



## **REGULATORY FLEXIBILITY ANALYSIS** **(FORMERLY SMALL BUSINESS IMPACT STATEMENT)**

### **SECTION A**

**Date:** May 11, 2023

**Agency Submitting Proposed Regulation:** Department of Energy and Environmental Protection

**Proposed Regulation Title:** Medium and Heavy-Duty Vehicle Regulation

Prior to or concomitant with the posting of a notice pursuant to C.G.S. § 4-168a, as amended by Public Act 16-32, each agency shall prepare a regulatory flexibility analysis. Agencies must complete this document and upload it into the eRegulations System prior to posting the Notice of Intent described in C.G.S. § 4-168(a)(1). This document will automatically publish to eregulations.ct.gov at the time the filing agency posts the Notice of Intent.

Reminder: Pursuant to C.G.S. § 4-168a(c), prior to the adoption of any proposed regulation that may have an adverse impact on small businesses, each agency shall notify the Department of Economic and Community Development and the joint standing committee of the General Assembly having cognizance of matters relating to commerce of its intent to adopt the proposed regulation.

### **Scope and Objectives of the Proposed Regulation (mandatory for all filers):**

The regulation applies to Original Equipment Manufacturers (OEMs) of medium and heavy-duty (MHD) trucks and engines. There are none of these entities that operate as small businesses in the State of Connecticut. Adoption of this rule will have no direct impacts on small businesses.

Pursuant to C.G.S. § 22a-174g(c) as amended by Public Act 22-25 as well as section 177 of the federal Clean Air Act, the Department of Energy & Environmental Protection (the Department) is proposing to adopt the Advanced Clean Trucks rule (ACT) and the Heavy-Duty Low NO<sub>x</sub> Omnibus rule (Low NO<sub>x</sub>) which were finalized by the California Air Resources Board (CARB) in February and December 2021, respectively.

The ACT rule requires truck manufacturers to meet an incrementally increasing threshold for the percentage of zero-emission vehicles (ZEVs) that make up their total annual sales of Class 2b to Class 8 vehicles. The Low NO<sub>x</sub> rule would require combustion engines sold in the state to emit nitrogen oxides at or below limits that are 90% lower than the current standard by 2027.

In addition, the regulation has a one-time fleet reporting requirement for large fleets over 50 vehicles which is expected to have a minimal cost on businesses. This one-time fleet reporting

requirement will require large fleets to report the address of the fleet and certain aspects of the fleet make up including fuel usage and mileage. This is information fleets are expected to have on hand for normal administration of the fleet and will not require retention of a third party to report.

While this regulation is not expected to have any direct costs to small businesses, increased availability of MHD EVs in-state will help to decrease their capital costs by providing more supply for businesses wishing to convert fleets to MHD EVs. Just as with light duty vehicles and the Zero Emission Vehicle program adopted in 2005, it is anticipated that the initial purchase price of medium and heavy-duty ZEVs will fall over time as technology advances, battery costs decline, and economies of scale are achieved. The cost of operation and maintenance of an electric vehicle over a lifetime is far lower than a diesel engine; [CARB estimated](#) that a MY 2030 battery-electric Class 8 regional day-cab tractor would have a total cost of ownership (TCO) \$377,383 over its lifetime, while its diesel equivalent would accrue a TCO of \$602,408.

Businesses looking to purchase new diesel vehicles may also experience an indirect fiscal impact due to a potential increase in the cost of conventionally fueled vehicles due to new emission requirements. Out-of-state vehicle manufacturers will take on an increase in costs to produce engines with more effective emission control engine technology; this may be passed on to Connecticut vehicle purchasers in the form increased prices. An [analysis](#) by CARB estimates that model year (MY) 2031 and later diesel trucks could see net cost-per-vehicle increases ranging from \$433 to \$8,841 depending on vehicle type. The lifetime net cost impact for new diesel vehicles MY 2024 to 2030 is expected to be lower.

Please check the appropriate box:

- ☐ The regulatory action will not have an effect on small businesses. *If you check this box, do not complete SECTION B.*
- ☒ The regulatory action will have an effect on small businesses, but will not have an adverse effect on such small businesses. *If you check this box, complete SECTION B.*
- ☐ The regulatory action may have an adverse effect on small businesses, but no alternatives considered would be both as effective in achieving the purpose of the action and less burdensome to potentially effected small business. *Note: alternatives considered may include those listed in C.G.S. § 4-168a(b)(6). If you check this box, complete SECTION B.*
- ☐ The regulatory action will have an adverse effect on small businesses that cannot be minimized in a manner that is consistent with public health, safety and welfare. *If you check this box, complete SECTION B.*

## **SECTION B**

For regulatory actions which affect or may affect small businesses, please provide responses to the following:

### **Types of Businesses Potentially Affected by the Proposed Regulation:**

Small businesses that operate MHD fleets with 50 or more vehicles will be subject to a one-time reporting requirement to inform the develop of grant programs under PA 22-25 and further planning efforts aimed at the electrification of this sector. Other than the one-time reporting requirement, small businesses that operate their own fleets of vehicles may experience increased upfront costs for the purchase of a vehicle, however these costs are expected to be deferred over the total cost of ownership of the vehicle.

### **Total Number of Small Businesses Potentially Subject to the Proposed Regulation:**

Unidentified.

**Will small businesses, in order to comply with the proposed regulation, have additional requirements as listed in C.G.S. § 4-168a(b)(4)? If so, identify the requirements and provide an explanation for each.**

Small businesses are not regulated under this regulation.

**Has the agency communicated with small businesses or small business organizations in developing the proposed regulation and the regulatory flexibility analysis, if applicable? If so, to what extent?**

The Department plans to conduct outreach to all MHD fleets during the regulatory process so that they may understand that the requirements do not fall to them and the regulation will not affect the availability of MHD vehicles.

**Does the proposed regulation provide alternative compliance methods for small businesses that will accomplish the objectives of applicable statutes while minimizing the adverse impact on small businesses? If so, to what extent?**

Small businesses are not regulated under this regulation.