

**OZONE  
TRANSPORT  
COMMISSION**

July 1, 2013

Robert Perciasepe, Acting Administrator  
U.S. Environmental Protection Agency  
Mail Code 1101A  
1200 Pennsylvania Avenue, N.W.  
Washington, DC 20460  
Attention: Docket I.D. # EPA-HQ-OAR-2011-0135

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Connecticut

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District of Columbia

Maine

Maryland

Massachusetts

New Hampshire

New Jersey

New York

Pennsylvania

Rhode Island

Vermont

Virginia

Re: Proposed Rule – Tier 3 Motor Vehicle Emission and Fuel Standards

Dear Administrator Perciasepe:

The Ozone Transport Commission (OTC) appreciates the opportunity afforded by the Environmental Protection Agency (EPA) to comment on the proposed Tier 3 Motor Vehicle Emission and Fuel Standards regulation (May 21, 2013). Motor vehicles are the Ozone Transport Region's largest source of NO<sub>x</sub>, which is the most important contributor to elevated regional ozone concentrations. EPA's Tier 3 proposal would reduce NO<sub>x</sub>.

We have attached a statement adopted by the OTC at the 2013 Annual Meeting regarding the promulgation of the Tier 3 regulation, as well as technical comments concerning the rule. If you or your staff have any questions regarding the issues raised in this letter, please contact Wick Havens at OTC (202-508-3840).

Sincerely,

J. Wick Havens  
Interim Executive Director

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J. Wick Havens  
Interim Executive  
Director

Cc: OTC Air Directors  
Gina McCarthy, U.S. EPA  
Chris Grundler, U.S. EPA

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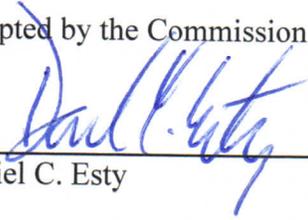
**Statement of the Ozone Transport Commission Calling on the U. S.  
Environmental Protection Agency to Reduce Mobile Source Emissions in the  
Ozone Transport Region**

The Ozone Transport Commission (OTC) member states call on the U.S. Environmental Protection Agency (EPA) to significantly reduce pollution from gasoline-powered motor vehicles by promulgating stringent vehicle emission standards and lower sulfur content standards for gasoline. Adoption of federal "Control of Air Pollution from Motor Vehicles: Tier 3 Motor Vehicle Emission and Fuel Standards" as proposed by EPA on March 29, 2013 will reduce ozone and ozone precursors in the Northeast and Mid-Atlantic states, as well as in upwind states, that significantly contribute to nonattainment of the ozone National Ambient Air Quality Standards (NAAQS) in the Ozone Transport Region (OTR).

EPA is required under the Clean Air Act to set NAAQS that are protective of human health and welfare. EPA lowered the health-based 8-hour ozone NAAQS to 75 parts per billion in 2008 and is anticipated to promulgate a more stringent standard in 2014. The OTC's modeling efforts demonstrate that gasoline-powered vehicles remain a significant contributor to ground level ozone. Based on this modeling demonstration, attainment of the 2008 health-based ozone standard will be impossible in the OTR without additional emission reductions from highway vehicles and other mobile sources. Ozone precursor emissions from mobile sources are the largest contributor to ozone levels within the OTR. As stated in the Preamble for EPA's proposed rule "Control of Air Pollution From Motor Vehicles: Tier 3 Motor Vehicle Emission and Fuel Standards," the vehicle emission standards, combined with the proposed reduction of gasoline sulfur content from the current 30 parts per million (ppm) average down to a 10-ppm average, is expected to result in a dramatic emission reduction of NO<sub>x</sub>, VOC, direct PM<sub>2.5</sub>, carbon monoxide and air toxics. (78 Fed. Reg. 29816). Cleaner vehicles under the Tier 3 program will significantly reduce ozone precursor emissions and other pollutants as these vehicles replace the existing vehicle fleet. Cleaner fuels will have the significant added advantage of reducing emissions from the in-use fleet by enabling catalytic converters to reduce pollution from all gasoline-powered vehicles by limiting "NO<sub>x</sub> creep" associated with sulfur build up in the catalyst. Without clean gasoline, existing and improved vehicle emission standards will not be as effective.

Finally, we anticipate that EPA will ensure flexibility for automobile manufacturers and refiners of gasoline through averaging, banking, trading programs, or other mechanisms as appropriate without diminishing the environmental benefits of the rule.

