U.S. Chamber of Commerce Testimony on

EPA Virtual Public Hearing on Control of Air Pollution from New Motor Vehicles: Heavy-Duty Engine Standards

April 13, 2022

Dan Byers, Vice President, Climate and Technology

Thank you for the opportunity to present comments on behalf of the U.S. Chamber of Commerce.

Since 1990, economy-wide NOx emissions from highway vehicles have declined by 75%, even as overall vehicle miles traveled have increased by nearly 50%.

Continued improvements in advanced technology diesel engines are a key driver of this success and one of many reasons U.S. air quality is among the cleanest in the world.

While this progress has been remarkable, opportunities exist to drive even greater reductions in the future through achievable, cost-effective standards that reflect the latest available emissions control technologies, and the Chamber stands ready to work closely with EPA and other stakeholders to ensure a workable, effective final rule that provides regulatory certainty and is good for both the economy and the environment.

Unfortunately, we have serious concerns that the rule as proposed—particularly EPA's preferred Option 1, but other aspects of the proposal as well—fails to do this. Our formal written comments will detail these concerns but today I will focus on discrepancies regarding the proposal's forecasted compliance costs that we believe must be addressed.

In short, there is an enormous disparity—approximately an order of magnitude—between EPA's compliance cost estimates and those projected by engine manufacturers, which are forecast to be up to $35,000 per truck.

If EPA's cost estimates are too low, then other key factors influencing the proposal will be affected in turn.

Specifically, we are concerned that the agency's projection of extremely modest technology and warranty costs associated with the rule result in a significant overestimation of future fleet turnover and underestimation of the negative emissions consequences associated with large scale "pre-buys" prior to compliance deadlines.

To its credit, EPA openly admits that its projections are guesswork, but it does not quantitatively explore how underestimating costs could drive higher pre-buy behavior that could significantly delay and undermine emissions reductions benefits that are the central purpose of the rule.

So before finalizing this rule, we urge EPA to work collaboratively with industry, states, and other affected stakeholders to resolve discrepancies related to technology costs and achievability, warranty impacts, and corresponding fleet turnover and environmental impacts of the proposal.

To the extent such discrepancies can't be resolved, the agency should undertake a transparent sensitivity analysis that illustrates how a range of reasonable assumptions pertaining to highly uncertain but influential factors may impact the merits of the proposed options.

Finally, it's important to emphasize that trucking is enormously important to the economy—the industry moves 72 percent of goods in America and is the foundation of a well-functioning supply chain. When trucking costs go up, the cost of nearly all goods go up with it.

As the White House pointed out at an event just last week, trucking costs grew more than 20 percent last year, and we know that sharply increased fuel costs thus far in 2022 have only exacerbated economic burdens on the industry.

When finalizing this rule, we therefore urge EPA to take extra caution to avoid requirements that could exacerbate the already challenging economic conditions facing the industry.

Thank you.