Engine Manufacturers Association
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STATE OF CALIFORNIA
AIR RESOURCES BOARD
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ENGINE MANUFACTURERS ASSOCIATION 25th ANNIVERSARY 1968-1993

April 1, 1993

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XC: Bd Mbrs
JS TAC
JD MSD
JB Legal

Cary Allison
Board Secretary
Air Resources Board
2020 L Street
Sacramento, CA 95812

Dear Mr. Allison,

Enclosed are 20 copies of the Engine Manufacturers Association's written testimony for the April 8, 1993 hearing. In addition we intend to attend the hearing to present oral testimony on behalf of our small engine manufacturers.

If you have any questions in the mean time, please feel free to contact me.

Sincerely,

Glenn F. Keller

Glenn F. Keller
Executive Director

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STATE OF CALIFORNIA
AIR RESOURCES BOARD

Public Hearing to Consider a Delay in the Implementation Date of the Utility and Lawn and Garden Engine Emission Regulations	)))))	Mail Out No. 93-02

STATEMENT OF THE ENGINE MANUFACTURERS ASSOCIATION

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April 8, 1993

STATE OF CALIFORNIA
AIR RESOURCES BOARD

Public Hearing to Consider a Delay in the Implementation Date of the Utility and Lawn and Garden Engine Emission Regulations	)	Mail Out No. 93-02

STATEMENT OF THE
ENGINE MANUFACTURERS ASSOCIATION

The Air Resources Board ("ARB" or "Board") has published a "Notice of Public Hearing to Consider a Delay in the Implementation Date of the Utility and Lawn and Garden Emission Regulations" (Mail-Out No. 93-02) (the "Proposal"). By the Proposal, the ARB has proposed to delay implementation of the emission control regulations for utility engines (the "Regulations"). Specifically, the Proposal would cause the effective date of the Regulations' Tier I standards to be moved from January 1, 1994 to January 1, 1995. In addition, the Proposal provides for a corresponding delay in the implementation of the Regulations' quality audit provisions from January 1, 1995 until January 1, 1996. Finally, the Proposal specifically notes that it would not change the January 1, 1999 date for implementation of the Tier II standards.

I. TIER I STANDARDS

ARB has recommended a delay in the implementation of the Tier I standards essentially because of federal activity just prior to and after ARB's approval of the Regulations. In November 1990, after ARB published the proposed Regulations but prior to the public hearing at which they were approved, the Amendments to the

federal Clean Air Act (the "Amendments") were signed into law. The Amendments established a federal preemption excluding from ARB's authority the regulation of "new engines which are used in construction equipment or vehicles or used in farm equipment or vehicles which are smaller than 175 horsepower." In addition, the Amendments mandated that California request and receive authorization from the federal Environmental Protection Agency ("EPA" or the "Agency") prior to regulating any off-road engines not otherwise preempted. On December 27, 1990, ARB submitted its request for authorization of the Regulations. To date, EPA has neither promulgated final rules defining the scope of the farm and construction preemption nor issued a decision on California's request for authorization.

On May 15, 1992, EMA and certain of its members met with the ARB Staff to outline their concerns regarding the Regulations. Specifically, EMA noted the serious leadtime issues associated with EPA's failure to define farm and construction and make a determination concerning ARB's authorization request. In addition, EMA provided new data casting doubt on the technological feasibility of certain of the Tier I standards by 1994. Finally, EMA explained how the lack of finality of the certification procedures further inhibited manufacturers' ability to meet the 1994 implementation date.

In August 1992, the Portable Power Equipment Manufacturers Association ("PPEMA") filed a formal petition with ARB requesting a delay in implementation of the Regulations until January 1, 1995.

In its petition, PPEMA argued that because neither the federal rules defining the preemption nor CARB's request for authorization has been issued by the Agency, its members cannot determine how the Regulations will apply to their product lines and, if so, which ones. The Proposal is the result of both the PPEMA petition and EMA's discussions with the ARB Staff.[1]

EMA and its members wholeheartedly support ARB's proposal to delay implementation of the Tier I standards until January 1, 1995. Although engine manufacturers have committed substantial resources to develop the technology necessary to make production engines available by January 1, 1994, they simply may not be able to produce complying product by that date. Based on data developed after the approval of the Regulations, manufacturers have determined that certain of the standards may not be technologically feasible for production engines by January 1, 1994.

Moreover, cost and practicality issues make manufacturers' conversion of product lines by January 1, 1994 an impossibility. Manufacturers simply do not have sufficient facility, financial, or human resources to ready all of their product lines for compliance with the Regulations by 1994. Were engine manufacturers to know

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[1]/ At the May 15, 1992 meeting, EMA and its members recommended that, based on their concerns regarding the impact of the federal legislation as well as the technological feasibility of the Tier I standards, implementation of the Regulations should be delayed until January 1, 1996. While EMA certainly supports ARB's Proposal to delay implementation until January 1, 1995, it nonetheless questions whether the one-year delay will be sufficient in light of EPA's continuing failure to issue its final rule on the non-road preemption and its determination on CARB's request for authorization.

which product lines are to be subject to the Regulations and which are not, they could make reasoned business decisions concerning the engines to be produced by 1994. In the absence of such information, however, such decisions are not possible. Manufacturers are being forced to choose between devoting resources at this time to developing and producing complying engines that ultimately may not be subject to California regulation and postponing action until the preemption issues have been settled. Neither alternative is acceptable. The ARB's Proposal is the only reasonable response under the circumstances.

For the same reasons, EMA and its members fully support a delay in implementation of the quality audit provisions from January 1, 1995 to January 1, 1996. Such corresponding action would be consistent with ARB's stated intent to provide manufacturers one year to complete their initial certification and production prior to the initiation of quality audit testing.

