to net zero emissions by 2040¹⁴ and UPS by 2050.¹⁵ Those competitors have made significant near-term BEV purchases, with Walmart and FedEx purchasing at least 5,000 and 2,500 BEV delivery vans, respectively,¹⁶ UPS ordering 10,000 to 20,000,¹⁷ and Amazon ordering 100,000.¹⁸

The Postal Service's proposal also has significant implications for the nation's air quality and public health. The cleaner the Postal Service vehicles that are deployed in communities across the country, the more air quality and public health will be improved. Just as importantly, deployment of new vehicles nationally also presents an opportunity for the Postal Service to address environmental justice. Tailpipe emissions are a very significant source of air pollution in environmental justice communities, in particular dangerous levels of fine particulate pollution.¹⁹ Electrification of the Postal Service's vehicles and ensuring the equitable distribution of vehicles that serve those communities would reduce their disproportionate exposure to health-harming air pollution.²⁰

These policy concerns—separate and apart from the NEPA flaws in the final EIS described above—amplify the importance of ensuring the integrity of the NEPA process for this project. EPA appreciates that replacement vehicle acquisitions are critical to Postal Service operations. To meet any near term needs the Postal Service may have while mitigating any environmental impacts, EPA recommends the Postal Service prioritize initially purchasing BEVs, consistent with any existing contract obligations. The enclosure provides our detailed comments and recommendations. Additionally, we request a meeting with your agency to discuss our concerns and recommendations. We remain committed to working with you collaboratively and expeditiously to address our concerns and identify measures to achieve a more environmentally protective approach to modernizing the Postal Service's fleet, consistent with the fundamental purposes of NEPA and the imperative to reduce GHG and other harmful

¹² See <https://corporate.walmart.com/newsroom/2020/09/21/walmart-sets-goal-to-become-a-regenerative-company>

¹³ See <https://newsroom.fedex.com/newsroom/sustainability2021/>

¹⁴ See <https://www.aboutamazon.com/news/sustainability/the-climate-pledge>

¹⁵ See https://about.ups.com/content/dam/upsstories/assets/reporting/sustainability-2021/2020_UPS_TCFD_Report_081921.pdf

¹⁶ See <https://www.theverge.com/2022/1/5/22867087/walmart-brightdrop-electric-delivery-van-gm-fedex>

¹⁷ See <https://cleantechnica.com/2020/01/29/ups-orders-10000-electric-delivery-vans-from-arrival/>

¹⁸ See <https://www.nytimes.com/2022/01/18/technology/amazon-electric-vans.html>

¹⁹ See, e.g., Marshall, J.D. (2008) Environmental inequality: air pollution exposures in California's South Coast Air Basin; Su, J.G.; Larson, T.; Gould, T.; Cohen, M.; Buzzelli, M. (2010) Transboundary air pollution and environmental justice: Vancouver and Seattle compared. *GeoJournal* 57: 595-608. doi:10.1007/s10708-009-9269-6 [Online at <http://dx.doi.org>]; Wu, Y; Batterman, S.A. (2006) Proximity of schools in Detroit, Michigan to automobile and truck traffic. *J Exposure Sci & Environ Epidemiol*. doi:10.1038/sj.jes.7500484 [Online at <http://dx.doi.org>]; and <https://ucsusa.org/sites/default/files/attach/2019/06/Inequitable-Exposure-to-Vehicle-Pollution-MA.pdf>

²⁰ See <https://www.sciencedirect.com/science/article/pii/S016041202031970X?via%3Dihub>; https://www.oecd-ilibrary.org/sites/4a4dc6ca-en/1/3/3/index.html?itemId=/content/publication/4a4dc6ca-en&_csp_ =681d016aff567eeb4efd802d746cdcc4&itemIGO=oecd&itemContentType=book; and <https://www.epri.com/research/products/000000003002006875>

emissions. If you have any questions or to schedule the meeting, please contact Cindy Barger, Director, NEPA Compliance Division, at 202-564-3169 or by email at barger.cindy@epa.gov.

