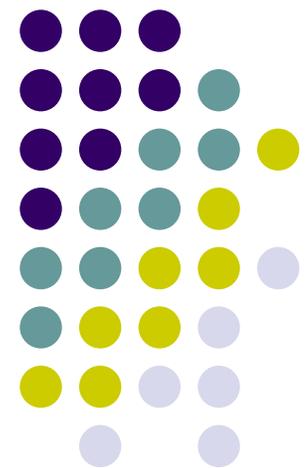


Clean Air Act Advisory Committee Meeting

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September 14, 2006





Introduction

- This morning I want to briefly cover three things
 - New Inspection/Maintenance workgroup that's been formed under the Mobile Source Technical Review Subcommittee
 - Preview of our responses to some of the key recommendations made to us by the Diesel Retrofit workgroup; and
 - Main topics we will be covering at the MSTRS meeting on October 4.

New Workgroup



- Transitioning I/M
 - Outgrowth of I/M Summit with States in May 2006
 - Anticipating expiration of I/M contracts
 - Changing fleet composition since 1990s calls for new approaches
 - Technology developments offer innovative ways to achieve reductions more cost-effectively

Transitioning I/M Workgroup



- Purpose
 - Formed to address issues and concerns related to transitioning I/M programs from tailpipe testing to OBD.
 - Group composed of state, industry and enviro representatives
 - Initial meeting to be held at 2006 Clean Air Conference (Colorado)
- Charge
 - Make recommendations for achieving cost-effective reductions from OBD I/M, considering innovative strategies that are “consumer friendly” (e.g., Remote OBD)
 - Report by July 2007

Recommendations for Diesel Retrofit Program from the CAAAC



We'll be reporting to the MSTRS on our efforts to address some of the key recommendations:

- Take Full Advantage of the 2005 Energy Bill and 2005 SAFETEA-LU Provisions
- Streamline EPA's Technology Verification Program
- Accelerate Education and Outreach for Maximum Benefit
- Bundle and Finance Fuel Saving/ Emission Reduction Technologies for Freight Industry

Recommendation:

Take Full Advantage of the 2005 Energy Bill and 2005 SAFETEA-LU Provisions



- 2005 Energy Bill: Diesel Emissions Reduction
 - No appropriation yet for these provisions
 - We're hard at work with the Regions to get ready for '07:
 - Draft Energy Bill grant program guidance ready for October 1
 - Emissions calculator for grantees (not for SIP credit) ready by October 1
 - We've issued guidance for obtaining SIP and Conformity credits for diesel retrofit projects.



Recommendation: ***Streamline EPA's Technology Verification Program***

- Objectives
 - Gain Efficiency – For EPA & Manufacturers
 - Reduce Time to Verify
 - Increase Available Technologies

- Actions
 - Consultation with Industry, ARB & Others
 - Accept All ARB Mobile Source Technologies
 - Initiated Conditional Verifications
 - New Guidance
 - Flexibility Outside of ETV Process
 - In-use Data to Increase Confidence

Recommendation:
***Accelerate Education and Outreach
for Maximum Benefit***



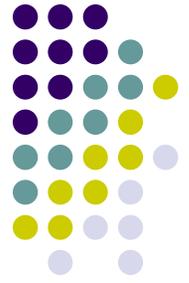
- Clean School Bus program
 - Collaboration with Scholastic on **Magic School Bus book** for children (May 1, 2007)
 - School bus **Idling Reduction Campaign** materials created
 - Piloted this summer, launching this fall
- SmartWay
 - 2:1 private match for SmartWay funds. Total donated value: \$1,737,548
 - Placements in Forbes, Business Week, Kiplinger's, 1200 truck stops, etc.
 - Upcoming spot on "Trick my Truck" (Country Music TV channel show)
- Clean Diesel web site revamped
 - Ports Case Studies particularly helpful

Recommendation: Bundle and Finance Fuel Saving/ Emission Reduction Technologies for Truckers



