

Frank G. McCartney, President
Patrick D. Jones, Executive Director & CEO

December 30, 2011

To: **John Mica**, Chairman, House Transportation & Infrastructure Committee
Nick J. Rahall, Ranking Member, House Transportation & Infrastructure Committee
John J. Duncan, Jr., Chairman, Subcommittee on Highways & Transit
Peter A. DeFazio, Ranking Member, Subcommittee on Highways & Transit

Subject: **Preliminary Report of the Interoperability Committee of the International Bridge, Tunnel and Turnpike Association to the Committee on Transportation and Infrastructure, U.S. House of Representatives**

We want to thank you for the opportunity to testify before the Highways and Transit Subcommittee during its March 30, 2011 hearing on "Improving and Reforming the Nation's Surface Transportation Programs."

During that hearing, we stated the toll industry's core recommendations to:

- Remove barriers to tolling on interstate highways;
- Expand the TIFIA program; and
- Leave development of a national toll payment system (i.e. interoperability) to the toll industry.

The purpose of this letter and the attached report is to address the issue of interoperability. We heard the concern expressed by some members of the committee that the toll industry is not moving quickly enough toward interoperability between the different electronic toll collection (ETC) systems in the U.S. In the attached preliminary report we describe our industry's progress towards national toll interoperability and outline our plans to achieve full interoperability in the very near future.

We are committed to achieving nationwide toll interoperability. We have made this commitment to our members through our strategic plan and to Congress through our testimony at the March 30 hearing. We look forward to working with you and the entire committee to turn our commitment into reality and build a much improved surface transportation system.

Sincerely,



Frank G. McCartney
President



Patrick D. Jones
Executive Director and CEO

Preliminary Report
Interoperability Committee of the
International Bridge, Tunnel and Turnpike Association
Presented to
Committee on Transportation and Infrastructure
U.S. House of Representatives
December 30, 2011

Introduction

IBTTA is pleased to present this preliminary report to Congress on our ongoing efforts to achieve nationwide toll interoperability. As we stated in our March 30, 2011 testimony to the Highways and Transit Subcommittee of the House Transportation and Infrastructure Committee, we are committed to achieving nationwide toll interoperability in a reasonable timeframe. *We ask that Congress NOT impose a federal mandate on the methods or components of nationwide toll interoperability* as this could adversely affect the market principles already in motion.

1 – The Big Picture: nationwide toll interoperability is one element of a robust program of surface transportation funding, safety and connectivity.

Nationwide toll interoperability is one element of a robust program of surface transportation funding, safety and connectivity. In past surface transportation program authorizations, Congress has repeatedly emphasized its commitment to roadway and vehicle safety. Recent authorizations have also emphasized roadside to vehicle and vehicle to vehicle connectivity. This is manifested currently in the Connected Vehicle Program.

While safety is the primary emphasis of the Connected Vehicle Program today, the inclusion of interoperable payment options will grow in importance as we strive to develop more sustainable methods to fund our vital surface transportation infrastructure.

As federal and state fuel-tax-based funding for surface transportation has dwindled, more states and regions are turning to tolling as a vital option to support their transportation funding needs. A recent Reason-Rupe transportation poll shows that 58 percent of Americans say new roads and highways should be funded by tolls while 28 percent say new road capacity should be paid for by tax increases.¹ It is clear from this study that tolling will only grow in importance and so will interoperability.

As states' interest in tolling continues to grow, the need for greater interoperability will naturally follow. Achieving nationwide interoperability will make it easier and less costly for states to

adopt tolling. *We are committed to achieving nationwide toll interoperability* as a means to help states support their critical transportation funding needs.

2 – We are making significant progress towards nationwide toll interoperability.

We heard the concern expressed by some members of the subcommittee that the toll industry is not moving quickly enough toward interoperability between the different electronic toll collection (ETC) systems in the country. This report serves as an update on our efforts and a commitment that we will continue to work towards nationwide toll interoperability. We would welcome the establishment of a target date for achieving nationwide toll interoperability that is reasonable and mutually agreeable.

The toll industry has made significant progress towards achieving nationwide interoperability. For example, the E-ZPass Group and Florida's SunPass system are on the verge of an agreement that will allow these two systems to read and process payments between the drivers using either system. This would allow users of the predominant electronic toll collection systems on the U.S. East Coast to traverse toll systems between Florida and Maine and west to Illinois using their "home" transponder. E-ZPass encompasses 24 agencies in 14 states, servicing more than 12.5 million accounts and 21 million tags. SunPass represents over 5.1 million transponders in use among the toll operators in Florida. This is a very positive development we believe will lead to broader agreements within the next several years.

Earlier this year, the states of Maine, New Hampshire and Massachusetts signed agreements that allow each state to impose sanctions on toll scofflaws who are residents of the other states. This is a major development on the path towards nationwide toll interoperability. It addresses an important concern that confronts all toll agencies: how to collect payment from toll violators whose vehicles are registered in other states. Collecting tolls from out of state violators is a growing concern as agencies move progressively towards open-road tolling (ORT) and all electronic toll collection (AET).

Several other states have established statewide interoperability among the different toll agencies within their states, including Texas, Colorado, California and Washington.