Sincerely,

A handwritten signature in black ink that reads "Vicki Arroyo". The signature is written in a cursive, flowing style.

Vicki Arroyo
Associate Administrator

Enclosure

cc: Mr. Davon Collins
Environmental Counsel, United States Postal Service

Postal Service- Next Generation Delivery Vehicle Acquisition Final EIS Detailed Comments

Based on our review, EPA's concerns on the draft EIS were not adequately addressed in the final EIS. The final EIS does not disclose essential information underlying the key analysis of Total Cost of Ownership (TCO), underestimates greenhouse gas (GHG) emissions, fails to consider more environmentally protective feasible alternatives, and inadequately considers impacts on communities with environmental justice concerns. The final EIS as presented does not provide sufficient information to adequately assess potentially significant impacts and the availability of reasonable alternatives, or to proceed to a fully informed decision. For this reason, EPA concludes that the final EIS should be revised and made available for public comment in a supplemental EIS.

Total Cost of Ownership Analysis

The TCO analysis that served as the basis for the Postal Service's selection of the preferred alternative is not transparent and is potentially flawed and out of date. The Postal Service estimated that the electric versions of its vehicles will cost over \$30,000 more per-vehicle than the internal combustion engine (ICE) versions (20-year present value).¹ This conclusion is not consistent with independent sources² and it must be explained and justified for transparency. Despite requests from EPA and other reviewers, the Postal Service refused to disclose key assumptions for vehicle purchase price, battery price and replacement cost, per-vehicle charging cost, and maintenance cost, arguing that those data are commercially sensitive information since the Postal Service awarded a contract before preparing the EIS. The additional conceptual information provided by the Postal Service in the NGDV TCO Background Information in Appendix C is helpful, but without quantitative disclosure of key variables, it is impossible for EPA or the public to understand the basis of the Postal Service's decision, and the Postal Service's limited disclosures remain inadequate to meet NEPA's transparency purpose and requirements.

Gasoline Price Assumptions

The limited selection of assumptions that the Postal Service did choose to disclose indicated problems with the analysis. For example, in response to EPA's comments in the Draft EIS, the Postal Service disclosed its assumptions for gasoline prices, which started with a baseline of national average prices in October 2020 of \$2.19/gallon, and then rose at the same growth rate as the reference case in EIA's 2020 Annual Energy Outlook (AEO) to reach \$2.55/gallon in real terms by 2040,³ but did not use the absolute values from the 2020 AEO. The Postal Service did not explain its decision to use a starting point for its gasoline price projections that were out of date and far below actual gas prices at the time of EIS preparation (average prices had already risen above \$2.80/gallon by March 2021),⁴ nor did it explain why it chose not to use the absolute published projections from AEO 2020, or the more recent AEO 2021 (which was available before the Postal Service prepared the draft EIS),⁵ which project higher gasoline prices than those used by the Postal Service. These choices are significant because the assumed low gasoline prices diminish the estimated cost of operating the Postal Service's proposed inefficient

¹ From Table 3-1.1; \$2.3 billion incremental 20-year TCO for BEVs, divided by 75,000 vehicles.

² See, e.g., <https://atlaspolicy.com/federal-fleet-electrification-assessment/>.

³ FEIS Response to Comments, p. B-160

⁴ EIA, Weekly U.S. Regular Formation Retail Gasoline Prices
https://www.eia.gov/dnav/pet/PET_PRI_GND_A_EPMPR_PTE_DPGAL_W.htm

⁵ EIA, Annual Energy Outlook 2021, published February 3, 2021. <https://www.eia.gov/outlooks/aeo/>

ICE vehicles and affect the results of the TCO analysis.

Because of gasoline price volatility and the variables that have an influence on future prices, EIA's AEO provides multiple projections to address a range of possible outcomes. By evaluating a single forecast of gasoline prices, the Postal Service did not reasonably account for the financial risk from near complete reliance on petroleum-based fuels with volatile prices.

