

**WRITTEN STATEMENT OF THE
MANUFACTURERS OF EMISSION CONTROLS ASSOCIATION
ON THE PROPOSAL
INCREASING CONSISTENCY AND TRANSPARENCY IN CONSIDERING
BENEFITS AND COSTS IN THE CLEAN AIR ACT RULEMAKING PROCESS
(DOCKET ID NO. EPA-HQ-OAR-2020-0044)**

August 3, 2020

The Manufacturers of Emission Controls Association (MECA) is pleased to provide testimony in response to the U.S. EPA's request for public comment on the Proposal Increasing Consistency and Transparency in Considering Benefits and Costs in the Clean Air Act Rulemaking Process (Docket ID No. EPA-HQ-OAR-2020-0044). MECA opposes revising the current methodologies for calculation of costs and benefits used by EPA when conducting rulemaking analyses. Many mobile source emission control technologies reduce emissions of multiple pollutants, and we support attributing all benefits to a technology.

MECA is a non-profit association of the world's leading manufacturers of emission control technology for mobile sources. Our members have over 50 years of experience and a proven track record in developing and manufacturing emission control and efficiency technologies for a wide variety of on-road and off-road vehicles and equipment in all world markets. Our industry has played an important role in the emissions success story associated with mobile sources in the United States, and has continually supported efforts to develop innovative, technology-advancing, emissions programs to deal with air quality problems.

MECA members represent 70,000 of the nearly 300,000 North American jobs building the technologies that improve the fuel economy and lower emissions of today's vehicles. These jobs are located in nearly every state in the United States – the top 10 states in the U.S. are Michigan, Texas, Illinois, Virginia, New York, Indiana, North Carolina, Ohio, Pennsylvania, and South Carolina. The mobile source emission controls industry has generated hundreds of billions of dollars in U.S. economic activity since 1975 and continues to grow and add more jobs in response to environmental regulations. Just in 2017, emission control manufacturers have invested over \$3 billion in developing the technologies that reduce emissions from mobile sources. MECA members are engaged in developing a large portfolio of emission control and efficiency technologies that will directly or indirectly impact emissions.

MECA will defer to economists to determine the appropriate methods to holistically calculate costs and benefits for regulations that protect the environment. The Clean Air Act requires that these standards be set to protect the public health with an adequate safety margin. EPA has a long history of examining the costs and benefits of proposed and implemented regulations via a transparent process, with the exception of the 2017 rulemaking that sought to repeal the emission requirements for glider vehicles, engines, and kits. EPA follows the requirements under OMB's Circular A-4 and EPA's own Guidelines for Preparing Economic Analyses (<https://www.epa.gov/environmental->

[economics/guidelines-preparing-economic-analyses](#)), which provide peer-reviewed and vetted guidelines for EPA to follow. In countless meetings with representatives from government and industry around the world, MECA has shared EPA's regulatory process as a model of transparency for other countries to follow.

The U.S. mobile source emission control program has rightly earned the reputation as one of the world's great environmental success stories, and emissions of harmful pollutants from new on- and off-road vehicles and equipment are a small fraction of those emitted from those made in the 1970s. As a result, the ambient air we breathe is much cleaner than it was 50 years ago. Notable technologies that have contributed to this success story include catalytic converters, diesel particulate filters, selective catalytic reduction systems, evaporative emission controls, and sensor technologies. In addition, powertrain efficiency technologies – such as turbochargers, fuel injection, waste heat recovery, and electric vehicle and hybrid technology – are being commercialized for mobile sources to improve fuel economy and reduce greenhouse gas emissions. Furthermore, emission control technologies have been applied to not only new engines but to in-use engines as well through the introduction of heavy-duty diesel retrofit programs – namely, EPA's clean diesel program funded under the Diesel Emissions Reduction Act.

As previously mentioned, there is a robust framework in place governing cost-benefit analysis, including Executive Order 12866 and the Office of Management and Budget (OMB) Circular A-4, which requires federal agencies to submit all significant regulatory actions to OMB's Office of Information and Regulatory Analysis (OIRA) for review (including cost-benefit analyses), and provides detailed guidance as to how agencies should conduct economic analysis, including appropriate discount rates, how to develop a baseline, treatment of uncertainty, how to address non-monetized costs and benefits, how to maintain transparency, etc. MECA has participated and provided technology cost information into this process through various meetings with OIRA staff when they have reviewed EPA mobile source regulations.

A recent report to Congress by OMB (https://www.whitehouse.gov/wp-content/uploads/2017/12/draft_2017_cost_benefit_report.pdf) noted that “The consideration of co-benefits, including the co-benefits associated with reduction of particulate matter, is consistent with standard accounting practices and has long been required under OMB Circular A-4.” MECA supports EPA's current guidance that an analysis based on current science be conducted to estimate total costs and total benefits, including co-benefits, when developing new regulations. This is especially important for technology suppliers who often spend R&D funds to innovate technologies that have greater value by delivering direct and indirect benefits.

Advanced mobile source emission control technology has been a cornerstone in our nation's continuing efforts to clean up the air we breathe. Technology development has a 15-20 year cycle from the lab to commercialization. This is why regulations that properly account for costs and benefits are a critical signal to industry to make investments today for technologies that will be needed in the future. The original three-way catalyst was the result of engineering optimization that led to one device being able

to reduce emissions of three pollutants found in automobile exhaust. Diesel particulate filter (DPF) technologies have been consistently optimized over the past twenty years in order to reduce backpressure while increasing criteria pollutant removal and overall durability. The purpose for reducing backpressure is to increase fuel economy and reduce CO₂ emissions. Furthermore, SCR on filter technology is the combination of selective catalytic reduction on DPFs in order to reduce both NO_x and PM within one emission control component. Similarly, cylinder deactivation (CDA) or driven turbochargers are currently being explored for heavy-duty engines to increase fuel efficiency while enabling better NO_x emission reduction performance. Our industry has numerous examples of technologies that deliver co-benefits, and their commercialization relies on regulations that recognize the full spectrum of benefits and value of the technology. Furthermore, the costs of a technology are more accurately represented when the complete benefit picture is assessed. Suppliers rely on EPA recognizing the multiple benefits of these innovations in order to justify the business case for further innovation.

Over the history of implementation of EPA mobile source regulations, retrospective analyses of the costs and benefits have always resulted in lower actual costs to implement standards than what was originally estimated during regulatory development. Often this is due to suppliers continuously learning through technological innovation to produce components more cheaply in order to satisfy the demands of their customers. This is evidenced by today's heavy-duty vehicle emission control systems, which are 40% lighter, 60% smaller and significantly less expensive than systems produced ten years ago

(http://www.meca.org/resources/MECA_MY_2024_HD_Low_NOx_Report_061019.pdf). A recent report by the International Council on Clean Transportation estimates current emission controls to be 25% lower than similar technology installed on MY 2010 trucks (<https://theicct.org/sites/default/files/publications/HDV-emissions-compliance-cost-may2020.pdf>).

In closing, we believe EPA's current process for cost-benefit estimation, which has been used for many years, is both thorough and transparent. MECA supports the current guidance, which allows for the inclusion of all costs and benefits due to a regulation, and this appropriately credits technologies that provide multiple benefits. Therefore, we suggest no change be made to the current cost-benefit estimation guidance.

CONTACT:

Rasto Brezny
Executive Director
Manufacturers of Emission Controls Association
2200 Wilson Boulevard
Suite 310
Arlington, VA 22201
Tel.: (202) 296-4797 x106
E-mail: rbrezny@meca.org