Adopted by the Commission on June 13, 2013

  
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Daniel C. Esty

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**Comments from the Ozone Transport Commission**  
**On**  
**“Control of Air Pollution from Motor Vehicles: Tier 3 Motor Vehicle Emission and Fuel Standards”**  
**Docket ID EPA–HQ–OAR–2011–0135**

The Ozone Transport Commission (OTC) appreciates the opportunity afforded by the Environmental Protection Agency (EPA) to comment on the proposed Tier 3 Motor Vehicle Emission and Fuel Standards regulation (May 21, 2013).

**Sulfur Levels in Fuels**

In addition to proposing an average gasoline sulfur concentration of 10 ppm, EPA proposed maintaining downstream and refinery caps of 95 ppm and 80 ppm, respectively. This was done to allow refineries to have the flexibility to economically meet the sulfur requirements through an allowance, banking, and trading (ABT) program. EPA also suggested the possibility of lower downstream and refinery caps and requested comment on these lower caps.

OTC suggests that EPA consider evaluating a gradual reduction in the sulfur caps from 2017-2025. The caps would begin at 95 and 80 ppm respectively for the downstream and refinery levels, then be reduced to 65 and 50 ppm by 2020, and finally, in 2025, be reduced to a level that harmonizes the sulfur cap nationally. This approach could still allow refineries to have the economic flexibility that they need to successfully meet the caps at a low cost, while, in the long term, limiting anomalies in the fuel market that could result in particular areas having fuels that do not reduce NO<sub>x</sub> to a level necessary to reduce ambient ozone concentrations to attainment status concentrations.

Additionally, refineries should be extended flexibility to avoid 2 turnarounds (shutdowns and startups for major maintenance or equipment installation) in a relatively short time period. To the extent reasonable, the equipment installation for low sulfur fuel equipment should be accommodated during a normally scheduled maintenance turnaround. This avoids the excess emissions that occur during multiple shutdowns and startups of a refinery.

**Test Fuels**

In the past, EPA has relied upon multiple fuels that are not necessarily available at public gasoline dispensing facilities for use in testing vehicles to meet certification standards. OTC is encouraged by EPA's decision to have one national real world test fuel. This will ensure that the cars on the road are indeed meeting the emission standards for which they were tested. However, OTC suggests that EPA rely on current, rather than future, in-use fuel, in particular in regards to ethanol concentrations. Currently, E15 (15% ethanol) is available in only six states having only a small market share nationally due to concerns about its effects on automobiles and infrastructure at gasoline dispensing facilities. Furthermore, California requires E10 (10% ethanol) as a test fuel, which would lead to a discrepancy between vehicles tested to meet California vehicle standards and those tested to meet EPA standards. OTC calls on EPA to require E10 test fuel to maintain nationally harmonized testing standards, and only move to E15 at a point in when E15's market share becomes the predominant fuel blend.

### **Carry Over of Tier 2 Credits**

EPA's proposal would prevent the carryover of Tier 2 credits for use in meeting the Tier 3 standards. However, while large volume manufacturers may be well-positioned to achieve compliance with the Tier 3 standards using only the credit flexibility mechanisms included in the proposed rule, small volume manufacturers may have more difficulty achieving the reductions necessary for early credit generation. These manufacturers have limited model lines with which to comply with fleet average requirements, and lesser availability of investment and engineering resources to meet more stringent standards. Therefore, they may be disadvantaged under the current credit structure. Therefore, OTC recommends that EPA allow carryover of Tier 2 credits for small volume manufacturers with a mechanism similar to California's carryover provisions between the LEV II and LEV III programs, under which credits are initially available at full value, but then discounted over time. OTC believes that this option best accounts for the challenges small volume manufacturers may face in complying with the program, and levels the playing field for firms that may be unable to utilize the currently proposed flexibility mechanisms.

### **Aftermarket Parts**

California's vehicle program includes updated aftermarket part rules that require catalytic converters to meet a 50,000 mile warranty and rely on a mass based standard, among other traits as outlined in OTC's "Recommended Revisions to the Federal Aftermarket Catalytic Converter (FACC) Program." EPA's Tier 3 regulatory proposal does not include such an update to the FACC program. Without updating its policy, EPA would be allowing use of replacement converters that will not guarantee emission reductions as long as the original converters. To ensure emission reductions occur when catalysts fall outside of the warranty period, the final Tier 3 regulation should include a more stringent aftermarket catalytic converter policy as recommended previously by OTC.