Electric Vehicle Cost Assumptions

Though the Postal Service will not disclose the purchase cost for BEVs used in its TCO analysis, it did disclose in its response to EPA's comments that the assumption is static over time—that it does not account for expected decreases in the cost of batteries, and therefore BEVs, over the 10-year acquisition. This assumption presumably applies to battery replacement costs for aging vehicles in the TCO analysis, as well. In responding to comments from EPA and others that it should incorporate reputable external projections of declining battery pack costs, the Postal Service indicated that its contract includes “appropriate cost saving clauses” that would incorporate future changes in battery costs. Since the Postal Service's contract prices would account for decreases in battery costs, and those decreases are broadly anticipated and documented by numerous government, nongovernment, academic, and industry sources, EPA reiterates its finding that the Postal Service should consider the impact of those changes in its TCO analysis, if not in its core TCO scenario, then in alternative scenarios exploring the consequences of this impactful and uncertain assumption.

EPA suggests that the Postal Service look to estimates compiled by the National Academy of Sciences as a starting point for potential battery price decline projections, which recently concluded that “the key cost driver for EVs is the battery, which for high-volume battery production is expected to decrease to \$90-\$115/kWh by 2025 and \$65-\$80/kWh by 2030 at the pack level.”⁶

Recommendations to Correct TCO Analysis Deficiencies

EPA recommends that the Postal Service disclose all relevant assumptions underlying the TCO analysis that served as the basis for its decision, including, but not limited to: vehicle purchase price; battery and battery replacement cost; per-vehicle charging infrastructure cost; maintenance cost; and discount rate. Further, the Postal Service should update its TCO analysis to incorporate up-to-date gasoline price projections from EIA's AEO 2021, or AEO 2022 once it is available, and evaluate its exposure to price volatility in petroleum fuel markets by calculating its revised TCO under both the low and high oil price scenarios in the relevant AEO. Finally, the Postal Service should include additional TCO scenarios that incorporate projections for declining battery costs in the cost of new BEVs and battery replacements. All of these disclosures and revisions should be included in a supplemental EIS.

⁶ National Academies of Sciences, Engineering, and Medicine. 2021. *Assessment of Technologies for Improving Light-Duty Vehicle Fuel Economy—2025–2035*. Washington, DC: The National Academies Press. <https://doi.org/10.17226/26092>.

Deficiencies in Greenhouse Gas Analysis

Despite corrections offered by EPA and others in the draft EIS, the Postal Service substantially underestimated GHG emissions from its new ICE vehicles, while overestimating GHG emissions from BEVs.

Underestimation of ICE Emissions

The analysis dramatically underestimates the GHG emissions from the Postal Service's preferred ICE vehicles. The discrepancy between estimated ICE tailpipe emissions in the proposed action from the Postal Service's MOVES modeling and the emissions implied by its fuel consumption estimates, noted by EPA in our comments on the Draft EIS, That amount of gasoline would emit 975,534 MTCO₂/yr when combusted,⁷ which is more than three times the value from the MOVES modeling. The lower emissions totals in the Postal Service's MOVES modeling imply a vehicle that achieves efficiency of 29.9 miles per gallon (mpg),⁸ when the Postal Service has determined that its vehicles will only achieve between 8.6 mpg (with air conditioning) and 14.7 mpg (without air conditioning).

In its response to EPA's comments on this topic on the Draft EIS, the Postal Service provided some additional information on data it entered into the MOVES model but did not explain or correct the discrepancy. Such a large difference indicates that the Postal Service's use of the MOVES model does not reflect the inefficiency of the ICE vehicles that it proposes to deploy. While EPA appreciates the use of its model, given the unique operational considerations of the USPS fleet, it would be prudent to reconsider default and chosen model assumptions and to rerun the model. For example, a single-unit short-haul truck may more closely mimic the duty cycle of USPS vehicles than a light commercial truck. If project-specific data is available, then inputs such as (but not limited to) driving speed, driving cycle, and fuel consumption can be revised to provide more accurate project-related results. If the Postal Service is unable to adjust MOVES inputs to reflect the efficiency of its new vehicles, it should rely on other methods to estimate its GHG emissions, including its fuel consumption analysis.

