



MEMA Regulatory Update

Automotive Specialty Products Alliance
Spring Meeting

June 3-4, 2008 ↻ Dallas, Texas

*Leigh S. Merino
Director, Regulatory Affairs
Motor & Equipment Mfgs. Assn.*





Presentation Overview

- About MEMA, MEMA-DC and Issues
- Issues of Interest to ASPA Members
 - EPA Activities
 - Current Issues
 - Long-Term Issues
- Future Political Environment





About MEMA

- Since 1904, Motor and Equipment Manufacturers Association (MEMA) has exclusively represented and served manufacturers of motor vehicle components and systems for the original equipment (OE) and aftermarket segments of the light vehicle and heavy duty industries.
- MEMA Manages Three Market Segment Associations:
 - Original Equipment Suppliers Assn. (OESA)
 - Automotive Aftermarket Suppliers Assn. (AASA)
 - Heavy Duty Manufacturers Assn. (HDMA)





MEMA Government Affairs Office

- Based in Washington, DC
- Seven person office that develops legislative and regulatory strategies on issues impacting automotive and heavy duty suppliers
- Resource for OESA, AASA, HDMA members
- Government Affairs Committee that sets legislative priorities based on input from market segments





Overview of MEMA Issues

- MEMA Tracks Broad Range of Legislative and Regulatory Issues:
 - Intellectual Property/Patton Reform; Climate Change/GHG Emissions; CAFE Standards; Stopping Distance and RSC for Heavy Duty Vehicles; Vehicle Lighting and Conspicuity Requirements; EPA Regs re: CAA, NAAQS, VOC Emissions; OSHA Regulations; NCAP Ratings; Auto Safety Technologies + many, many more
- And that's just a short list ...





Overview of MEMA Issues

- For More Information About Supplier Issues Visit the MEMA Action Center Online <http://www.automotivesupplier.org/>
 - View our 2008 MEMA “Issue Book”
 - “Action Alert” postings
 - Industry Economic Paper and Full Economic Analysis
 - MEMA “E3 Coalition”
 - And more ...



Feedback from Members

- Are We On Target?
- What Other Issues Are Important to Your Company?
- MEMA Future Endeavor
 - Considering establishment of Regulatory Affairs Committee (much like GAC)
 - Access to the Member Companies' Regulatory "Action-Go-To" Representative(s)
 - Goal is to address anticipated increase in regulatory activities over the next few years





Issues of Interest to ASPA Members

EPA Activities





Issues of Interest to ASPA Members

- EPA Activities
 - Greenhouse Gas Emissions
 - Fuel Additives
 - Revised Renewable Fuels Standard
 - Volatile Organic Compounds
 - NAAQS for Ozone; Lead
 - ChAMP
 - Other Long-Term EPA Agenda Action Items



EPA - Greenhouse Gas Emissions

- EPA Expected to Publish **ANPRM** “Greenhouse Gases Under the Clean Air Act” ~June 2008
- Seek comments on:
 - Regulation of GHG emissions from mobile and stationary sources
 - Implications of such regs
 - Particularly covering various petitions, lawsuits and court deadlines before the Agency (*Massachusetts v. EPA*)
 - Potential issues in the New Source Review program
 - Including GHG thresholds and whether permitting authorities might need to define best available control technologies



EPA - Greenhouse Gas Emissions

- EPA Expected to Publish **NPRM** to “Establish Mandatory Reporting of GHG From Upstream Fuel, Chemical Producers and Importers and Downstream Emitters”
~Oct. 2008
 - Mandated by FY08 Consolidated Appropriations legislation
- *Purpose:* Create monitoring, reporting and recordkeeping requirements on facilities that produce, import or emit GHG above a specific threshold in order to inform future regulatory policy options related to GHG.
- Encourage industries to submit helpful information and data to EPA in advance of NPRM





Fuel Additives

- Regulation of Fuels/Fuel Additives: Revised Definition for Alaska
- Direct FR Published Apr. 25, 2008
 - Revises gas-engine emission regs to allow for the latest ASTM technical standards to apply to State of Alaska (ASTM-4814-04)
 - Addresses issues associated with extreme cold winter temperatures; includes special subclasses for gas used in these conditions





Fuel Additives

- Regulation of Fuels/Fuel Additives: Alternative Quality Assurance Requirements for Ultra-Low Sulfur Diesel
 - Creates alternative to permit a nationwide sampling and testing program as an alternative to the current requirements (*40 CFR §80.613*).
 - Comprehensive QA program; sampling and testing to achieve same objectives as current regulatory requirements (sulfur content does not exceed reg limits).
 - Administered by independent association funded by an industry consortium (subject to EPA approval).
- Direct Final Rule Expected August 2008



Fuel Additives

- Methyl Tertiary Butyl Ether (MTBE)
 - Automobile fuel additive MTBE has been detected in very low levels in ground/drinking water
 - EPA will revise health assessment for MTBE as part of Nat'l Secondary Drinking Water Regulations (NSDWR)
 - EPA designated as a long-term action; no immediate timetable established



