

Changing The Face of Construction Through Federal Regulation



National Policy

- EPA has adopted a comprehensive national program to reduce emissions from future nonroad diesel engines by integrating engine and fuel controls as a system to gain the greatest emission reductions

EPA's Mandate

- Nonroad diesel engines contribute greatly to air pollution in many of our Nation's cities and towns. In recent years, EPA has set emission standards for the engines used in construction.
- EPA nonroad diesel fuel requirements are designed to decrease the allowable levels of sulfur.



June 1, 2007

- EPA- mandated that all refiners begin producing low-sulfur diesel fuel for use in all equipment (nonroad). Low-sulfur diesel fuel must meet a 500 parts per million sulfur maximum. This was the first step of the EPA's Nonroad Diesel Rule, with the eventual goal of reducing sulfur level of fuel to meet an ultra-low standard (15ppm) in order to enable new advanced emission-control technologies for engines to be used.

Cost of the New Program

- The EPA's cost estimates to meet the new emission standards were expected to add less than 1 percent to the purchase price of typical new nonroad diesel equipment, although for some equipment the standards may cause price increases on the order of 2 or 3 percent.
- The reality is that the cost to comply with the standard is going to cost between 15-20%.

Engine Cost Example

- Tier III Engine Cost
 - 44 hp Diesel Engine
 - \$4,376.00
- Tier IV Engine Cost
 - 44 hp Diesel Engine
 - \$8,760-\$9,200
 - Cost increase due to catalytic converter and re-carburetion/and turbo charging the engine

Relief for Manufacturers/Customers

- EPA has provided for a TPEM (Flexing) Program which allows for 700 engines (combination of hp) to be supplied under the Tier III/Interim IV certification for the next 7 years.
- Manufacturers can use up to 150 engines per year of the Tier III/Interim IV engines without having to move to the more expensive Tier IV engine.
- This program allows for costs of equipment to remain at 2011 levels for engine costs.
- Use of Tier IV engines will require in most cases full engineering review and major changes to be incorporated into the product to be able to use the Tier IV engine.

Future for Contractors and for Construction

- Replacement required for entire fleets of diesel equipment that do not comply with EPA standards
- Replacement cost 15-20% higher with no real benefits
- Limitations on the availability of engines and restrictions on re-powering of used equipment
- Fines imposed by EPA for non-compliant equipment can range from \$18,000-\$36,000 per day per equipment type

Question

How does this regulation help the construction industry as it emerges from the recession? This regulation takes usable equipment out of the hands of contractors and increases the cost of direct replacement in order to produce a clean diesel piece of equipment for the same use.

How does this help create jobs for America.