The result of these methodological deficiencies is to underestimate the tailpipe GHG emissions from the Postal Service's proposal to deploy such inefficient ICE vehicles by a factor of three.

Overestimation of BEV Emissions

The analysis locks in the current power sector's carbon intensity for decades, despite overwhelming evidence of the transition to low-carbon and zero carbon production technologies, by applying a 2019 nationwide average carbon intensity from eGRID to electricity consumed by BEVs deployed or driven in all future years. The Postal Service responded to EPA's comment on this assumption in the draft EIS by adding an alternate estimate in the response to comments but did not change the analysis in the final EIS that served as the basis for its decision, and only considered a modest 30 percent reduction in carbon intensity over 30 years. Further, the use of a national average emissions rate assumes that BEVs are deployed and driven uniformly across the country, which is unlikely and could serve to overestimate

⁷ Using a standard emissions rate for gasoline of 8.887 kgCO₂/gal; see EPA Equivalencies Calculator for ease of use <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

⁸ FEIS Table F-3.c shows 311,739MTCO₂ from 10,048,921,500 miles driven. 311,739 MTCO₂ divided by 0.008887 MT per gal yields 35.5 million gal consumed; dividing 1,048,921,500 miles driven by 35.5M gal consumed yields 29.9 miles per gallon.

BEV GHGs. For example, any BEVs operating out of the Chappaqua, NY Post Office and serving the Postal Service’s representative route in Westchester County, NY – the county chosen by the Postal Service for its MOVES analysis because it has the “greatest number of high-maintenance LLVs replacement”⁹—would be powered by electricity with a current average carbon intensity of 553.8 lbs/MWh,¹⁰ which is 38 percent lower than the national average the Postal Service used. As a result, the analysis is biased in favor of ICEs. The Postal Service also did not account for the clear opportunity to achieve GHG reductions by deploying BEVs more intensely in areas with more renewable energy sources. The result of these methodological deficiencies is to substantially overestimate the GHG emissions from the foregone BEV deployments.

EPA and other commenters noted these issues in the draft EIS, but the Postal Service declined to correct them. The result is an analysis that clearly and dramatically downplays the significant environmental damage from the Postal Service’s proposal to deploy up to 148,500 inefficient ICE vehicles throughout the country, and dramatically underestimates the foregone benefits of the more environmentally preferable actions that the Postal Service decided not to take.

Use of the Social Cost of Greenhouse Gases

EPA appreciates the Postal Service’s revisions to its use of the Social Cost of Greenhouse Gases (SC-GHG) in the Final EIS in response to EPA’s comments. However, the Postal Service’s presentation of impact estimates starting only in 2030, and only in five-year increments, prevents the public from understanding the resulting scale of impacts, and the lack of cumulative present value totals—sums of annual discounted impacts – prevents the public from comparing the total benefits of potential greenhouse gas reductions with the costs of achieving them, which are presented in cumulative present value (e.g., in Table 3-1.1).

Recommendations to Correct Deficiencies in Greenhouse Gas Analysis

EPA recommends that the Postal Service correct these deficiencies by calculating GHG emissions that reflect the full impact of its ICE vehicles and incorporating more realistic assumptions for electricity emissions intensity into revised GHG analysis, and provide those revised GHG emissions estimates, with updated application of the SC-GHG, in a supplemental EIS, with a preferred alternative that properly reflects the outcomes from the corrected analyses.

