



EPA Regulatory Update:
Vehicle Fuel Efficiency/GHG Emission Standards
Power Plant Control Regulations

MWAQC

September 27, 2012



Timeline

- April 2007 Supreme Court Decision
- EPA must determine if GHGs cause or contribute to air pollution and endanger public health
- Dec 2009 Mandatory GHG Reporting Rule
- January 2010 EPA Endangerment Finding
- March 2010 Reconsideration of the Johnson Memo - Timeline for Regulation of GHGs under the CAA
- April 2010 EPA/NHTSA GHG Vehicle Emission Standards and Fuel Economy (CAFE) Standards for Cars through 2016
- Dec 2010 EPA/NHTSA GHG Vehicle Emission Standards and Fuel Economy (CAFE) Standards for Heavy Trucks through 2018
- Sept 2012 EPA/NHTSA GHG Vehicle Emission Standards and Fuel Economy (CAFE) Standards for Cars through 2025



Regulating Greenhouse Gas Emissions from Light Duty Vehicles

- Joint EPA/NHTSA Rulemaking
 - Greenhouse Gas Emission Standard
 - Fuel Efficiency Standards (CAFE) for 2017-2025
- Covers cars and light trucks.
- Average industry fleet-wide level of 163 grams/mile CO₂ in model year 2025, which is equivalent to 54.5 miles per gallon (mpg).



Fuel Economy Benefits

- Light-duty vehicles are currently responsible for nearly 60 percent of U.S. transportation-related petroleum use and GHG emissions
- Drivers will see net lifetime savings of \$3,400-\$5,000
- Lower fuel costs will pay for higher vehicle cost (~\$1500) in less than 3.5 years
- Over lifetime of vehicles sold between 2017-2025, action will save 4 billion barrels of oil and reduce GHGs by 2 billion metric tons



Issues Raised by Stakeholders

- Rule favors trucks
 - Cars 5%/year improvement
 - SUVs, light trucks 3.5%/year
- Rule removes fuel energy density advantage for diesel
 - formerly diesel vehicles got 10-15% “free” ride
- Impact on Highway Trust Fund
 - GAO analysis overstates impact
 - While there will be a loss, the fund as currently designed doesn’t work well with our need to save energy



What it Doesn't Do

- Rule does not implement new Tier 3 standards for criteria pollutants
 - California LEV3 waiver approval pending
- Rule does not address new Heavy Duty Truck CAFE
 - action will be required before 2018



What's Our GHG Baseline?



