



B-286537

October 20, 2000

The Honorable Robert C. Smith
Chairman
The Honorable Max Baucus
Ranking Minority Member
Committee on Environment and Public Works
United States Senate

The Honorable Thomas J. Bliley, Jr.
Chairman
The Honorable John D. Dingell
Ranking Minority Member
Committee on Commerce
House of Representatives

Subject: Environmental Protection Agency: Control of Emissions of Air Pollution from 2004 and Later Model Year Heavy-Duty Highway Engines and Vehicles: Revision of Light-Duty On-Board Diagnostics Requirements

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Environmental Protection Agency (EPA), entitled "Control of Emissions of Air Pollution from 2004 and Later Model Year Heavy-Duty Highway Engines and Vehicles; Revision of Light-Duty On-Board Diagnostics Requirements" (RIN: 2060-AI12). We received the rule on August 8, 2000. It was published in the Federal Register as final rule on October 6, 2000. 65 Fed. Reg. 59896.

The final rule finalizes a program to reduce emissions from on-highway heavy-duty engines and vehicles.

The rule reaffirms the technical and economic feasibility of the non-methane hydrocarbon plus nitrogen oxide standard promulgated in October 1997. In addition, the final rule places new emission standards and related provisions for heavy-duty Otto-cycle (e.g., gasoline-fueled) engines and vehicles beginning in the 2005 model year or sooner under two optional programs. Plus, refinements are finalized for on-board diagnostics.

Enclosed is our assessment of the EPA's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that EPA complied with the applicable requirements.

If you have any questions about this report, please contact James Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO evaluation work relating to the subject matter of the rule is David Wood, Director, Natural Resources and Environment. Mr. Wood can be reached at (202) 512-3841.

Kathleen E. Wannisky
Managing Associate General Counsel

Enclosure

cc: Mr. Thomas E. Kelly
Small Business Advocacy Chair
Environmental Protection Agency

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY THE
ENVIRONMENTAL PROTECTION AGENCY
ENTITLED
"CONTROL OF EMISSIONS OF AIR POLLUTION FROM 2004 AND
LATER MODEL YEAR HEAVY-DUTY HIGHWAY ENGINES AND VEHICLES;
REVISION OF LIGHT-DUTY ON-BOARD DIAGNOSTICS REQUIREMENTS"
(RIN: 2060-AI12)

(i) Cost-benefit analysis

EPA performed a cost-benefit analysis on the final rule. The projected diesel engine costs are \$479 million for 2004, \$248 million for 2009, and \$325 million for 2020. The discounted cost-effectiveness (\$/ton) for the reduction of non-methane hydrocarbon plus nitrogen oxide for all heavy-duty diesel vehicles is \$474 for 2004 and \$238 for 2009 and later.

The projected heavy-duty Otto-cycle costs are \$110 million in 2005, \$124 million in 2010, and \$146 million in 2020. The discounted lifetime cost-effectiveness in year one of production is \$141/ton and \$56/ton in year six.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

The Administrator of EPA has certified that the final rule will not have a significant impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

While the final rule will not impose an intergovernmental mandate of over \$100 million annually, the rule does impose such a mandate on the private sector. In accordance with the Unfunded Mandates Reform Act, EPA, either in the preamble to the final rule or in the Regulatory Impact Analysis, gives the statutory authority for the rule; the summary of the costs and benefits, in both qualitative and quantitative terms; and the discussion of the regulatory alternatives that EPA considered.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

Instead of the notice and comment procedures in the Administrative Procedure Act, EPA promulgated this rule using the procedures, which have similar notice and comment requirements, contained in section 307(d) of the Clean Air Act, as

amended. 42 U.S.C. 7607(d). The use of these procedures regarding this rule is mandated by section 307(d)(1)(K) of the Clean Air Act. 42. U.S.C. 7607(d)(1)(K).

The basis for this rulemaking began in 1995 and a series of proposed and final rulemakings have been issued by EPA. Finally, EPA published a Notice of Proposed Rulemaking in the Federal Register on October 29, 1999. 64 Fed. Reg. 58472. In the preamble to the final rule, EPA responds to some of the comments received and discusses the actions it took in response. EPA has prepared a Summary and Analysis of Comments document that is available to the public in the rulemaking docket and on the Internet.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The final rule contains an information collection that is subject to review by the Office of Management and Budget (OMB) under the Paperwork Review Act. EPA has submitted the required information to OMB for review and has requested public comments on the collection. The preamble to the final rule contains the required information, including the average annual burden. EPA estimates there will be 66 respondents affected--for a total of 459 responses per year. EPA also estimates the total hour burden to be 65,859 hours, for an estimated 143 hours per response, and the estimated annualized cost to be \$1,599,684.

Statutory authorization for the rule

The final rule is promulgated under the authority of sections 202, 203, 206, 207, 208, and 301 of the Clean Air Act, as amended.

Executive Order No. 12866

The final rule was reviewed by the Office of Management and Budget and found to be an "economically significant" regulatory action.