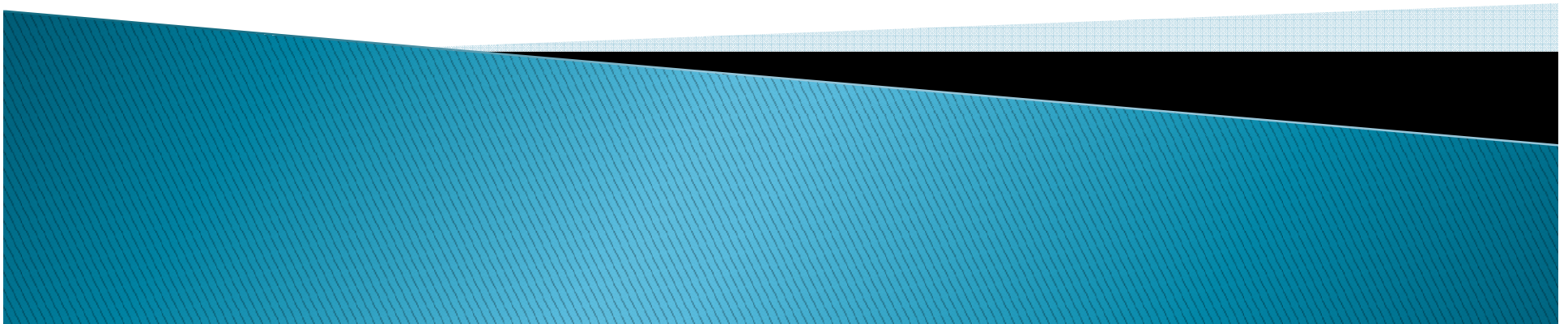


Update for NACAA Mobile Source Subcommittee

Office of Transportation and Air Quality

June 26, 2012



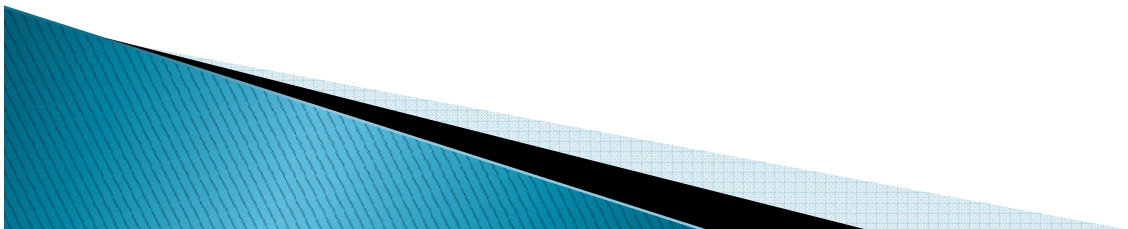
Overview

- ▶ 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



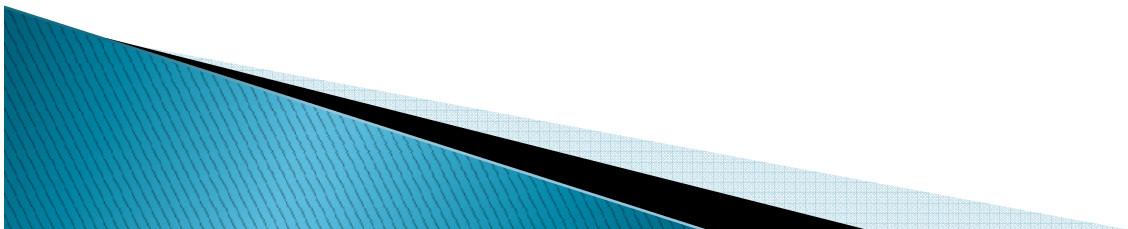
Vehicle GHG/Fuel Economy Standards

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

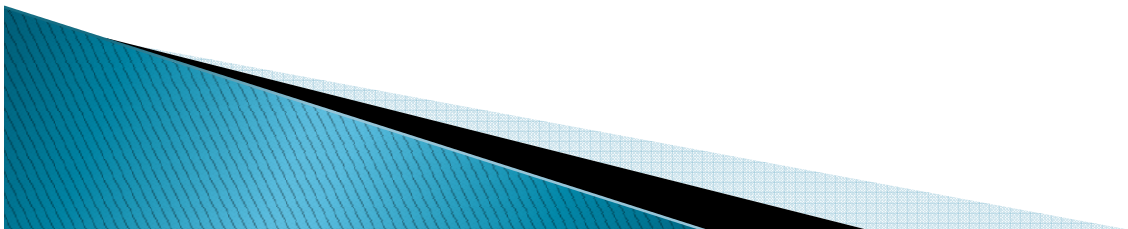
- ▶ EPA and DOT completed first ever Medium and Heavy-Duty Truck GHG and FE standards in August, 2011
- ▶ Standards apply to model year 2014–2018 trucks
 - Pick-up trucks and vans
 - Vocational Trucks
 - Long-Haul Trucks
- ▶ Will reduce oil consumption, CO2 emissions, and operating costs for thousands 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

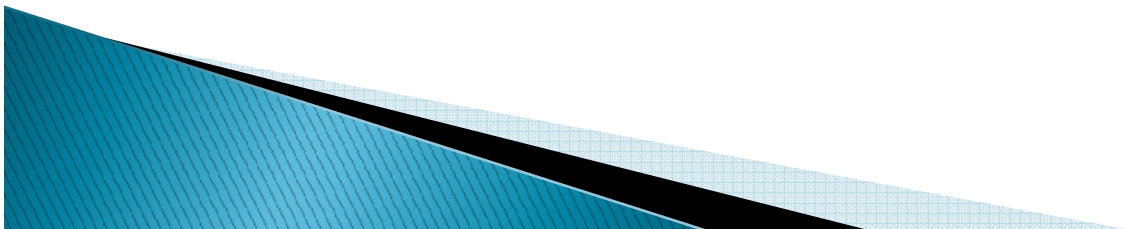