Fuel Additives

- Testing Agreement for Certain Oxygenated Fuel Additives
 - EPA requested Ofc. of Pollution Prevention and Toxics to obtain health effects data on several Oxygenated Fuel Additives substances individually and in comparison to each other (e.g. MTBE)
 - EPA will eventually solicit interested parties to work on an Enforceable Consent Agreement thru which parties agree to provide data to EPA
 - EPA designated as a long-term action; no immediate timetable established





Revised Renewable Fuels Standard

- RFS calculated as a percentage
- EPA RFS Program Overview
 - Developed in collaboration with refiners, renewable fuel producers, and other stakeholders
 - Requires increasing use of RF every year through 2012.
 - After 2012, RF use is required to grow in volume as gasoline demand grows.

RFS % =

RF Blended Into
Gasoline for “X” Year

Amt. of Gasoline Use
Expected for “X” Year





Revised Renewable Fuels Standard

- Feb. 14, 2008, EPA Published Notice Amending RFS as Mandated under EISA 2007
 - 2008 RFS 7.76%; approx. 9B gallons
 - Supersedes the Nov. 2008 RFS 4.66% EPA published prior to enactment of EISA
- May 22, 2008, EPA Received Waiver Request from Texas
 - Asked to meet half of the RFS “mandate for the production of ethanol derived from grain.”
 - Comments to Texas Request are due June 23, 2008





Volatile Organic Compounds

- Nat'l VOC Emission Standards for Aerosol Coatings – Direct FR Published March 24, 2008
 - Modeled after the CARB Regulation
 - According to the EPA, this rule will better control a product's contribution to ozone formation by encouraging the use of less reactive VOC ingredients, rather than treating all VOC in a product alike through the traditional mass-based approach.
 - Also revised regulatory definition of VOC.
 - Initial list of product categories and schedule for regulation was published on March 23, 1995.
 - Amended and clarified regulatory text and tables in Final Rule





Volatile Organic Compounds

- Title: “Consumer & Commercial Products, Group IV; Control Techniques Guidelines (CTGs) in Lieu of Regulations for Misc. Metal Products Coatings, Plastic Parts, Auto & Light Duty Truck Assembly Coatings & Fiberglass Boat Mfg. Materials”
- EPA would determine that CTGs for these categories are as effective as nat’l regs. Proposal based on considerations affecting VOC emission reductions in ozone non-attainment areas.
- NPRM ~June 2008; FR ~Sept. 2008



Volatile Organic Compounds

- Amendments to Method 24 (Water-Based Coatings)
 - Method 24 calculates VOC content as volatile content *minus* water content
 - This method is inherently less precise for water-based coatings than for solvent-based.
 - The proposal would amend Method 24 by adding a **direct measurement procedure** to measure VOC content of water-based coatings to improve precision.
- Expect NPRM July 2008.

Volatile Organic Compounds

- Leak Detection and Repair
 - NPRM published in 2006 proposes to amend existing regs requiring periodic leak detection of VOCs and repair of pumps, valves and connectors.
 - Current practice requires **each** pump, valve and connector be **individually monitored**
 - Newer image-based monitoring technology can help detect leaks for multiple components at one time (= less burden, less labor, less costs)
- FR ~Sept. 2008

Volatile Organic Compounds

- Exclusion of Propylene Carbonate and Dimethyl Carbonate in VOC Definition
 - Negligible reactive compounds
 - Removes regulatory burden from industries that use these compounds without adversely affecting air quality
- NPRM Published Oct. 1, 2007;
FR ~Oct. 2008

Volatile Organic Compounds

- Exclusion of Family of Hydrofluoropolyethers (HFPEs) and HFE-347pc-f from VOC List
 - Because, as a precursor, these compounds make a negligible contribution to the formation of tropospheric ozone
- NPRM ~Dec. 2008; FR ~Dec. 2009.



Volatile Organic Compounds *Canada Proposal*

- In late April, Canada published proposed regulation on VOC limits
- Canada's proposal is aligned with the provisions of the CARB suggested control measure (SCM), with some differences
- Applies to 163 categories of products including (but not limited to) architectural coatings, **automotive refinishing products**, personal care products, maintenance products and adhesives.
 - Automotive refinishing products like pre-treatment wash primers, primers, primer sealers, color coatings, clear coatings, truck bed liner coatings, and surface cleaners.
 - Used to refinish, service, maintain, repair, restore, or modify a motor vehicle or mobile equipment or their parts. The use of these automotive refinishing products contribute to Canadian urban VOC emissions.
 - Expected to reduce VOC emissions from these products by an average of 40% per year over 25 years.



