

Missouri Department of Natural Resources
Regulatory Impact Report
In Preparation For Proposing
Amendment 10 CSR 10-5.381

Applicability: Pursuant to Section 640.015 RSMo, “all rulemakings that prescribe environmental conditions or standards promulgated by the Department of Natural Resources...shall... be based on the regulatory impact report...” This requirement shall not apply to emergency rulemakings pursuant to section 536.025 or to rules of other applicable federal agencies adopted by the Department “without variance.”

Determination: The Missouri Department of Natural Resources has determined this rulemaking prescribes environmental conditions or standards and verifies that this rulemaking is not a simple unvarying adoption of rules from other federal agencies. Accordingly, the Department has produced this regulatory impact report which will be made publicly available for comment for a period of at least 60 days. Upon completion of the comment period, official responses will be developed and made available on the agency web page prior to filing the proposed rulemaking with the Secretary of State. Contact information is at the end of this regulatory impact report.

1. Describe the environmental conditions or standards being prescribed.

The purpose of this rulemaking is to add an exemption from the St. Louis vehicle emissions inspection program for Plug-in Hybrid Electric Vehicles (PHEVs) per Statute, RSMo, 643.315 (the result of House Bill 354 passing on May 5, 2011 and becoming effective August 28, 2011). A new definition for PHEV is required for the exemption. The new definition for PHEV being added to the definitions section of the rule is consistent with EPA’s definition, 40 CFR 86.1803-01. At the same time, definitions in this rule previously consolidated into the general definitions rule, 10 CSR 10-6.020, Definitions and Common Reference Tables, will be removed and the references to the definitions throughout the rule will be corrected.

2. A report on the peer-reviewed scientific data used to commence the rulemaking process.

No scientific data was used to commence this rulemaking. Instead, it was initiated by the passing of House Bill 354, which exempts PHEVs from emissions inspection.

3. A description of the persons who will most likely be affected by the proposed rule, including persons that will bear the costs of the proposed rule and persons that will benefit from the proposed rule.

The likely affected parties of this rulemaking include the approximate 825 emissions inspection stations and their owners, managers, and licensed inspectors in the St. Louis nonattainment area; PHEV owners and lessees who register their vehicles within the St. Louis nonattainment area; the Missouri Department of Revenue (DOR), which provides vehicle registrations; and the Missouri State Highway Patrol (MSHP), which administers

and enforces (in conjunction with the department) the Inspection and Maintenance program.

This rulemaking is not expected to have costs to any of the affected parties. Beneficiaries include owners and lessees of PHEVs who will not be required to obtain an emission inspection in order to register their vehicle.

4. A description of the environmental and economic costs and benefits of the proposed rule.

The exemption from emission inspection of PHEVs does not pose any environmental or economic costs. These are low emissions vehicles due to operating partially on their electrically charged batteries. When operating in pure electric mode, PHEVs emit no tailpipe pollutants. These vehicles can also operate by a range-extending internal combustion engine that burns petroleum and is equipped with emissions control devices. According to the U.S. Department of Energy, PHEVs use approximately 40% to 60% less petroleum, and therefore emit fewer pollutants than conventional vehicles. Due to this exemption, the emissions equipment on PHEVs will not be inspected periodically, however the major emissions equipment and parts are warranted for eight (8) years or eighty thousand (80,000) miles, and the Gateway Vehicle Inspection Program currently experiences a 96% passing rate of all vehicle emissions inspections. Benefits of this emission inspection exemption for PHEVs include the possible stimulation of demand for lower emissions vehicles and subsequent promotion of expanded charging station infrastructure in the St. Louis nonattainment area. This could result in reducing ground-level ozone in the St. Louis nonattainment area by increasing the number of low emissions vehicles that will replace conventional internal combustion engine vehicles. PHEVs are an alternative that uses electricity from the grid to displace a potentially significant fraction of petroleum consumption in the vehicle fleet.

5. The probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenue.

The department's Air Pollution Control Program does not anticipate that this agency or any other public agency will incur additional costs to implement and enforce this rulemaking.

The state receives \$2.50 for each passing emissions inspection. Exempting PHEVs will cause a missed opportunity for collection of fee revenue; however, it is not expected to be a significant amount. Because the PHEV is a new type of vehicle with the earliest model year being 2010, these vehicle types would not typically be due for emissions inspection until 2012.

6. A comparison of the probable costs and benefits of the proposed rule to the probable costs and benefits of inaction, which includes both economic and environmental costs and benefits.

Due to the May 5, 2011 passing of House Bill 354/Senate Bill 131, Missouri law requires the exemption of these PHEVs. Additionally, inaction would result in providing no incentive for fleet expansion of low emissions vehicles, which would replace conventional vehicles, thereby contributing to the overall decrease of vehicle emissions throughout the St. Louis nonattainment area.

7. A determination of whether there are less costly or less intrusive methods for achieving the proposed rule.

The department is not aware of a less costly or intrusive method for achieving the proposed rule amendment.

8. A description of any alternative method for achieving the purpose of the proposed rule that were seriously considered by the department and the reasons why they were rejected in favor of the proposed rule.

The department is not aware of any alternative methods for achieving the purpose of the proposed rule amendment.

9. An analysis of both short-term and long-term consequences of the proposed rule.

In the near future, it is not likely there will be a significant number of these vehicles on the roads in the St. Louis nonattainment area. Currently, there is only one major manufacturer's brand for sale, however a few other major manufacturers have plans for releases in 2012 with more following in 2013. Over the long-term, it is possible that as the numbers of low emissions, partially electric vehicles increase, conventional, fully petroleum burning vehicles will decrease, ultimately contributing fewer pollutants to the air in the nonattainment area. While electricity used by PHEVs may be produced from burning fossil fuels, electricity generation is a more efficient method of energy production than the burning of petroleum by individual vehicles. Electrical generation largely occurs outside the St. Louis nonattainment area with the potential to consist partially of energy produced by non-polluting sources such as wind, hydro, or solar. As more cars become available for sale and subsequently purchased, the demand for, and therefore the stimulation of, charging station infrastructure expansion will occur. Already, several Eastern and Western states are rapidly installing charging stations along major corridors and in business districts.

10. An explanation of the risks to human health, public welfare or the environment addressed by the proposed rule.

There is no risk to human health, public welfare, or environmental quality as a result of this rulemaking. If these PHEVs significantly replace conventional vehicles in the St. Louis nonattainment area, the air quality will only benefit.

11. The identification of the sources of scientific information used in evaluating the risk and a summary of such information.

No scientific information was used in proposing this amendment.

12. A description and impact statement of any uncertainties and assumptions made in conducting the analysis on the resulting risk estimate.

An analysis of risk was not done for this rulemaking.

13. A description of any significant countervailing risks that may be caused by the proposed rule.

The department is not aware of any assumptions or uncertainties inherent with the proposed rulemaking.

14. The identification of at least one, if any, alternative regulatory approaches that will produce comparable human health, public welfare or environmental outcomes.

An alternative approach to the proposed rulemaking has not been identified.

15. Provide information on how to provide comments on the Regulatory Impact Report during the 60-day period before the proposed rule is filed with the Secretary of State.

Formal comments can be provided on either the Regulatory Impact Report or the draft rule text by sending them to the contact listed in question 16.

16. Provide information on how to request a copy of comments or the web information where the comments will be located.

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P.O. Box 176
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or

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Copies of formal comments made on either the Regulatory Impact Report or the draft rule text may be obtained by request from the contact listed above or by accessing the Rules In Development section at web site www.dnr.mo.gov/env/apcp/RulesDev.htm for this particular rulemaking.