- **Kit will include Super Single Tires w/ Alum. Wheels, Trailer Aero Kit, Direct Fired Heater + PM Filter**
- **Progress to Date**
 - **Building Innovative Public/Private Financing Programs that Increase Capital Investments:**
 - State loan programs for SmartWay Upgrade Kits (e.g., Arkansas, Minnesota)
 - Oregon State Infrastructure Bank program with Cascade Sierra Solutions
 - National environmental loan program with the Small Business Administration for small trucking companies to purchase technologies
 - Looking into multi-state State Infrastructure Bank programs along the I-95 and I-5 corridors

REGIONAL DIESEL COLLABORATIVES:



- **EPA is working collaboratively to accelerate progress of diesel retrofit**
 - **Northeast Diesel Collaborative- (Regions 1, 2)**
 - Ports, Large infrastructure projects, urban fleets, construction
 - **Mid-Atlantic Diesel Collaborative- (Region 3)**
 - Highlighting urban fleets, Philadelphia area and school buses
 - **Southeast Diesel Collaborative- (Region 4)**
 - Agriculture, school buses, freight
 - **Midwest Clean Diesel Initiative (Region 5)**
 - School buses, rail, freight corridors, ports, agriculture
 - **Blue Skyways Collaborative (Regions 5, 6, 7)**
 - Freight corridors, agriculture, construction
 - **Rocky Mountain Clean Diesel Collaborative (Region 8)**
 - Public fleets, school buses, agriculture
 - **West Coast Collaborative (Regions 9, 10 w/Canada and Mexico)-**
 - Public fleets, freight, ocean going vessels

Ports Workshop



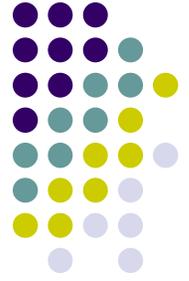
- Held a very successful Ports meeting at the Port of Long Beach last week (internal EPA and other invited guests)
 - Many challenges exist but Ports are taking action to reduce diesel emissions
 - Many Shipper/Carriers are increasingly looking at the environmental and economic impacts of their goods movement
- A number of programs are in place; Mobile source programs are key tools for improving air quality at U.S. Ports
 - Clean Ports USA, Smartway
 - Regulatory Centerpieces: recent highway truck and nonroad engine standards, ultra-low sulfur diesel fuel standards,
 - New locomotive and marine rule will provide additional needed emission benefits
 - U.S. Ports will see significant reductions from these programs as fleets turn over
- IMO – Sensitive time in the negotiations
 - We are currently exploring the feasibility of designating a SO_x Emission Control Area (SECA) in North America

Ports Workshop (cont.)



- It was agreed that we cannot afford to wait for the IMO process when 500 to 1,000 OGVs will be built prior to implementing the IMO standards
 - OTAQ is organizing a broad strategy to influence the emission performance of these new OGVs
- Focus on Federal leadership on reducing diesel emissions from Ocean Going Vessels
 - Extend EPA's SmartWay-Clean Ports USA programs to include OGVs
 - Organize powerful cargo owners (shippers) like Wal-Mart, IKEA, Sharp that have an existing interest in reducing the environmental impact of goods movement
 - Overall goals include PM, NOx, and CO2 reductions
 - This group could help create pressure for cleaner OGVs
 - New OGVs
 - Existing OGV upgrades
 - Harbor craft repowers and retrofits
 - Work with regions
 - EPA to launch this national partnership at the OGV workshop in February in San Diego, CA
- We are building innovative financing strategies to create sustainable capital funding:
 - SIBS, public-private loans, SBA

MSTRS October 4th Meeting



- EPA Response to CAAAC Recommendations on Diesel Retrofit
- Renewable Fuels Standard (RFS) Panel discussion (esp. E85 and Biodiesel)
- Innovative Financing for SmartWay/Retrofits Panel discussion

Thank you for your support of the Subcommittee's work