II. TIER II STANDARDS

EMA and its members recommend that the Board include in the Proposal a one-year delay in implementation of the Tier II standards to correspond with the one-year delay in implementation of the Tier I standards and quality audit test procedures.

Such a delay is important for several reasons. When the Regulations were originally proposed by ARB Staff, the Tier II standards were approved by the Board with the understanding that they represented a "target" to be achieved, if technologically feasible, almost a decade after approval of the Regulations.

Specifically, the Tier II standards were calculated based on the assumption that the use of aftertreatment devices on utility engines would effect an emissions reduction of 60 to 70 percent from the Tier I standards. Such reductions were expected to be achieved during the period from 1994 to 1999.

Several events have occurred since the approval of the Regulations, however, to alter that scenario. First, the enactment of the Amendments has had an obvious impact on engine development and production, as outlined in the discussion of the Tier I standards above. Second, and perhaps more importantly, the research that engine manufacturers have conducted subsequent to the approval of the Regulations clearly demonstrates that the standards approved for implementation in 1999, like those approved for implementation in 1994, may not be technologically feasible in the leadtime provided.

Third, as part of its resolution approving the Regulations, the Board agreed to reassess the technological feasibility of the Tier II standards through biennial reviews conducted in the period between implementation of the Tier I standards and the planned implementation of the Tier II standards. Such reviews are to involve manufacturers' workshops with ARB Staff and a formal report to the Board on industry's progress on technological developments and the likelihood of meeting the Tier II standard by 1999. The purpose of such reviews is to allow the Board, after receiving the interim Staff reports, to either reaffirm the standards or direct the Staff to propose technologically feasible revised standards.

With the federal activity prompting the need for delay in implementation of the Tier I standards, the interim period between implementation of the Tier I and the Tier II standards has now been reduced by a full year. As a result, biennial reviews, which would have taken place in 1994 and 1996, should now logically be rescheduled for 1995 and 1997. If the Tier II standards are to be implemented in 1999, rather than in 2000, manufacturers will be denied sufficient leadtime to produce engines meeting the standards ultimately determined to be technologically feasible. Delay of the Tier II standards by one year would reinstate the schedule originally contemplated by the resolution.

Fourth, a one-year delay in implementation of the Tier II standards would provide engine manufacturers with a meaningful period of stability for the Tier I standards. As the Board is well aware, engine manufacturers are currently facing a deluge of both federal and state regulation of their product lines. The regulations affect every size of engine for every purpose and are scheduled for implementation over a very brief period. As stated above, it appears now that manufacturers will be unable to produce complying engines in all major engine categories by the implementation date -- even if the date is delayed one year. They will have to introduce certain lines at a later time, only as development efforts and production capability permit.

At the same time, the industry is not experiencing the growth necessary to recoup some of the added costs of such regulation. Without a period of stability in which the research and development

costs associated with the Tier I standards can partially be recovered, engine manufacturers may be forced to make dramatic cuts in their product lines and personnel. Such a result certainly is not what the Board intended.

Fifth, EMA and its members question whether the Tier II standards are necessary for the emission reductions initially thought to be achieved by the Regulations. The emissions inventory on which the Regulations were based relied on data from 1989-1990, which is prior to when several manufacturers, in the absence of regulation, voluntarily improved the emissions performance of their engines. Thus, certain reductions have already been achieved. While EMA and its members are certainly concerned about the serious air quality problems facing the State of California, they nonetheless recommend that a reassessment of the emissions inventory and the reductions achievable by the Tier II standards be made before such standards are implemented. As EMA has represented throughout the rulemaking process, the costs of the planned reductions compared to the projected increased engine costs will be significant. Such costs should be balanced against the necessity of the standards.

Finally, EMA and its members recommend that implementation of the Tier II standards be delayed one year -- or whatever other period is appropriate -- to coincide with the federal standards to be adopted by EPA pursuant to the regulatory negotiation process currently being proposed. Under EPA's proposal, EPA would promptly adopt California's Tier I standards as the federal program.

Thereafter, the affected parties, including ARB, would participate in a negotiated rulemaking to determine the scope of an appropriate second phase federal emission reduction program. Clearly, the date developed as part of the negotiated rulemaking would be of benefit to, and should be considered by, the ARB in confirming the parameters of its Tier II standards.

III. CONCLUSION

EMA appreciates the Board's consideration of industry concerns. ARB's recognition of the need to delay implementation of the Tier I standards and the quality audit test procedures represents the Board's understanding of industry's technological and practical inability to meet the State's regulatory objectives in the time frame originally established. EMA and its members are hopeful that the Board will approach the Tier II standards with the same kind of understanding, and delay the implementation of such standards as recommended above.

Respectfully submitted,

ENGINE MANUFACTURERS ASSOCIATION

HONDA
AMERICAN HONDA MOTOR CO., INC.
1919 Torrance Boulevard • Torrance, CA 90501-2746
(310) 783-2000

April 6, 1993 AHCERT-930470

Chairwoman Jananne Sharpless
Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

Dear Ms. Sharpless:

Honda Motor Company will not be presenting verbal testimony at the public hearing to consider a delay in the implementation date of the Utility and Lawn and Garden engine (ULG) emissions regulations.

We do not oppose the proposal to delay implementation of the ULG regulations and the corresponding delay to quality audit requirements. However, Honda would like to be able to continue to certify our ULG engines if that is acceptable to the Board. We plan to complete our certification program by January 1, 1994.

We appreciate the opportunity to comment on the proposal.

Yours truly,

AMERICAN HONDA MOTOR CO., INC.

Brian Gill
Senior Manager
Certification Department

BG/jsb

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