TESTIMONY BY

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on behalf of the
EMISSIONS CONTROL TECHNOLOGY ASSOCIATION

BEFORE
THE HOUSE COMMITTEE ON APPROPRIATIONS,
SUBCOMMITTEE ON INTERIOR AND ENVIRONMENT

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Good afternoon, Mr. Chairman and Members of the Committee. My name is Christopher Hessler. I am a consultant with the firm AJW, and I represent the Emissions Control Technology Association, also called ECTA. ECTA is a trade association that promotes public policies aimed at achieving cleaner air by reducing mobile source emissions through the use of state of the art technologies. ECTA represents the companies that have been at the cutting edge of mobile source emissions control technology for three and a half decades. Our members invented and developed the core, specifically the substrate and the catalyst, of the catalytic converter.

Thank you for the invitation to appear before you this afternoon. I appreciate the opportunity to discuss funding for the Diesel Emission Reduction Act (DERA). This Committee has repeatedly recognized the importance of funding diesel emission reduction programs, and on behalf of ECTA I both thank you and encourage you to continue that commitment. Specifically, we respectfully request that the Committee fund the grant program authorized by the Diesel Emission Reduction Act of 2005 at $49.5 million for FY 2008. $49.5 million was the amount that the President requested in his budget for FY 2007.

ECTA is just one group of a large and diverse coalition, including more than 125 representatives from industry, environmentalists and state and local agencies, supporting this request, along with an increase in funding for state and local air grants discussed today by my colleague Bill Becker. Last month, 34 Members of Congress wrote in support of DERA funding—we appreciate their endorsement of the program and the efforts they have undertaken to secure funding.[1]

According to the Environmental Protection Agency (EPA), close to one third of Americans live

[1] Copies of these letters can be found on the ECTA website at http://www.ectausa.com/policyissue2.html under the heading "Letters of Support to the House of Representatives."

in areas that fail to meet the air quality standards for particulate matter – or "soot", and diesel emissions are a significant contributor to those soot problems. The EPA, recognizing the harmful effects of diesel emissions, issued new fuel and engine emission standards that will reduce particulate matter emissions from new engines ninety percent (90%) below previous levels, beginning with vehicle model year 2007. Diesel engines sold this year will be 98% cleaner than those sold in 1988.[2] It is a remarkable accomplishment for the diesel industry and ECTA's member companies are proud to have played a role in enabling that progress.

But diesel engines are built to last. It is estimated that the new engines – those built to meet the tougher emission standards – will not fully penetrate the diesel fleet for 25 years. That means that an engine sold last year will likely operate for more than two decades with far greater emissions than a nearly identical engine sold this year. EPA estimates that this so-called "legacy fleet" is comprised of 11 million diesel engines. Fortunately, the same technology that makes ninety percent (90%) reductions in diesel emissions possible for new engines can be retrofitted onto existing engines.

I have here a ceramic filter that is the core of an after-treatment device and a container of one day's soot emissions from a vehicle without a filter. They call our technology "after-treatment" because it cleans the exhaust after combustion. The filter combined with a catalyst performs a chemical conversion and a filtering function to the emissions produced by the engine. In essence, the technology acts like a small chemical plant that reduces carbon monoxide (CO) and hydrocarbons (HC) in the exhaust, like on a catalytic converter on a gasoline powered vehicle. In the case of diesel engines, it goes one step further by reducing the fine particulate matter ($PM_{2.5}$).

These air quality improvements can significantly enhance human health. EPA and others can measure these health effects by estimating the economic welfare associated with reduced levels of health risk arising from improved air quality.

While the absolute levels of these estimates are clearly open to challenge, there is a broad consensus that diesel emissions cause or aggravate respiratory problems and chronic bronchial conditions such as asthma. In diesel exhaust, particulate matter measured below the 2.5 micron level is particularly troublesome as a matter of human health. The health effects of $PM_{2.5}$ have been measured to be more than 115 times greater than volatile organic compounds and 14 times greater than nitrogen oxides.[3]

This is where DERA comes in. Congress passed DERA specifically to reduce the emissions footprint from the existing diesel fleet by authorizing a grant program that would help fund a broad range of new technologies that are proven to reduce engine emissions. That includes so-called "after-treatment" devices, as well as engine rebuilding that upgrades key components, new

[2] *See* Diesel Technology Forum, "Cleaner Air, Better Performance: Strategies for Upgrading and Modernizing Diesel Engines" (May 2003) available at http://www.dieselforum.org/whitepaper/downloads/retrofit.pdf, Figure 4, pg. 5.