Discussion of Alternatives and Mitigation

The discussion of alternatives in the final EIS analysis is inconsistent with NEPA. The EIS neglects to consider a single alternative that is more environmentally protective, technologically and economically feasible, and consistent with common sense (i.e., Council on Environmental Quality’s (CEQ’s) characterization of a reasonable alternative).¹¹ Instead, the EIS examines 100 percent BEV alternatives that the Postal Service dismisses as not meeting Postal Service needs or being economically infeasible -- and so were not reasonable alternatives to begin with. At the same time, the Postal Service declined to take EPA’s recommendation on the draft EIS to consider 75 percent or 25 percent BEV or more cost-effective BEVs with smaller battery sizes more appropriate for typical Postal Service routes, i.e.,

⁹ Final EIS, p. F-5

¹⁰ EPA eGRID factor for NYCW <https://www.epa.gov/egrid/power-profiler#/NYCW>

¹¹ *Forty Most Asked Questions Concerning CEQ’s National Environmental Policy Act Regulations*, as amended (1986), Q2a.

alternatives better addressing the need for GHG emissions reductions, better factoring in commercially available off the shelf vehicles, allowing for ICE vehicles to be used on some current longer (e.g., rural) routes, and more consistent with technological innovation, economies of scale, and announced market trends.

The Postal Service awarded the contract on February 23, 2021, months before performing its NEPA analysis, and appears to have provided as much as \$482 million¹² for the contractor to complete production design, assembly tooling, and factory start-up. This created biases in information (e.g., TCO assumptions are locked in by contract pricing and details are characterized by the Postal Service as “commercially sensitive”) and biases in decision-making (e.g., no economically or technologically feasible alternatives outside the existing contract were considered, notwithstanding Postal Service’s statement that the contract could be modified or canceled). This approach is clearly inconsistent with NEPA’s purpose to inform decisions before they are made and violates CEQ regulatory requirements at 40 CFR §§ 1502.2 (f) (agencies shall not commit resources prejudging selection of alternatives before making a final decision), 1502.2(g) (an EIS shall serve as a means of assessing environmental impacts of proposed actions rather than justifying decisions already made), and 1506.1 (no action may be taken before a record of decision that may limit the choice of reasonable alternatives).

It is also important to note the Postal Service’s preferred alternative in the final EIS is inconsistent with science-driven national climate policy. The 10 percent BEV / 90 percent ICE alternative would only reduce relevant annual fleet emissions by 21.7 percent after 10 years. The new ICE vehicles only barely improve efficiency over the decades-old long-lived vehicles (LLVs) they will replace (8.6 vs. 8.2 mpg). The GHG emissions from the inefficient new ICE vehicles will total nearly 20 million metric tons of carbon dioxide equivalent¹³ over the vehicles’ 20-year expected lives, equivalent to the annual emissions from 4.3 million passenger vehicles or 5 coal-fired power plants. Using the current interim social cost of carbon dioxide,¹⁴ the present value of the climate damages from these emissions would exceed \$900 million (in 2020 dollars).¹⁵

The NGDV proposal would replace existing light-duty mail trucks with new ICE vehicles designed with a gross vehicle weight rating of 8,501 pounds; a mere pound over the threshold for light duty vehicle efficiency standards, and thus subject to a less stringent emissions category, and one pound over the threshold for statutory requirements for Federal agency low-GHG-emitting vehicle acquisitions.⁷ While the Postal Service described the need for more storage volume in its new vehicles, it did not explain in sufficient detail how the specifications relating to the weight of the vehicles or the payload capacity are related to operational requirements, and why the new vehicles would need nearly double the gross vehicle weight rating of the existing light-duty vehicles (4,450 pounds). The fact that the new BEV NGDVs have 734 pounds lower payload capacity than the ICE NGDVs (2,207 pounds vs. 2,941

¹² U.S. Postal Service Quarterly Report, pursuant to 39 U.S.C. § 3654 and Section 13 or 15(d) of the Securities Exchange Act of 1934 (for the Quarterly Period Ended March 31, 2021).

¹³ The Postal Service’s estimated annual emissions for deployed ICE vehicles are 995,643 MT (Table 4-6.2); vehicles are designed to last 20 years.

¹⁴ The interim SC-CO₂ estimates are presented and described in detail in the Interagency Working Group on the Social Cost of Greenhouse Gases (IWG) February 2021 Technical Support Document: Social Cost of Carbon, Methane, and Nitrous Oxide Interim Estimates under EO 13990, available at: https://www.whitehouse.gov/wp-content/uploads/2021/02/TechnicalSupportDocument_SocialCostofCarbonMethaneNitrousOxide.pdf.

