

**UPDATED COST ANALYSIS
for the
MOTOR VEHICLE AND ENGINE COMPLIANCE PROGRAM**

On August 7, 2002 the Environmental Protection Agency, EPA published a notice of proposed rulemaking for Motor Vehicle and Engine Compliance Program Fees for: Light-Duty Vehicles; Light-Duty Trucks; Heavy-Duty Vehicles and Engines; Nonroad Engines; and Motorcycles (fees rule NPRM) in the Federal Register. At that time EPA made available through the docket a Cost Analysis that described the costs incurred by EPA in conducting the Motor Vehicle and Engine Compliance Program (MVECP). The MVECP provides certification and compliance services related to air pollution control in highway and nonroad vehicles and engines.

Since August 7, 2002, EPA held a public hearing on September 19, 2002 and received comments from that hearing as well as written comments. Also, in the time between the NPRM and the FRM, EPA gathered additional information about the programs and tests that it plans to conduct and is in a better position to determine the actual costs of its compliance programs for 2004 and beyond than it was at the time of that the NPRM was written. As a result of an internal reassessment of testing capabilities and requisite levels of appropriate compliance oversight, along with comments received, EPA made several adjustments that resulted in a change in costs of certificates for several industry categories. EPA used the information on resources and lab capabilities to make the changes and, therefore, the current rulemaking more accurately represents the test program that EPA will put into place.

The changes are described in the Final Rulemaking for the fees rule, Section 3. The issues are discussed more fully in the Response to Comments document. This Updated Cost Analysis discusses how the program adjustments are reflected the updated cost study and the implications to the fees. The changes are reflected in the attached new worksheets which are based on "Appendix C" which was attached to the "Motor Vehicle and Engine Compliance Program Cost Analysis" document.

The revised worksheets are attached to this document. Each worksheet number and title corresponds to the worksheets from "Appendix C" which was attached to the "Motor Vehicle and Engine Compliance Program Cost Analysis" document. The direct changes to the cost study that were made as a result of program adjustments and the corresponding worksheet totals are shaded in the updated worksheets. These changes are carried forward in the cost study to the LOD, CCD and Overall summary sheets, worksheets #3, #4 and #1, respectively, and, ultimately, to the fees summary sheet, worksheet #2. This document will not detail the indirect changes to the worksheets that were made as a result of the direct changes because the relationship between the worksheets is essentially unchanged.

The direct changes that were made to the cost study are indicated on the table below:

Worksheet #	Row	Column	FRM	NPRM
2	Marine SI	Other	-\$20,645	-
7	FTE-Direct	Heavy-Duty Highway Engine	1.25	2.25
7	FTE-Indirect	Heavy-Duty Highway Engine	0.25	0.50
10	HDE #2 HDE Cell Controller Replacement	Recoverable	\$75,000	\$300,000
10	HDE #2 Analytical/Sampling System	Recoverable	\$182,500	\$730,000
10	HDE#1&2: Diesel Engine Cell Cooling Control	Recoverable	\$ 3,750	\$30,000
10	HDE#1&2: NOx & PM Measurement Methods/Equipment	Recoverable	\$93,750	\$750,000
10	HDE #2:SCR Load Controller (Heavy-Duty Engine Test Sites)	Recoverable	\$30,000	\$120,000
12	Engine Procurement-Heavy Duty	Total	\$68,960	\$225,360
16	10% of Certified Families (1 eng/family)	NR CI	6 families	10 families
16	10% of Certified Families (1 eng/family)	HD HW	0 families	10 families
16	Contract-\$20,000/engine	NR CI	\$120,000	\$200,000
16	Contract-\$20,000/engine	HD HW	\$0	\$200,000
16	Selective Enforcement Audits	HD HW	5 audits	10 audits
16	\$3,000/audit	HD HW	\$15,000	\$30,000

Details of Changes to Worksheets

1. Worksheet # 2

The final fees rule does not establish fees for classes of nonroad engines and equipment where EPA had not proposed emissions standards for these classes before the Fees NPRM was published on August 7, 2002. Although the fees proposal included fees for marine SI inboard /sterndrive engines, the final rule does not set fees for these engines. Therefore, in EPA's revised worksheet # 2, in the "Other" column, we reduced the total cost of compliance activities by \$20,645 to reflect that the marine SI category will not be covered by this regulation.

2. Worksheet # 7

The number of direct FTE and indirect FTE listed under the heavy-duty highway column had been decreased to 1.25 and 0.25 FTE, respectively, from the 2.25 and 0.5 FTE that were listed in the NPRM. This is a net reduction of 1.25 FTE.

3. Worksheet # 10

EPA determined that it will use of one test cell for one quarter of a year to conduct HDE compliance testing rather than the two test cells for an entire year. Therefore, the recoverable costs for HDE #1 and HDE #2 have been adjusted to reflect the actual amount of time that the cells will be used for compliance work. The recoverable costs that are specifically dedicated to HDE #2 have been reduced to one quarter of the proposed costs. These include the costs for:

HDE #2: HDE Cell Controller Replacement
HDE #2: Analytical / Sampling System and
HDE #2: SCR Load Controller (Heavy Duty Engine Test Sites)

The recoverable costs for equipment that is to be shared between HDE #1 and HDE #2 have been reduced to one eighth of the proposed cost to represent the portion dedicated to one cell for one quarter of a year. These include the costs for:

HDE#1&2: Diesel Engine Cell Cooling Control
HDE#1&2: NOx & PM Measurement Methods/Equipment

4. Worksheet # 12

EPA proposed procuring 10 in-use engines, two families of 5 engines, at a cost of \$25,240 for the first engine per family and \$21,860 for subsequent engines in the families. The revised test plan specified testing 3 engines in a family. The cost of procuring the first engine is \$25,240 and the subsequent two will cost \$21,860 per engine. The final revised cost is \$68,960.

5. Worksheet # 16

The costs for the proposed Enhanced Engine Compliance Program were shown on

worksheet #16. The number of tests were revised as follows: the number of confirmatory tests for certification at a contracted facility were decreased for NR CI and HD HW to 6 families and 0 families, respectively. At a cost of \$20,000 per engine, the costs for NR CI and HD HW for certification confirmatory testing was decreased to \$120,000 and \$0, respectively.

Furthermore, the number of selective enforcement audits of HD HW engines was revised from 10 to 5 audits resulting in a revised cost of \$15,000 for the cost of selective enforcement auditing.

Results of Changes to Worksheets

The direct changes to the worksheets listed above resulted in a change in the total cost figures for the worksheets which were carried forward to the LOD and CCD summary sheets, worksheet #3 and worksheet #4 respectively, to the Overall Cost Summary sheet, worksheet #1 and, ultimately, resulted in a change in fees. The specific changes to the summary sheets and fees are not discussed in this document as the relationship between the worksheets is generally the same as described in the original Cost Analysis Document. The final fees are shown on revised Worksheet #2.