

FleetOwner

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Navistar remains confident in direction

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LISLE, IL. After struggling to get an EGR-only solution to market, Navistar is confident it is on to something with the recent announcement of the inclusion of its In-Cylinder Technology Plus (ICT+) emissions solution to MaxxForce engines. The new system moves Navistar to selective catalytic reduction (SCR) aftertreatment to meet 2010 EPA emissions standards, the approach chosen by all other North American truck engine makers.

At a recent press gathering at their Illinois headquarters, Jack Allen, president of Navistar's North American Truck Group, along with other company executives outlined the company's plan regarding their newest after-treatment solution. Included in those plans are how the company will operate in the interim until ICT+ is fully integrated into its entire fleet of vehicles and how the system will be put into new vehicles.

In January, Navistar plans to have a Cummins ISX 15L engine ready for the Prostar+ line. That engine will be added to the 9900 model in April. Navistar officials anticipate their own 13L MaxxForce engine will be rolled out with ICT+ technology in May.

Until then, it will continue to use emissions credits and pay non-conformance penalties (NCPs).

"By our projection we have enough credits to get into next year and certainly to get on the other side of when the Cummins engine is available," Allen said. "We don't see where we have a gap where our dealers in those states would have no product to sell."

Navistar is still unsure what the final cost will be on the NCPs from the EPA. EPA has sent a final rule to the White House Office of Management & Budget for review, but details have not been released.

Allen did say though that the final rule from EPA should be released with the next 30-60 days.

During that time, Navistar potentially could tap into the billion dollar credit line it has secured from banks such as JP Morgan and Goldman Sachs.

“It’s there if we need it,” Allen said. “We think it is way more money than we need to get through this transition, regardless of what NCP costs end up being. We took that action to try and quiet the market and take some of the noise out of the system and take some of the speculation out of what was there.”

As for the trucks already on the road with Navistar engines, the question remains what will happen to their residual values. With the company moving to the SCR system, the concern is that it could drive the values down.

Allen said if anything, he expects the opposite.

“I’m going to watch this real closely,” he said. “It’s going to be real interesting. What we did do was research what happened when then industry went from ’09 to ’10 and what happened to the value of a non-SCR truck and it went up. There was a marked pickup in the value of used trucks in that time.”

When the ICT+ system is integrated into the line of vehicles, the after-treatment system will be located under the passenger side step on nearly 85% of the trucks with the exceptions of a few day cab, vocational and refuse trucks. The fuel tanks on all models will be pushed backward.

It’s Navistar’s hope that the benefit of being later to the market with the emissions system is they’ll avoid the learning curve that others in the industry faced when they launched their SCR systems.

“Everyone had their issues launching their products,” said David Majors, vice president, product development, North American Platform. “We don’t want to live through any of those. All those lessons have been learned.”

Allen agreed, stating the agreement with Cummins could serve as an important catalyst as Navistar moves quickly to try and get their lineup of trucks to market.

“It will help us get quicker to market by leveraging their expertise,” Allen said. “Frankly when the SCR systems were introduced a few years ago and I’m not saying the Cummins one, but SCR in general, there were a number of challenges associated with that in the marketplace. The industry has worked through those and we’re going to have the benefit of coming to market with a system that is proven and we’re excited about it.”

Allen and Majors both said the work for Navistar is on calibrating their engines to match up with the SCR technology. Inside the headquarters there’s a ProStar+ with the Cummins ISX in the truck. It was driven to the Chicago-area headquarters from Colorado all the while keeping the hood secured with padlocks.

“The technology in SCR is the work that Cummins and others do, it’s in the guts of the system,” Allen said. “That’s where all the work is and that’s done. Our work is to package it on our vehicle and the interaction between the engine and the after treatment system that tells the after treatment system how to work.”