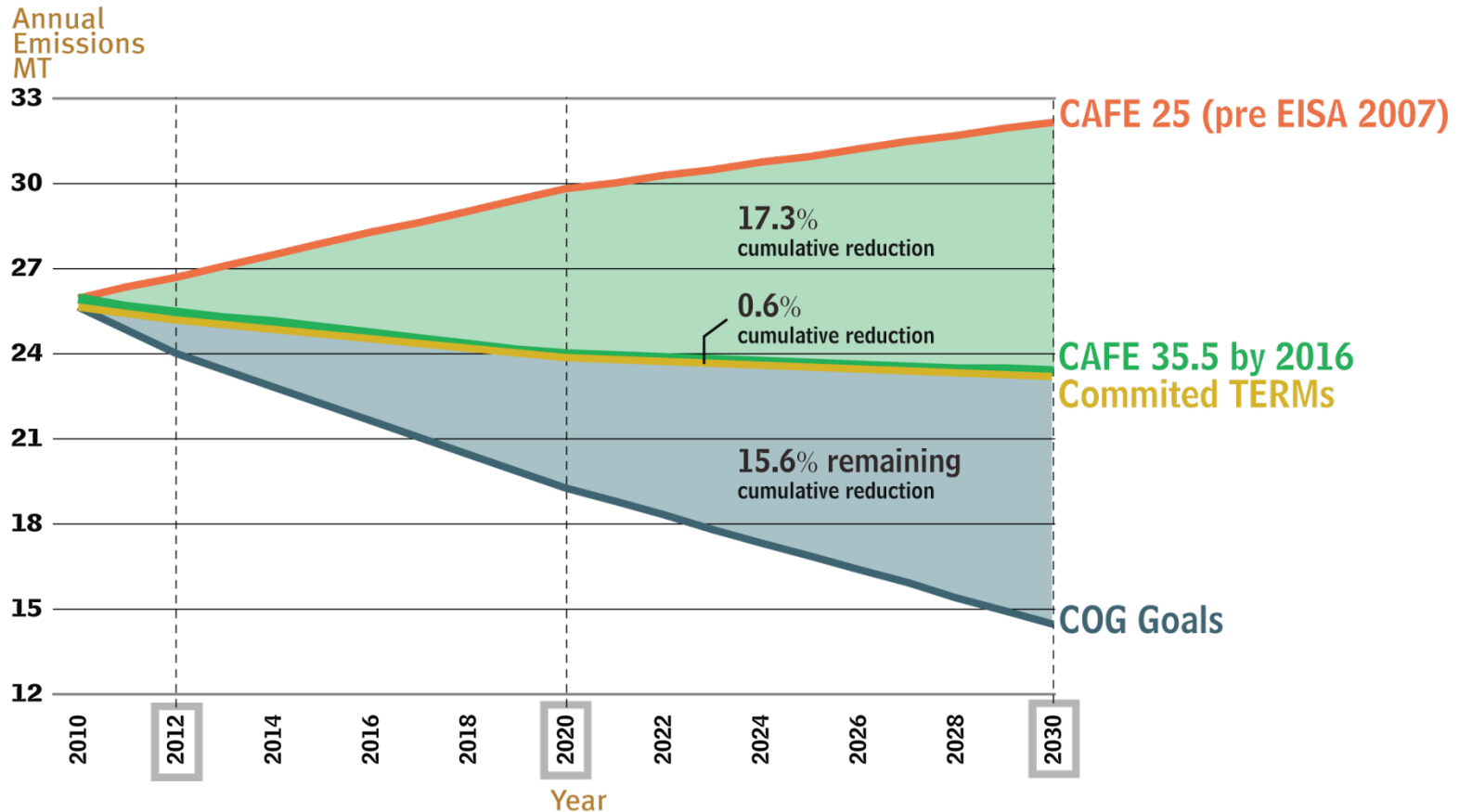
purpose

baseline

analysis

results

conclusions



Committed TERMS refers to the full TERM Tracking Sheet, including: Access and service improvements to transit, bike/ped projects, rideshare assistance programs, telecommute programs, traffic improvements, engine technology programs

Higher Federal Role



background

baseline

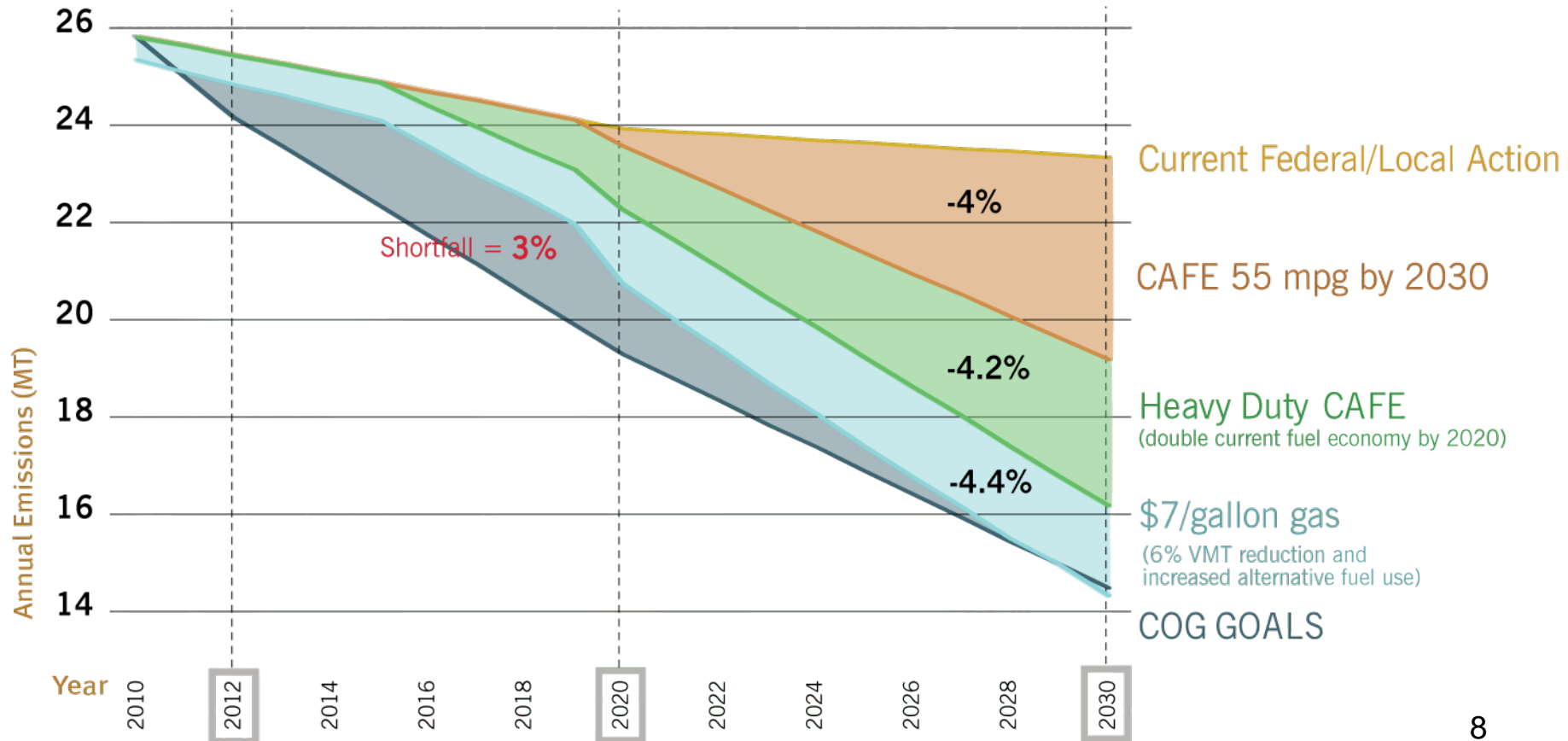
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Aggressive federal measures would *almost* get us there.



