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B-316415

May 21, 2008

The Honorable Barbara Boxer  
Chairman  
The Honorable James M. Inhofe  
Ranking Minority Member  
Committee on Environment and Public Works  
United States Senate

The Honorable John D. Dingell  
Chairman  
The Honorable Joe Barton  
Ranking Minority Member  
Committee on Energy and Commerce  
House of Representatives

Subject: *Environmental Protection Agency: Control of Emissions of Air Pollution From Locomotive Engines and Marine Compression-Ignition Engines Less Than 30 Liters per Cylinder*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Environmental Protection Agency (EPA), entitled “Control of Emissions of Air Pollution From Locomotive Engines and Marine Compression-Ignition Engines Less Than 30 Liters per Cylinder” (RIN: 2060-AM06). We received the rule on March 19, 2008. It was published in the *Federal Register* as a final rule on May 6, 2008. 73 Fed. Reg. 25,098.

The final rule adopts a program to reduce pollution from locomotives and marine diesel engines. The program consists of a near-term component and a long-term component. The near-term component includes emission standards for newly built engines that will be phased in beginning in 2009, and new emission limits for existing locomotives and marine diesel engines that apply when they are remanufactured. The long-term emission standards for newly-built locomotives and marine diesel engines will begin to take effect in 2015 and 2014, respectively.

Enclosed is our assessment of the EPA’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that EPA complied with the applicable requirements.

If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Michael R. Volpe, Assistant General Counsel, at (202) 512-8236.

signed

Robert J. Cramer  
Associate General Counsel

Enclosure

cc: Nicole Owens  
Director, Regulatory  
Management Division  
Environmental Protection Agency

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE  
ISSUED BY THE  
ENVIRONMENTAL PROTECTION AGENCY  
ENTITLED  
"CONTROL OF EMISSIONS OF AIR POLLUTION FROM  
LOCOMOTIVE ENGINES AND MARINE COMPRESSION-IGNITION  
ENGINES LESS THAN 30 LITERS PER CYLINDER"  
(RIN: 2060-AM06)

(i) Cost-benefit analysis

EPA estimates that the total social costs of the rule, which it defines as the welfare costs of a rule not including transfer payments such as taxes, to be approximately \$330 million annually in 2020. EPA estimates that the total annual benefits will be between \$3.9 and \$8.8 billion using a 3-percent discount rate and between \$3.6 and \$8 billion using a 7-percent discount rate. EPA estimates that the annual net benefits in 2020 will be between \$3.6 and \$8.5 billion using a 3-percent discount rate and between \$3.3 and \$7.7 billion using a 7-percent discount rate

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

EPA has certified that this rule will not have a significant economic impact on a substantial number of small entities; therefore, EPA is not required to prepare a regulatory flexibility analysis.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

The final rule does not contain any federal mandate for state, local, or tribal governments. The final rule may result in expenditures of over \$100 million by the private sector in any single year, and EPA evaluated the potential impacts on the private sector. EPA has prepared a cost-benefit analysis with this rule and states that the final rule represents the least costly, most cost-effective approach to achieve the statutory requirements of the rule.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

EPA issued a notice of proposed rulemaking on April 3, 2007. 72 Fed. Reg. 15,938. EPA received written comments from the public and held two public hearings on the

proposed rulemaking, and EPA responded to these comments in the final rule. 73 Fed. Reg. 25,098-25,193. EPA also provided a more detailed response to the comments in a final document published as part of the docket available on EPA's website titled "Summary and Analysis of Comments." EPA420-F-08-006. The final rule will become effective on July 7, 2008.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

EPA has submitted the information collection requirements from this final rule to the Office of Management and Budget (OMB) for approval. EPA estimates that the total annual burden hours will be 14,040 hours for locomotives and 25,167 hours for marine diesel engines. EPA estimates that the total annual costs will be \$1.65 million for locomotives and \$1.45 million for marine diesel engines.

Statutory authorization for the rule

EPA has authority to promulgate this final rule under the Clean Air Act as amended in 1990. (42 U.S.C. §§ 7414, 7522, 7524, 7525, 7541, 7542, 7547, 7550, and 7601(a))

Executive Order No. 12,866

EPA determined that this final rule is an economically significant rule under the Order because it is likely to have an annual effect on the economy of \$100 million or more. EPA submitted this rule to OMB as required under the Order and prepared a cost-benefit analysis.

Executive Order No. 13,132 (Federalism)

EPA determined that this final rule does not have federalism implications.