Volatile Organic Compounds *Canada Proposal*

The proposed VOC concentration limits **would not** apply to the following:

- Automotive refinishing products imported, offered for sale or sold in:
 - non-refillable aerosol spray containers or mfg to be packaged in non-refillable aerosol containers
 - container with a volume of 14.8 ml (0.5 fluid ounces) or less, or mfg to be packaged in that type of container
- Automotive refinishing products that are used:
 - during the mfg of motor vehicles or mobile equipment, or their parts on the assembly line
 - as solvents in labs for analysis, scientific research, or as lab analytical standard
- Mfg for export only



Revised NAAQS for Ozone; Lead

OZONE

- Mar. 12, 2008, EPA published revised NAAQS for ground-level ozone (O₃) to **0.075 ppm** from 0.084 ppm
- Schedule:
 - By March 2009, states must submit to EPA areas recommended to be designated as “attainment”, “nonattainment” and “unclassifiable”;
 - By March 2011, EPA issue final designations to states;
 - States submit SIPs NLT 3 yrs after final designation.

LEAD

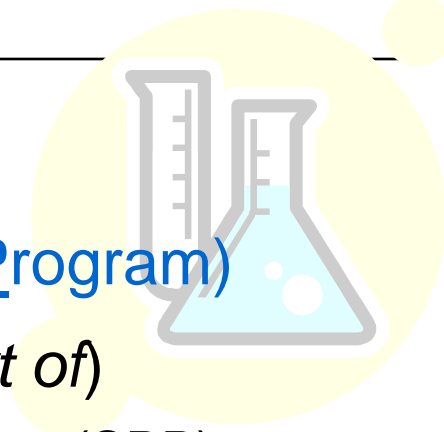
- May 20, 2008 EPA Proposed Rule for NAAQS for lead (Pb):
 - Revise elements of the standard to provide increased protection for at-risk populations against adverse health effects, most notably neurological effects (neurocognitive and neurobehavioral)
- EPA public hearings on June 12 in Baltimore and St. Louis
 - Hearing Details
<http://www.epa.gov/air/lead/actions.html>
- Comments due July 21, 2008
[Docket ID No. EPA-HQ-OAR-2006-0735]
- To meet a court order, EPA must publish a FR by Sept. 15, 2008





ChAMP

(Chemical Assessment and Management Program)



- North America's version of EU's REACH (*sort of*)
 - Security and Prosperity Partnership of North America (SPP) called for cooperation on chemicals and outlined commitments on behalf of the U.S., Canada, and Mexico to work together to ensure the safe manufacture and use of industrial chemicals
- By 2012, U.S. will complete screening-level risk characteristics (basic hazard and exposure info) and take action, as appropriate, on over 6,750 chem produced above 25K lbs/yr.
- On May 2, EPA hosted public meeting re: ChAMP
 - Featured Charles Auer, Director of EPA Office of Pollution Prevention and Toxics
- More info available online www.epa.gov/champ/





Other Long-Term EPA Activities

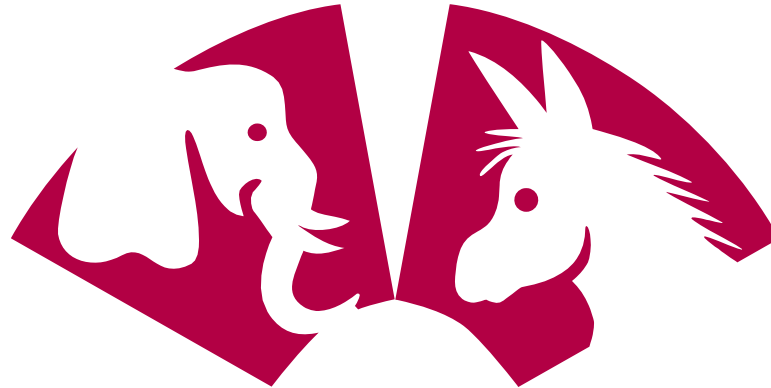
MEMA will continue to monitor and react, as appropriate on other future EPA actions such as:

- Protection of Stratospheric Ozone: *Listing of Substitutes in Motor Vehicle Air Conditioning Sector Under SNAP Prog.*
 - NPRM Published Sept. 2006; FR ~Sept. 2008
- Evaluation of Updated Test Procedures for the Certification of Gasoline Deposit Control Additives
- Refractory Ceramic Fibers





Future Political Environment



Future Political Environment

Congress

- Slow down in 110th Congress
 - With November elections, Congress likely won't complete much between now and the end of the year.
- Upcoming Elections – Take Advantage
 - Schedule facility visits for Representatives and Senators
- Anticipate active 111th Congress
 - Control likely to be retained by Democratic Party

Future Political Environment

Executive

- 2009 – New President & Administration
- All Candidates Favor Active Regulatory Environment
 - Consumer and Technology Friendly
 - Product Safety
 - Workplace Safety
 - Healthcare and Related Benefits



Thank You!

Questions? Feedback?
Please contact me:

Leigh Merino

Director, Regulatory Affairs

Motor & Equipment Manufacturers Assn.

(202) 312-9249

lmerino@mema.org

<http://www.mema.org>