- ▶ EPA received numerous petitions requesting that the Agency regulate GHG emissions from aircraft and other nonroad sources
 - Aviation (*filed 12/31/07*): Friends of the Earth, OCEANA, Center for Biological Diversity, NRDC, EarthJustice
 - Marine Vessels (*filed 10/03/2007*): OCEANA, Friends of the 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 finalize biomass based diesel volume standard for 2013 (proposed 1.28 billion gallons in 2011)

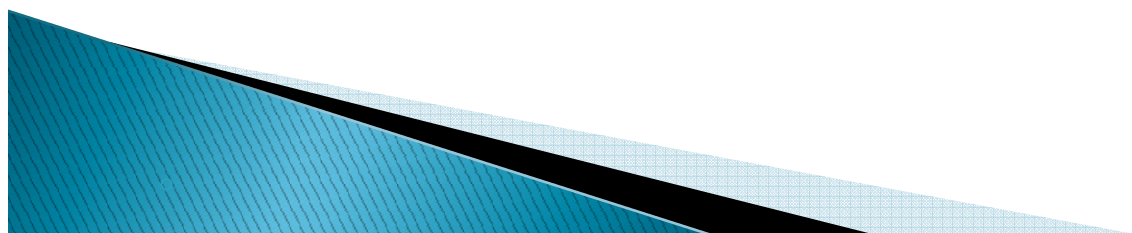
- ▶ Working to approve new feedstock and production pathways to qualify for Advanced and Cellulosic requirements
 - Currently working to make determinations (post public comment) on camelina, arundo donax, napiergrass, energy cane, sorghum and palm oil
 - Initiating analysis on many other RFS pathway 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

