



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**  
**NATIONAL VEHICLE AND FUEL EMISSIONS LABORATORY**  
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OFFICE OF  
AIR AND RADIATION

**MEMORANDUM**

**SUBJECT:** Assessment of Economic Factors Associated with the Proposed Repeal of Emission Requirements for Glider Vehicles, Glider Engines, and Glider Kits

**FROM:** Charles Moulis, Senior Environmental Engineer  
Assessment and Standards Division

**TO:** Docket Number EPA-HQ-OAR-2014-0827

**DATE:** November, 16, 2017

**Background**

On August 17, 2017, EPA announced its intention to revisit the provisions in the heavy-duty (HD) Phase 2 Rule that relate to gliders. In that announcement, the Administrator noted that we intend to develop and issue a Federal Register notice of proposed rulemaking on this matter, consistent with the requirements of the Clean Air Act (CAA).

Section 317 of the CAA requires EPA to conduct an economic impact assessment for rulemakings promulgated under Section 202. Specifically, the CAA requires the assessment to address:

- (1) The costs of compliance with any such standard or regulation, including extent to which the costs of compliance will vary depending on (A) the effective date of the standard or regulation, and (B) the development of less expensive, more efficient means or methods of compliance with the standard or regulation;
- (2) The potential inflationary or recessionary effects of the standard or regulation;
- (3) The effects on competition of the standard or regulation with respect to small business;
- (4) The effects of the standard or regulation on consumer costs; and
- (5) The effects of the standard or regulation on energy use.

In many rulemakings promulgated under Section 202, EPA would address the above topics in the Draft Regulatory Impact Analysis (RIA) document prepared to support a Notice of Proposed Rulemaking. However, EPA is not including a Draft RIA for this proposed rule. Therefore, EPA is presenting its economic impact assessment required by Section 317 in this memorandum.

Section 317 directs that, in conjunction with a proposed rulemaking, the Administrator is to provide an “explanation of the extent and manner in which the Administrator has considered the analysis contained in such economic impact assessment in proposing the action.” 42 U.S.C. § 7617(b). As is reflected in the proposed rule’s statement of basis and purpose, the agency considered the information that was provided to EPA during the rulemaking that culminated in the Phase 2 Rule, as well as information provided in a petition for reconsideration of that rule. EPA did not, however, consider this economic impact assessment itself in proposing the action.

## **Assessment**

### *(1) Costs of Compliance*

For purposes of this memorandum, EPA considers costs of compliance to be any increase in costs for glider vehicle manufacturers as a result of this action.<sup>1</sup> There would be no costs of compliance for this proposal since the action would rescind the compliance requirements for glider vehicle manufacturers set under the HD Phase 2 Rule.

### *(2) Inflationary/Recessionary Effects*

To date, the glider sector has been a small economic portion of the HD industry, and even smaller in the scope of the U.S. macro-economy. To the extent this sub-sector of the HD industry remains small, the impact on prices is expected to be very small (see (4) below). Thus, the rescission of glider requirements is not expected to have any notable inflationary or recessionary impact.

### *(3) Competitive Impacts*

EPA has received several letters and emails from small businesses that produce glider vehicles and dealerships that sell glider kits who believe the existing glider vehicle requirements will adversely impact their ability to compete in the heavy-duty truck market. However, other small businesses, primarily other dealerships, that sell heavy-duty trucks but do not sell glider vehicles commented that allowing glider manufacturers to sell heavy-duty trucks that do not comply with current emission standards results in an unfair competitive advantage for glider vehicle manufacturers and dealers. EPA agrees that either strengthening or weakening the requirements for glider vehicles could potentially impact the competitive balance in the heavy-duty truck market, both advantaging and disadvantaging certain small businesses.

### *(4) Consumer Costs*

Glider vehicle manufacturers have claimed that remanufactured glider engines have better fuel consumption and lower maintenance costs than current newly manufactured engines. EPA has not verified these claims. Moreover, to the extent engine manufacturers will continue to improve the reliability and fuel efficiency of their engines, as might be expected, any operating cost advantage for glider engines would likely decrease in the future.

This action would also eliminate the obligation for glider *vehicle* manufacturers to incorporate fuel saving technology under the HD Phase 2 regulations. To the extent that glider vehicles do not include such technology, any advantage in *engine* efficiency could be partially or fully offset.

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<sup>1</sup> EPA is not including other economic impacts as part of this element (1).

EPA interprets the references to “consumer costs” in section 317(c)(4) to refer to the cost of consumer goods generally, rather than the costs incurred by glider vehicle owners and operators. Considered together, EPA does not expect this proposal to significantly impact consumer costs.

*(5) Energy Use*

As noted above, EPA has not verified the claims of glider sellers regarding their claims with respect to engine efficiency. To the extent glider engines may have a fuel efficiency advantage over current newly manufactured engines, any such advantage for glider engines is likely to decrease in the future. Considered together, EPA does not expect this proposal to significantly impact energy use.

## Sutton, Tia

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**From:** Sutton, Tia  
**Sent:** Tuesday, November 07, 2017 5:18 PM  
**To:** 'Whiteman, Chad S. EOP/OMB'  
**Cc:** Owens, Nicole; Hengst, Benjamin  
**Subject:** RE: New EPA passback to EO 12866 Interagency Comments on EPA Glider NPRM  
**Attachments:** EO12866\_Repeal of Emission Requirements for Gliders 2060-AT79 NPRM FRN\_2....docx;  
EO12866\_Repeal of Emission Requirements for Gliders 2060-AT79 NPRM FRN\_2....docx

Hi Chad,

Attached are new versions of the document (clean and RLSO) with the edit noted below incorporated.

Thanks,  
Tia

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**From:** Sutton, Tia  
**Sent:** Tuesday, November 07, 2017 4:42 PM  
**To:** 'Whiteman, Chad S. EOP/OMB' <Chad\_S\_Whiteman@omb.eop.gov>  
**Cc:** Owens, Nicole <Owens.Nicole@epa.gov>; Hengst, Benjamin <Hengst.Benjamin@epa.gov>  
**Subject:** RE: New EPA passback to EO 12866 Interagency Comments on EPA Glider NPRM

Hi Chad,

Before we upload, we will need to make one additional minor edit to the package. The information about the hearing currently says that the hearing will “end at 5:00 p.m. or until everyone has had a chance to speak.” We would like to edit that to simply say that the hearing will end “after everyone has had a chance to speak.”

We can either just put this in the final version that we send you to review for clearance; however, if you would like for us to send you another version to circulate, please let us know.

Thanks,  
Tia

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**From:** Sutton, Tia  
**Sent:** Tuesday, November 07, 2017 3:21 PM  
**To:** 'Whiteman, Chad S. EOP/OMB' <[Chad\\_S\\_Whiteman@omb.eop.gov](mailto:Chad_S_Whiteman@omb.eop.gov)>  
**Cc:** Owens, Nicole <[Owens.Nicole@epa.gov](mailto:Owens.Nicole@epa.gov)>; Hengst, Benjamin <[Hengst.Benjamin@epa.gov](mailto:Hengst.Benjamin@epa.gov)>  
**Subject:** New EPA passback to EO 12866 Interagency Comments on EPA Glider NPRM

Chad,

Attached are redline and clean versions of the NPRM containing the edits that were discussed on today's call. Also, as I mentioned before, we made some minor FR formatting edits that are not substantive in any way (but it will speed up publication if we make them now).

Please let us know if you have any questions or problems with the files.

Thanks,  
Tia