

Great Lakes Shipping and the EPA Exhaust Emissions Rule

MYTHS VS. FACTS

The Environmental Protection Agency is proposing new exhaust emission standards to benefit citizens of the Great Lakes region who breathe the dirty air emitted by commercial vessels. Some Great Lakes shippers are making misleading claims about the impact of the rules on their competitiveness and on environmental health, and are lobbying for exemptions to the regulations. Here are some of the key issues the industry is raising and answers that demonstrate the importance of enacting the rules.

MYTH	FACT
<p>“19% of the lake fleet will be put out of business (these are the 13 steamships operating on the Great Lakes, as they would need completely new engines).”</p>	<p>This claim is unfounded. Several Great Lakes steamships owned by Interlake Steamship Company have already replaced their engines and have upgraded many other power-related systems that go beyond requirements in the proposed EPA rule. In general, companies that upgrade their engines and power systems will benefit from increased fuel efficiency. The payback period will vary depending on the fuel price; the higher the price, the shorter the payback period.</p>
<p>“Great Lakes shipping is being disproportionately regulated.”</p>	<p>Compared to other modes of transportation, this is not true. Over the past few years, EPA has promulgated tighter fuel requirements for essentially every mobile source except for large commercial vessels. Highway diesels such as trucks and buses presently must burn fuel with a sulfur content of 15 parts per million (ppm). This fuel is called “ultra low sulfur diesel” fuel or ULSD. ULSD will also be required for nonroad diesels such as construction equipment next year, and in 2012 for locomotives and smaller inland and coastal ships (“Category 1 and 2” marine engines, used on, e.g., tugboats, work boats, ferries, fishing boats, etc). Starting in 2015, EPA’s proposed rule requires C3 ships traveling within in the ECA, including the Great Lakes, to burn fuel with a sulfur content limited to 1000 ppm, which is still 67 times dirtier than the ULSD fuel.</p> <p>Compared to ocean-going C3 vessels, differences in compliance are due to differences in human health risk. Vessels operating exclusively in the Great Lakes will have to comply with the tighter requirements continually because they are always within close proximity to human populations, while C3 vessels operating in the open ocean will not have to meet the North American requirements until 200 nautical miles from land. Because exhaust from Lakers that have not already upgraded their power systems is always a threat to nearby communities, compliance with the regulation continually is essential to protect human health.</p>

MYTH	FACT
<p>“If the steamships went out of business, the cargo being moved on the old steamships would then have to move on rail or truck.”</p>	<p>There is no evidence that this would happen. Rather, studies have shown that both industry and to a lesser extent, government agencies, have historically overestimated the cost and impact of proposed environmental regulations.² While some proposals for regulation may result in costs to the industry, in general, environmental regulation does not necessarily mean increased costs at the level industry first anticipated, and compliance often leads to benefits associated with greater competitiveness and higher productivity.³ Given additional challenges the Lakers are facing—from near future ballast regulations to lower water levels due to climate change—negotiating for assistance to modernize its antiquated fleet rather than for exemptions to change, is likely to be in its best interest.</p>
<p>“This regulation interferes with promoting the most fuel efficient means of commercial transportation to combat climate change.”</p>	<p>Replacement of old and inefficient engines on Lakers with modern diesel engines can reduce fuel consumption by one-half and would significantly contribute to—not interfere with—efforts to reduce greenhouse gas emissions.</p>

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REFERENCES

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- ³ Gary Hag et al “Determining the costs to industry of environmental regulation” *European Environment*, Vol. 11, Issue 3. p. 125-139. (May 2001)