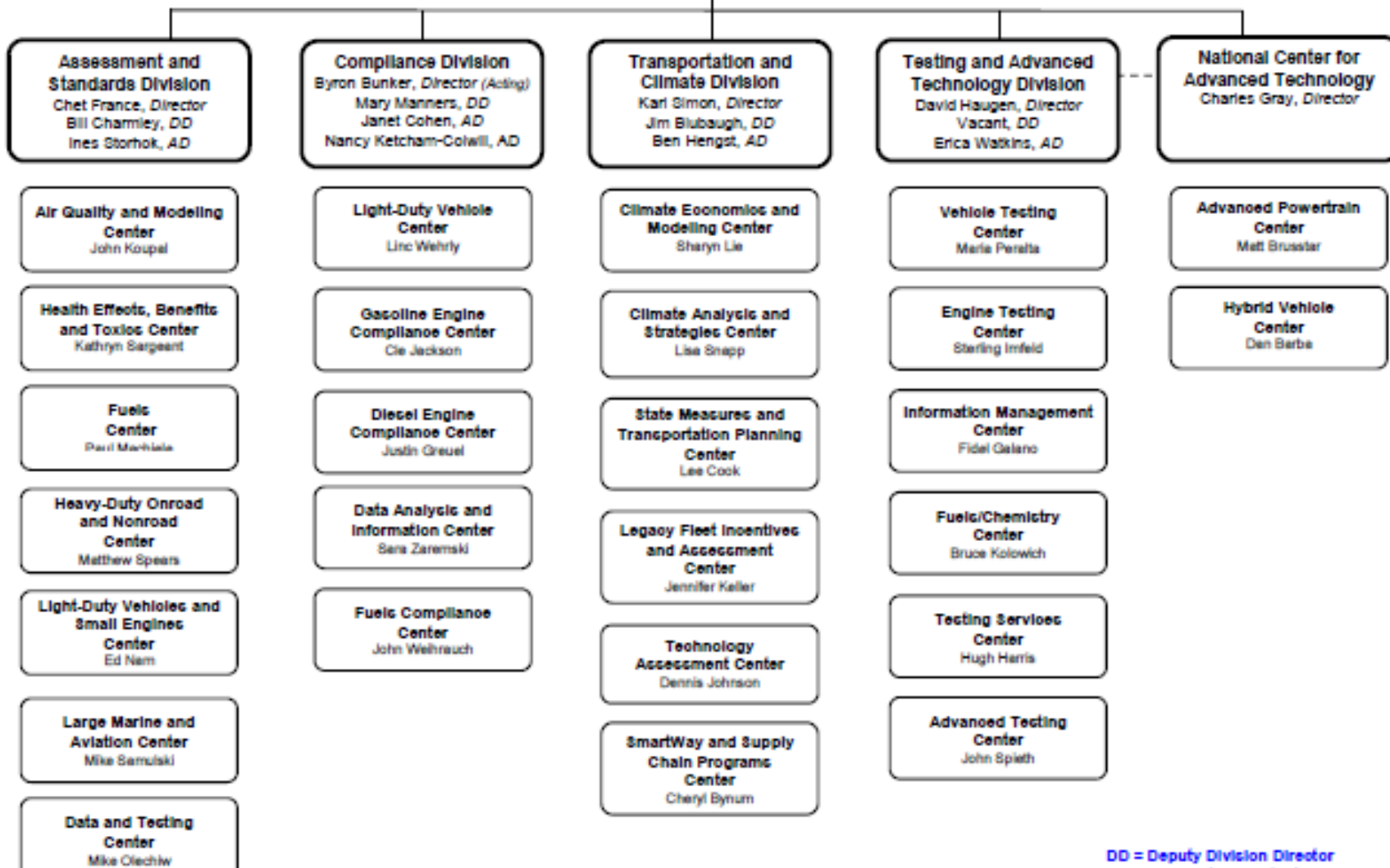
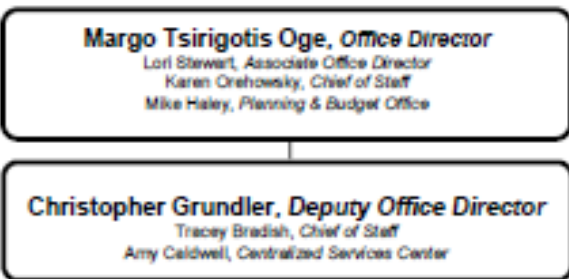
SmartWay Highlights

- ▶ 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



Office of Transportation and Air Quality

May 2012



DD = Deputy Division Director