¹⁵ Using the Postal Service’s hypothetical ten-year purchase/deployment beginning in 2023 and assuming vehicles age out 20 years after deployment to estimate annual emissions from 2023 through 2051; and applying the SC-CO₂ with a 3 percent discount rate and discounting to present value in 2023.

pounds), yet still meet the relevant operational requirements, suggests that the ICE vehicles are specified to be substantially larger than they need to be, which permits them to be much higher emitting given that they are subject to less stringent standards.

Greenhouse Gas Emissions

To address the existential threat of climate change, the United States has set an economy-wide target under the Paris Agreement to reduce net GHG emissions to 50-52 percent of 2005 levels by 2030, consistent with achieving net zero emissions by 2050.¹⁶ In addition to the overarching U.S. national climate target under the Paris Agreement, EPA highlighted to the Postal Service the Executive Orders (EOs) 14008¹⁷ and 14037¹⁸ in its scoping and draft EIS comments. EO 14008 notes that the world has a “narrow moment to pursue action” to avoid the most catastrophic impacts of climate change and capture the economic opportunities presented by addressing this crisis. EO14008 specifically articulates a goal for decreasing emissions from the Postal Service fleet: Section 205, *Federal Clean Electricity and Vehicle Procurement Strategy*, includes an aim of using all available procurement authorities to achieve or facilitate “clean and zero-emission vehicles for Federal, State, local, and Tribal government fleets, including vehicles of the United States Postal Service.” EO 14037 similarly states a policy of making America a world leader on clean and efficient cars and trucks, with a goal of having 50 percent of all new passenger cars and light trucks sold in 2030 being zero-emission vehicles. EO 14057 also states a goal for the Federal government of “100 percent zero-emission vehicle acquisitions by 2035” noting that Federal government procurement can “catalyze private sector investment and expand the economy...”¹⁹

While the Postal Service fleet is one of the largest civilian fleets in the world, its preferred alternative does not even approach the ambition of these stated policies and the climate imperative. The Postal Service proposes to replace the majority of its large vehicle fleet with new long-lived vehicles that will be on the road for decades, yet only 10 percent are committed to be electric vehicles. The proposed new ICE vehicles, up to 90 percent of the procurement, are expected to achieve only 8.6 miles per gallon, barely improving over the current decades-old vehicles that achieve 8.2 mpg. Implementation of the Postal Service proposal would only reduce relevant annual fleet emissions by 21.7 percent after ten years. This action will lock in highly polluting vehicles for at least 30 more years (beyond 2050) and is inconsistent with national, and many state and local goals for GHG emissions reductions.

The proposal would also expose the Postal Service to climate transition risk as governments at different levels consider regulatory measures. EPA has announced plans to update and improve heavy duty vehicle regulations over the next three years,¹³ and 15 governors plus the mayor of the District of Columbia have signed a Medium and Heavy-Duty Zero Emissions Vehicle Memorandum of Understanding that seeks to achieve a minimum of 30 percent sales share of zero-emissions medium and heavy duty vehicles by 2030.¹⁴ California has released draft regulations for “Federal and Priority Fleets” that California has noted the Postal Service’s proposed action would not satisfy.¹⁵

¹⁶ See <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet-president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/> and <https://www.whitehouse.gov/wp-content/uploads/2021/10/US-Long-Term-Strategy.pdf>.

¹⁷ See <https://www.federalregister.gov/documents/2021/02/01/2021-02177/tackling-the-climate-crisis-at-home-and-abroad>.

¹⁸ See <https://www.federalregister.gov/documents/2021/08/10/2021-17121/strengthening-american-leadership-in-clean-cars-and-trucks>.