[3] *See* Wescott, Robert and Mark McNulty, "A Methodology for Comparing Cost-Effectiveness of CMAQ Projects" (February 2007) available at: http://www.ectausa.com/documents/07Wescott_001.pdf

engines for old equipment, and even new equipment. Each of these will result in lower emissions.

The EPA already has significant experience in using grants in this way. This Committee has funded the Clean School Bus USA program since 2003. By 2006 more than 6,300 school buses were replaced or retrofitted. An additional $7 million worth of Clean School Bus grant money that was appropriated by this Committee for FY 2006 is also in the process of being awarded and implemented through EPA's regional Diesel Collaboratives. In the Northeast Diesel Collaborative alone, this will provide for 6 grants totaling $1.14 million to retrofit nearly 1,400 buses. As a result of this funding, more than a quarter million American children are exposed to dramatically lower levels of particulate matter and other pollutants as they ride to and from school each day. Since the average schoolchild spends at least an hour and a half each day in a bus those grants can make a tremendous difference.

In fact, one of these grants was awarded in your home district, Mr. Chairman. In February 2006, EPA announced that the Peninsula School District would receive $300,000 to replace the older diesel buses in its fleet with newer, cleaner vehicles.

Unfortunately, for every one grant that is awarded, there are nearly four proposals that do not receive funds. In the first three years that EPA awarded grants for the Clean School Bus program, a total of 292 grant requests were received. Of those, $17.35 million was awarded to 72 applicants, which means that more than $88 million worth of requests from 220 applicants went unfunded. Among these unfunded proposals were requests from a school district in your district, Mr. Chairman and from one in the Ranking Member's districts.

DERA will build on the success of the Clean School Bus USA Program and enable retrofits to be expanded across the nation into urban transit bus fleets, construction equipment, utility trucks, trash collectors, and many other diesel applications. It will lighten the burden on states attempting to comply with the Clean Air Act's air quality standards and help many Americans breathe easier. It is worth noting that, since DERA was enacted, many state governments are following Congress' lead. For instance, last year New York passed a law requiring that all diesel engines owned or operated by or on behalf of the state be retrofitted or replaced. Many other states and local governments are considering similar proposals.

One of the key strengths of DERA is its ability to leverage funds. In fact, back in February of this year, Administrator Johnson testified before this Subcommittee that EPA believes that the $35 million requested by the President for DERA in this year's budget will leverage a total of $72 million for retrofit strategies -- making it a "great investment." Moreover, when DERA was first introduced EPA estimated that this billion dollar program, if fully funded, would leverage an additional $500 million leading to a net benefit of almost $20 billion with a reduction of about 70,000 tons of particulate matter. This is a 13 to 1 cost-benefit ratio.

Mr. Chairman, if the House appropriations bill for FY 2007 had been enacted during the Congress last year, DERA would have been funded at $28 million. It would have been a significant boost – more than double – for diesel emission grants from the FY 2006 level. Unfortunately, because that bill was not enacted, these important grants did not receive that

additional funding. In fact, under the continuing resolution for FY 2007, diesel emission reduction programs will receive nearly $5 million less in FY07 than they did in FY 2006.

Today we ask that you begin your deliberation for FY 2008 funding by using your own FY 2007 bill as the baseline. We further ask that you again nearly double the level of funding, from the $28 million level that this Committee recommended and the House approved for FY2007.

We realize that you and your colleagues are faced with extremely difficult challenges in writing your bill. But we are asking you to consider our request because every additional dollar that you appropriate for DERA will lead directly to cleaner air. You will not be adding to government overhead, or paying consultants to draft new reports that will get little attention and few readers. You will be directly improving air quality, and the health of Americans throughout the country.

Mr. Chairman, I thank you for your time and attention.