



Toll Management: Why Transponders Still Matter in a License Plate World

Executive Abstract

The rise of all-electronic tolling across the United States has resulted in new challenges for commercial fleets, especially if they are heavy toll facility users with a national footprint. Cash is an increasingly unreliable option for payment, leaving fleets with the need to manage multiple accounts across the country and the desire to avoid the higher toll rates, administrative fees, and delayed billing associated with toll by plate.

Fleets can benefit from strategically deploying transponders by being able to optimize the operational cost of using toll roads, by accessing as many discounts as possible, and by receiving toll transactions more quickly, among other ways. With the rapid adoption of AET across the country and the associated benefit in transponder deployment for operations and the company's bottom line, it is now more important than ever for fleets to develop an informed toll management strategy.



About the Author

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Transition to All-Electronic Tolling

All-electronic tolling (AET), also known as cashless tolling, is an increasingly prevalent option for toll revenue collection in the United States. There are already more than 150 AET facilities across the country, according to the International Bridge, Tunnel, and Turnpike Association, and that number is accelerating.

For example, the Massachusetts Department of Transportation converted the Massachusetts Turnpike to AET in 2016, removing toll booths and the option to pay cash. Now, vehicles using the turnpike can only pay via transponders or by waiting for a toll by plate invoice in the mail. The Pennsylvania Turnpike Commission also recently accelerated its plans to go cashless in response to COVID-19.

Looking forward, the New York State Thruway Authority is in the process of converting all the state's toll roads to AET, and the Kansas Turnpike Authority will convert to AET over the next five years. With the rise of AET for toll facilities across the country, fleets will have to make business decisions about transponder coverage across nearly every tolling facility. For drivers, cash is no longer a reliable default.

AET means that there are no manned toll booths and that there is no stopping or slowing down to pay for toll. While fleet vehicles can continue to travel with or without a transponder, using an AET facility with a transponder helps fleets reduce toll cost, administrative fees, and delays in transaction reporting.

Challenges with Transponder Interoperability

Most tolling authorities and toll facility operators focus on transponders as the primary means for capturing toll transactions. However, over time, multiple transponder protocols have evolved, which means that different areas of the country require different devices. If a fleet operates nationally, or even across two incompatible regions, then it will need to consider a toll management plan that may require multiple accounts to manage and multiple devices in vehicle windshields.

How do Transponders Benefit Fleets?

As the preferred method of payment for most toll facilities, developing a transponder-based approach to toll management has a number of significant benefits for fleets.

Gaining Access to as Many Toll Discounts as Possible

Many tolling authorities offer discounts for using transponders as opposed to paying via toll by plate or cash. These discounts can add up quickly for a fleet, positively impacting the bottom line and easily offsetting any service fees for transponder service.



Operating with Toll Facilities that have not yet Adopted AET or have Gated Barriers

If a toll facility has not yet made the transition to AET, then paying cash at a toll booth can become an administrative burden while costing more than the transponder rate. For a toll facility with a gated barrier, a transponder ensures proper payment and the ability to pass through the toll collection point.



Traveling Heavily on Toll Roads in New Jersey, New York, Ohio, and Pennsylvania

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Receiving Toll Transactions as Quickly as Possible

Toll by plate transactions typically take much longer to post, and cash transactions often require receipts and back-office effort to process. If a fleet reallocates or rebills its toll fees as a standard business practice, then the delay inherent in plate-based or cash transactions can disrupt accounting, resulting in, at best, a delay in billing, or, at worst, the inability to recoup the expense. With a transponder, transactions post as quickly as possible, typically within 72 hours.

Using Express and HOV Lanes

Express lanes and high occupancy vehicle (HOV) lanes, if the fleet's vehicles are eligible to use them, most often require transponders. Saving time by using these lane options can be well worth any cost associated with transponder deployment and management.

Pay Attention to Your License Plates

If a fleet has deployed toll transponders on a national or regional level, maintaining up-to-date vehicle lists, including license plates, is essential to fully cover the fleet's vehicles when using tolled facilities. Many tolling authorities require transponders to be associated with vehicle plates when they are activated on the account, but this is not a universal practice.

Larger trucking fleets often have multiple trailers for every tractor, adding significantly to the complexity of tracking, processing, and paying toll transactions. Some tolling authorities will accept trailer plates on active accounts, but others will not. Since many gantries and other toll readers will capture the license plate at the rear of the vehicle, it is common for toll by plate transactions to be assessed based on the trailer rather than the tractor.

For commercial carriers that rent or lease trailers, it can be difficult for tolling authorities to identify who owns the license plate, and, therefore, who is responsible for the toll. This can result in additional accounting delays and cost, especially if the toll transaction is initially assessed to the trailer rental or leasing company and then reallocated to the fleet.

Developing the Right Transponder Strategy

Depending on fleet operations, including geographic footprint and internal resources, there are several viable approaches to more efficiently and effectively manage a transponder-based toll management plan.

DIY Toll Management

Fleets can manage their transponder strategy internally, especially if they operate regionally, which reduces the number of tolling authorities that will be charging them for toll facility usage. Whether a fleet operates regionally, across multiple regions, or even nationally, the first step is compiling accurate data about all pieces of equipment and associated transponders across the entire fleet.

The second step is to cultivate a comprehensive understanding of the business rules and standard practices for each relevant tolling authority, including how vehicle lists are submitted and maintained. Some authorities provide web portals for account updates, for example, while others rely on email communication. It is also important to understand which authorities will accept trailer license plate lists and which ones require a transponder to be associated with a license plate to be active.

Finally, the third step is to commit to keeping fleet data as up to date as possible, including when transponders are replaced, or older pieces of equipment are swapped out for newer ones. As a best practice, fleets should try to conduct a complete equipment audit on a quarterly basis.

Third-Party Providers

For commercial fleets, there are a few companies that focus on and provide more robust toll management services, with a focus on the deployment of transponders based on operational needs. A fleet considering a third-party provider for toll management should consider not only monetary savings across its entire toll program, but also how much time it can save in the back office, freeing up internal resources to focus on other responsibilities.

One of the primary benefits of a third-party toll management provider is the cost savings and efficiencies realized by centralizing all toll activity across the fleet, which will benefit from consolidated data and analytics, a single point of customer service contact, and the broadest range of options for toll coverage.

Conclusions

With the rapid adoption of AET across the country and the associated benefit in transponder deployment for operations and the company's bottom line, it is now more important than ever for fleets to develop an informed toll management strategy.

For a viable toll management program, it is vital to compile a comprehensive fleet record, including existing transponders and associated accounts, license plates for tractors and trailers, and regular travel patterns. It is equally critical to develop a solid understanding of the requirements for how each tolling authority accepts vehicle updates and processes toll transactions.

Whether toll management occurs internally or externally, it is an important initiative to undertake and, properly executed, can have a significant positive impact on overall fleet operations.