¹⁹ See <https://www.federalregister.gov/documents/2021/12/13/2021-27114/catalyzing-clean-energy-industries-and-jobs-through-federal-sustainability>

Recommendations to Correct Discussions of Alternatives and Mitigation

The Postal Service should consider additional alternatives that are more environmentally protective, technologically and economically feasible, and consistent with common sense, and include those results, with a revised preferred alternative as appropriate, in a supplemental EIS.

Environmental Justice

EO 14008 recommitments the federal government to advancing environmental justice by identifying and addressing disproportionate impacts, including climate-related cumulative and other impacts, on disadvantaged communities. EO 13985 emphasizes Administration policy that “the Federal Government should pursue a comprehensive approach to advancing equity for all...”²⁰ The Postal Service’s draft EIS stated that environmental justice would be addressed. In its draft EIS comments, EPA identified opportunities to deploy BEVs in a manner that advances environmental justice. In the final EIS, however, Postal Service states that while it “agrees that the deployment of BEVs represents an opportunity to address environmental justice concerns, [Postal Service] disagrees that expanding the EIS to explore specific environmental justice mitigation options is necessary or warranted given NEPA’s requirement that EISs be analytic rather than encyclopedic.” Without providing any detailed analysis of those concerns, or specific commitments to address them, the Postal Service has missed an important opportunity to consider bringing cleaner vehicles, the attendant public health benefits from improved air quality, and electric vehicle charging infrastructure into overburdened communities. This is a missed opportunity to align the Postal Service procurement with important climate, air quality and equity goals. Further, contrary to the Postal Service’s view, the CEQ regulations plainly require consideration of practicable mitigation. See, e.g., 40 CFR § 1502.14(e).

The final EIS also states that “its current BEV deployment factors could often overlap with environmental justice communities, resulting in environmental benefits for burdened communities.” Final EIS, Appendix B, RTC #54. However, communities with environmental justice concerns already face high pollution and health burdens. Equitable distribution of federal benefits in underserved communities is a fundamental principle in EO 13985 and in basic fairness. The Postal Service’s proposed action risks maintaining or exacerbating existing inequities within these communities.

Recommendations to Correct Inadequate Environmental Justice Consideration

The Postal Service should perform a distributional analysis to determine whether ICE and BEV deployment locations could have disproportionate adverse impacts on already overburdened or underserved communities and include that analysis in a supplemental EIS with a plan to bring clean vehicles and the attending benefits to those communities.

Other Recommendations to Improve Environmental Outcomes

As communicated in our scoping and comment letters and conveyed in follow-up conversations with the Postal Service, EPA remains concerned that the Postal Service awarded a contact prior to preparing an EIS as required by NEPA. This procedural misstep appears to be the source of the Postal Service’s reticence to subsequently giving full and proper consideration to the concerns raised about the draft EIS

²⁰ See <https://www.federalregister.gov/documents/2021/01/25/2021-01753/advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government>

by the multitude of commenters and incorporating improvements into its final EIS. Notwithstanding the legal flaws in the Postal Service's current NEPA review, EPA has identified some illustrative proposed recommendations for actions that can be taken even in light of the existing contract. These actions should not impede the Postal Service's ability to meet any short-term economic, operational, and mission needs.

- EPA recommends the Postal Service take the following actions, consistent with any contract obligations it may currently have, even as the Postal Service works to revise its EIS with a supplemental analysis:
 - Purchase the full minimum committed BEV volume for the 10-year procurement first, before purchasing new ICE vehicles; and
 - Purchase commercially available BEVs (the most environmentally preferable alternative in the final EIS) for left-hand drive compatible routes.
- EPA also recommends the Postal Service modify its contract to include more cost-effective BEV options with smaller batteries and lower range appropriate for deployment on the 95 percent of Postal Service's routes that are less than 70 miles, after updating its analysis and information and evaluating opportunities for modular battery pack design within the NGDV platform.
- EPA recommends the Postal Service amend its vehicle deployment criteria to explicitly include consideration of equity and environmental justice.

As we have in the past, EPA stands ready to work with the Postal Service to identify ways to improve its fleet and meet multiple objectives including enhanced safety and utility as well as efficiency and environmental and public health goals.