Summary of Motor Vehicle Regulations

- CAFE generally supported by the automobile industry
- Important action to decrease U.S. dependence on imported oil
- Significant fuel cost savings for consumers
- Additional benefits can be achieved
 - tighter CAFE for heavy trucks
 - LEV III and Tier 3



Clean Air Interstate Rule (CAIR)
&
Cross State Air Pollution Rule (CSAPR)



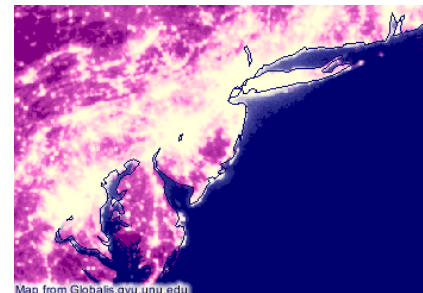
Clean Air Interstate Rule (CAIR)

- Promulgated March 10, 2005
- Builds on the NO_x SIP Call and Acid Rain Program
- Caps NO_x and SO₂ Emissions from Power Plants in 28 States
- Included in Both Ozone and Fine Particle SIPs
- States Issue Allowances to Utilities
- Phase I Reductions in 2009/2010
- Phase II Reductions in 2015



Court Vacatur and Remand

- In 2006, Petitions for Judicial Review
- July 11, 2008 U.S. Court of Appeals Vacatur Decision – Rule is fatally flawed.
 - Issues
 - Allowance allocation arbitrary
 - Trading doesn't prevent significant contribution to downwind states
- November 17, 2008 EPA Requests Rehearing
- December 23, 2008 Court Remands without Vacatur
 - Reasons
 - Preserve Environmental Benefits



Excerpt from Court Decision

- “allowing CAIR to remain in effect until it is replaced by a rule consistent with our opinion would at least temporarily preserve the environmental values covered by CAIR. Accordingly, a remand without vacatur is appropriate in this case.”



Cross-State Air Pollution Rule (CSAPR)

- CSAPR Final Rule July 6, 2011.
- Designed to replace the Clean Air Interstate Rule (CAIR).
- Significantly improve air quality by reducing power plant emissions that contribute to ozone and/or fine particle pollution in other states.



CSAPR Vacated

- CSAPR Vacated, CAIR remains in effect.
- US Court of Appeals –
 - Stay December 2011
 - Case Argued April 13, 2012
 - Decision August 21, 2012
- Reasons:
 - “...under the Transport Rule, upwind States may be required to reduce emissions by more than their own significant contributions to a downwind State’s nonattainment.”
 - “...it did not allow the States the initial opportunity to implement the required reductions with respect to sources within their borders. Instead, EPA quantified States’ good neighbor obligations and *simultaneously set forth EPA-designed* Federal Implementation Plans, or FIPs.”



Impact of CSAPR Vacatur

- CSAPR would have secured some additional reductions in SO₂ and NO_x.
- There are a significant number of banked allowances in the CAIR program. CSAPR would have zeroed these out.
- Maryland and Virginia are prepared for CAIR Phase II requirements in 2015.
- To track developments, see:
 - <http://www.epa.gov/crossstaterule/bulletins.html>



Illustration of Emission Impact

Emission budgets for the 2013-2015 timeframe (thousand tons)

	CAMD Emissions (2011)	CAIR (2015)	CSAPR (2014)	HAA (2013)
SO ₂				
MD	32	49	28	37
VA	68	44	35	-
NO _x				
MD	18	23	16	16 ₍₂₀₁₂₎
VA	33	30	33	-

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Questions

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