Update for NACAA Mobile Source Subcommittee

Office of Transportation and Air Quality
June 26, 2012

Overview

- Greenhouse Gas Actions
 - Vehicle and Truck GHG/FE Standards
 - Responses to Aircraft and Nonroad Petitions
- Tier 3 Vehicle and Fuel Proposal
- Renewable Fuels Program
- SIP and Conformity Programs
- DERA and SmartWay
- OTAQ Reorganization (also separate pdf file)

Vehicle GHG/Fuel Economy Standards

2012-2016 Vehicle Rule

- EPA and Department of Transportation (DOT) announced Final Rule in April 2010 for harmonized GHG/fuel economy standards
- Will reduce GHG emissions by 960 million metric tons
- Will save 1.8 billion barrels of oil over the lifetime of the vehicles
- Per vehicle cost of about \$1,000 per vehicle in MY 2016
- Consumer fuel savings of about \$4,000 over lifetime of vehicle

Vehicle GHG/Fuel Economy Standards

2017-2025 Vehicle Rule

- EPA and DOT proposed GHG/FE standards in November, 2011
- Model year 2017–2025 CO₂ standards based on:
 - Passenger Cars: 5.0% average rate of improvement
 - Light Trucks:
 - 3.5% average rate of improvement for 2017–2021
 - 5.0% average rate of improvement for 2022–2025
- Estimated MY 2025 fleet performance:
 - 163 g/mile CO₂, equivalent to 54.5 MPG (which includes A/C credits of about 21 g/mile)
- Will reduce GHGs by 2 billion metric tons and saves 4 billion barrels of oil over the life of the vehicles
- Plan to finalize in late Summer, 2012

Truck GHG/Fuel Economy Standards

- ▶ EPA and DOT completed first ever Medium and Heavy-Duty Truck GHG and FE standards in August, 2011
- Standards apply to model year 2014-2018 trucks
 - Pick-up trucks and vans
 - Vocational Trucks
 - Long-Haul Trucks
- Will reduce oil consumption, CO2 emissions, and operating costs for thousands of businesses
 - 530 million barrels less oil
 - 270 million metric tons in CO2 reductions
 - \$50 billion in fuel cost savings (net \$42 billion after costs)
- Currently in early stages of developing next set of standards beyond 2018 - assessing technological pathways, feasibility, costs, etc.

Aircraft and Nonroad GHG Petitions

- ► EPA received numerous petitions requesting that the Agency regulate GHG emissions from aircraft and other nonroad sources
 - Aviation (filed 12/31/07): Friends of the Earth, OCEANA, Center for Biological Diversity, NRDC, EarthJustice
 - Marine Vessels (filed 10/03/2007): OCEANA, Friends of the Earth, Center for Biological Diversity, EarthJustice
 - Nonroad (filed 1/29/2008): International Center for Technology Assessment, Friends of the Earth, Center for Food Safety
- ▶ The Agency issued responses to these petitions on June 14, 2012
 - EPA will comply with the District Court Order (March 22, 2012) to conduct and endangerment notice and comment proceeding for aircraft emissions
 - The Agency is not prepared at this time to initiate an endangerment finding and standards setting rulemaking for other nonroad sources

Tier 3 Vehicle and Fuel Proposal

- Motor vehicles are still an important contributor to NOx and VOC inventories in many nonattainment areas
- Goal is to achieve a program harmonized with California LEV III program, with cost-effective VOC, NOx and PM reductions
- Both LEV III and Tier 3 vehicle standards depend on lower sulfur gasoline
 - California already requires 10 ppm gasoline
 - Autos emphasize the need for lower sulfur to facilitate more effective catalytic converters
- Gasoline sulfur reductions would result in significant emission reductions in the existing fleet
- Also considering new certification fuel specifications to be more consistent with real-world fuel (eg. ethanol)

Renewable Fuel Standards Program

- Establishing 2013 volume standards for four categories of biofuels with NPRM this Summer
 - Will propose 2013 Advanced, Cellulosic, and Total RFS, and 2014 biomass diesel level
 - Will <u>finalize</u> biomass based diesel volume standard for 2013 (proposed 1.28 billion gallons in 2011)
- Working to approve new feedstock and production pathways to qualify for Advanced and Cellulosic requirements
 - Currently working to make determinations (post public comment) on camelina, arundo donax, napiergrass, energy cane, sorghum and palm oil
 - Initiating analysis on many other RFS pathway approval requests
- Working with oil and biodiesel industries to addressing the "RIN Fraud" Issue
 - House Energy and Commerce hearing on July 11
- Implementing the partial waiver to allow E15 in 2001 and newer vehicles
 - Expect court decision soon on waiver challenges