The Alliance for Toll Interoperability is working to connect existing regions of interoperability through an "interoperability hub" based on the license plate images of valid pre-paid toll customers.

Our industry's progress involves complementary and supportive efforts of several organizations including:

- Alliance for Toll Interoperability (<http://www.tollinterop.org/>)
- E-ZPass Group (<http://www.e-zpassiag.com/>)
- IBTTA (<http://www.ibtta.org/>)
- OmniAir Consortium (<http://www.omniair.org/>)
- Other organizations that are members of or are allied with IBTTA and the above-named groups.

3 – Interoperability involves interactions with valid toll customers.

Nationwide toll interoperability involves interactions with valid toll customers – in essence, toll customers with an established account. Interoperability does not include un-registered toll customers.

For toll customers, this is about choice. A registered toll customer of a participating toll agency can choose to drive on a toll facility of another participating agency using their valid account. The toll agency charges the valid account either by reading a transponder or by reading a photographic/video image of a correctly registered license plate number. The participating toll agencies will guarantee payments for transactions associated with these valid accounts. In essence, agencies should be able to communicate in some fashion to customers that “your toll account works here.” To take advantage of the toll interoperability system, the driver or vehicle owner must have a valid toll account with some entity and the entity must be a certified participant in the nationwide interoperability system.

4 – The short- to mid-term solution for nationwide interoperability involves a combination of electronic toll transactions (ETT) and image-based transactions (IBT).

The short- to mid-term solution for nationwide interoperability involves a combination of electronic toll transactions (ETT) that involve the use of a transponder, and image-based transactions (IBT) that involve taking a photographic or video image of the license plate.

The Alliance for Toll Interoperability is working to make this short term solution possible by connecting toll agencies through an “interoperability hub” based on the license plate images of valid toll customers.

5 – The long term solution for nationwide interoperability contemplates several possible paths.

There are three models that represent the most plausible options to achieve nationwide toll interoperability:

Option A – Interconnected Regional Networks. This option would build upon the regional interoperability networks which have already been established (or which may be established in the future). Agencies would continue to possess customer accounts and the practice of revenue exchange and transaction settlement within their respective regions. Linkages between regions would be established to enable interoperability between networks. Home agencies would extend payment guarantees to other agencies through the inter-regional linkages. Agencies that are not part of a regional system would likely join one or form a new region themselves.

Option B – National System. Under this model, all agencies would join a U.S. interoperability system in which all accounts are accepted at all participating agencies across the country. Under this national system, options exist for a national account clearinghouse and for accounts to be owned by agencies or certified third-party operators.

Option C – Third Party National Toll Service Providers. Under this model, new toll payment methods are established (probably by multiple providers) that are accepted by individual toll operators. For those choosing the service, the toll customer would have a contract with the third-party provider and the providers would have guaranteed payment agreements with all participating agencies. The third party service providers provide the mechanism for nationwide interoperability for those customers who choose to avail themselves of this service. This option is essentially equal to the credit card model in the retail sector. For example, Visa or MasterCard is a payment mechanism that is accepted by the retailers and the credit card issuer provides payment guarantees.

It is more than likely that interoperability may include components of all three options. No matter what the configuration of the transaction exchange, all of these options will have the challenge of technical compatibility (transponders and readers) between the different tolling regions in the U.S. Four potential solutions may exist:

- Continue to use image-based transactions (IBT) for electronic tolling outside the primary region, with license plates linked to the same pre-paid accounts.
- Use multi-protocol readers at all participating agencies.
- Issue multi-protocol transponders to customers who choose national interoperability.
- Use the Connected Vehicle Program communications platform for tolling once it is implemented nationally.

In the coming months, we will seek industry input and support for the adoption of one or a combination of these models. We present a *timeline* for industry engagement and involvement at the end of this report.

6 – Congress can help the tolling industry advance nationwide interoperability.

In our March 30, 2011 testimony, we expressed IBTTA’s and the toll industry’s commitment to achieve nationwide toll interoperability. Toll interoperability resides within the larger context of roadway and vehicle safety and connectivity. Interoperability is also essential to developing robust and sustainable funding for surface transportation. Without interoperability, it will be challenging to implement interstate tolling, something that many states earnestly desire. As stated before, *we ask that Congress NOT impose a federal mandate on the methods or components of nationwide toll interoperability because this could impose significant costs and disruption on the toll industry with limited benefits.*

The toll industry and IBTTA already have invested tens of thousands of hours of valuable time in efforts to achieve national toll interoperability. We will invest many more thousands of hours in

the months and years to come. The industry and IBTTA would welcome federal funding for the research and planning necessary to bring all of these efforts to fruition.

The benefits of national interoperability will accrue to the entire U.S. surface transportation system through more robust and sustainable system funding, improved roadway and vehicle safety, and improved convenience for all vehicle operators who will no longer need to be concerned about whether their toll transponder will work on a toll road outside their home region.

We appreciate the support of the Transportation and Infrastructure Committee and look forward to working with you to achieve nationwide toll interoperability.

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¹ Source: <http://reason.org/news/show/reason-rupe-transportation-infrastr>

IBTTA Timeline of Events Related to US Nationwide Toll Interoperability, 12-28-2011

