



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

November 23, 1994

OFFICE OF  
AIR AND RADIATION

**MEMORANDUM**

SUBJECT: SIP Credits for Federal Nonroad Engine Emissions Standards and  
Certain Other Mobile Source Programs

FROM: Mary Nicbols, Assistant Administrator  
for Air and Radiation

TO: Regional Administrators, Regions I – X

The purpose of this memorandum is to provide guidance on how EPA intends to allow SIP credits for national mobile source measures not yet promulgated. Although a single policy will be applied to all states, the actual credits associated with these measures will vary depending on evaluation dates. Therefore, this memorandum will be followed by subsequent memoranda from EPA's Office of Mobile Sources detailing methodologies for states to use in calculating the benefits of these measures in nonattainment areas on specific evaluation dates.

This memorandum describes current policy, and does not constitute final action. Final action will be taken in the context of notice-and-comment rulemaking or other appropriate actions concerning the relevant SIP submissions.

EPA is under court order to promulgate national emissions standards for several categories of nonroad equipment or engines over the next three years. Many of these standards will not be promulgated until after the deadlines or nonattainment and rate-of-progress SIP submissions. EPA has received several requests from states for guidance on whether and how states could take credit in SIPs for national emission standards not yet promulgated. Some states have suggested that they be allowed to use the same approach that EPA has used in the recently proposed Federal Implementation Plans for California.

**Background**

SIPs demonstrating attainment and post-1996 rate-of-progress reductions in VOC inventories are due November 15, 1994. However, EPA is not expected to promulgate most nonroad standards until after that date. EPA is required by court order to finalize the Federal emission standards on the following schedule:

Small Nonroad Spark Ignition Engines (Phase I)	May 1995
Small Nonroad Spark Ignition Engines (Phase II)	April 1997
Marine Pleasure Craft	November 1995

Implementation of these standards will occur over the period from 1996 to 2001, and will apply to newly built equipment. Due to the proposed phase-in of the standards and the effects of fleet turnover, benefits of these programs are expected to be small prior to the end of the century. Nevertheless, for areas with attainment deadlines of 2005 or later, there is the potential for substantial benefits from these programs.

In addition to the national nonroad standards given above, two other national mobile source control programs have similar situations regarding late deadlines for final rules compared to SIP deadlines. EPA is under court-ordered deadlines to finalize the Federal Test Procedure (FTP) revision rule by October 1995 and the gasoline detergent additive rule by June 1995.

#### The FIP Approach

On February 14, 1994, EPA released proposed Federal Implementation Plans for California. These proposed plans take credit for the national nonroad standards given above. For small nonroad gasoline engines in the FIPs, a 40% reduction in VOC emissions was assumed for phases I and a 90% total reduction was assumed for phases I and II combined. The total benefit for Phase I and II assumed in the FIP is based on the assumption that the final national rule will include new exhaust standards in combination with other measures such as evaporative emission controls, spillage control programs, fuels requirements, and programs to accelerate fleet turnover.

For heavy duty compression ignition nonroad engines, EPA proposed in the FIPs a control program based on a combination of proposed national standards and more stringent set of standards specifically for the FIP areas. Benefits for the national standards were based on a 6.9 g/bhp-hr NOx standard.

For marine pleasure craft, benefits in the FIPs are based on an assumption of an 80% reduction in exhaust HC emissions from outboard engines and an 8% reduction in exhaust HC emissions from inboard engines, plus FIP-specific programs to encourage the use of only engines meeting the new standards.

For the national small engine and marine pleasure craft programs in particular, these benefits are not exact since in both cases they will depend on public comment to proposed rules and in the case of the small engine standards, they will also depend in part on the outcome of the regulatory negotiation process. However, for the FIPs, EPA's Office of General Counsel has concluded that we are justified in giving credit to these programs even with this uncertainty. The promulgation of most of these rules is imminent and all are legally compelled by specific dates. The range of uncertainty with regard to the benefits of the final rules is small, especially in comparison to the total emissions inventory. Consequently, the potential error in inventory estimates and therefore, the potential error in the required stringency for all other control measures in the nonattainment area, is small. Finally, we proposed in the FIP a commitment that if the final rules are less stringent than we have anticipated, we will promulgate a more stringent program for the FIP areas, which will achieve the specified reductions.

#### Application of the FIP Approach to Other States and Other Control Measures

EPA believes that, with certain conditions, states may take a similar approach in their SIPs for the national programs described above and for other required Federal mobile source measures, including those subject to court-ordered deadlines. The fact that these are required Federal rules, and indeed with court-ordered deadlines, creates special circumstances that allow EPA to consider them

enforceable SIP elements, provided states also commit to adopt measures to account for any shortfalls, identified later, between currently anticipated and actual final rule benefits. These gap-filling measures do not necessarily have to be in the same inventory category as the rule they are meant to account for.

By extension of this line of reasoning, EPA believes that, in addition to the FIP nonroad measures described above, states should also be able to take credit for the gasoline detergent additives rule and certain aspects of the FTP revision rule, both of which are also under court-ordered deadlines.

Subsequent memoranda will detail the calculation of SIP credits for these programs. States should not count on achieving reductions identical to those published in the technical support documents for the California FIPs, for several reasons. In some cases, (such as heavy-duty nonroad and marine pleasure craft), the FIP benefits include additional FIP-specific measures that are not part of EPA's proposed national rules.

The Office of General Counsel has concluded that this policy of authorizing SIPs to take credit for reductions from Federal measures is consistent with the overall scheme of the Clean Air Act ozone nonattainment provisions, as well as the relevant provisions by their terms. Congress anticipated that attainment of the ozone primary national ambient air quality standard would result from a combination of State and Federal actions. As a result, the reductions from Federal measures are an integral part of Congress's blueprint for attainment. Therefore, SIPs should be allowed to account for those reductions. In particular, the attainment demonstration provisions of sections 183 (b) (1) (A) (I) (Moderate areas) and 182 © (2) (A) (Serious and higher classified areas); as well as the Rate-of-Progress (ROP) provisions of sections 182 (b) (1) © (initial 15% required reductions) and 182 © (2) (B) (subsequent 3% per year required reductions) may be read to assume the creditability of reductions from Federal measures (other than those specifically identified in the ROP provisions as noncreditable). Further, denying SIP credit for reductions from Federal measures would unduly burden the States because States would be obliged to develop and begin to implement SIP measures to assure the full amount of reductions needed for ROP and attainment, but they could subsequently retract those SIP provisions when the Federal measures are promulgated and begin yielding reductions.

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