SIP and Conformity Highlights

- OTAQ finalized extension to grace period before MOVES is required for regional conformity analyses (new deadline is March 2, 2013)
- Finalized Conformity Restructuring Rule to update existing conformity regulations to apply for 2008 ozone NAAQS/future NAAQS
- Finalized revocation of the 1997 ozone NAAQS for conformity purposes to smooth the transition to the 2008 ozone NAAQS
- Provided ongoing technical assistance for developing on-road mobile source SIP inventories/budgets, measures, and conformity determinations for the 1997 ozone and 1997/2006 PM_{2.5} NAAQS
- Provided MOVES training across the country for SIP and regional conformity analyses as well as PM hot-spot analyses

Diesel Emissions Reduction Act Program

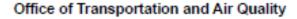
- Accomplishments to date
 - EPA has awarded over 500 grants across the U.S. totaling over \$500 Million
 - DERA funds have provided States with \$165 Million for clean diesel projects in all 50 States, plus D.C. and the 5 island territories

2012 Funding

- State Allocation Program
 - \$9 Million available for new State grants
 - Changes under the reauthorization now allow States to fund local and state mandated projects
- National Competition-\$20 Million (closed June 4)
 - 93 applications were received requesting \$7 for every \$1 available
- Planning first rebate program under EPA
 - Under the reauthorization of DERA, EPA now has the ability to offer rebates along with grants and loans
 - Rebates will provide a new level of flexibility by targeting specific fleets and directing needed funds to private fleets through a streamlined application process
 - Pilot program is slated to open in the fall and will target school buses nationwide
- President's 2013 budget proposes \$15 Million split between rebates and revolving loan programs

SmartWay Highlights

- Launched in 2004, aimed at improving efficiency and reducing emissions of goods movement through advanced technologies and practices
- Accomplishments to date
 - Nearly 3,000 partners
 - Large global corporations to mom and pop trucking firms, Class 1 rail companies, logistics companies and multi-modal carriers
 - Saved 55 million barrels of fuel, reducing foreign oil imports
 - Reduced partner fuel costs by \$6.5 billion
 - Avoided 23.6 MMT CO₂ emissions, reducing climate risks
 - Reduced harmful NOx and PM emissions by over 250,000 tons
- SmartWay will continue to be a key building block of EPA 5-Year Legacy Fleet Strategy
 - Goal: double program achievements in 5 years
 - Continue to advance solutions that complement and inform the Agency's national GHG program





Margo Tsirigotis Oge, Office Director

Lori Stewart, Associate Office Director Karen Orehowsky, Chief of Staff Mike Haley, Plenning & Budget Office

Christopher Grundler, Deputy Office Director

Tracey Bradish, Chief of Staff Arry Caldwell, Centralized Services Center

Assessment and Standards Division

Chet France, Director Bill Charmley, DD Ines Storhok, AD

Compliance Division

Byron Bunker, Director (Acting) Mary Manners, DD Janet Cohen, AD Nancy Ketcham-Colwill, AD

Transportation and Climate Division

Karl Simon, Director Jim Blubaugh, DD Ben Hengst, AD

Testing and Advanced Technology Division

David Haugen, Director Vacant, DD Erica Watkins, AD

National Center for Advanced Technology Charles Gray, Director

May 2012

Air Quality and Modeling Center

John Koupel

Light-Duty Vehicle Center Linc Wehrly

Climate Economics and Modelling Center

Sharyn Lie

Advanced Powertrain Vehicle Testing Center Center Merie Perelte Mett Brusster

Health Effects, Benefits and Toxios Center Kathryn Sargeant

Gasoline Engine Compliance Center

Cle Jackson

Climate Analysis and Strategies Center

Lise Snapp

Engine Testing Center Sterling Imfeld

Hybrid Vehicle Center Den Berbe

Fuels Center

Paul Machiele

Diesel Engine Compliance Center Justin Greuel

State Measures and Transportation Planning Center Lee Cook

Information Management Center Fidel Galano

Heavy-Duty Onroad and Nonroad Center Metthew Spears

Data Analysis and Information Center Sara Zaremski

Legacy Fleet Incentives and Accecoment Center Jennifer Keller

Bruce Kolowich

Fuels/Chemistry Center

Light-Duty Vehicles and Small Engines Center Ed Nem

Fuels Compliance Center John Weihreuch

Technology Assessment Center

Dennis Johnson

Testing Services Center Hugh Herris

Large Marine and Aviation Center Mike Samulski

SmartWay and Supply Chain Programs Center Cheryl Bynum

Advanced Testing Center John Spieth

Data and Testing Center Mike Olechiw

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