



## EPA's "Phase 3" Greenhouse Gas Proposal Leads to Significant Negative Impacts on Truck Dealers, Truck Buyers, and the Economy

### ISSUE

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In April, the Environmental Protection Agency (EPA) proposed the "Greenhouse Gas Emissions Standards for Heavy-Duty Vehicles – Phase 3," targeting fleet-wide greenhouse gas (GHG) reductions for model year (MY) 2027-2032 heavy-duty vehicles. This proposed rule would force the broad adoption of EV trucks, despite currently being less than 1% of sales. The upfront costs for an electric truck can be up to two to three times more expensive as a comparable diesel vehicle and does not offer comparable mileage and load ranges. Additionally, the U.S. lacks a national commercial vehicle charging network which makes customer adoption of EV trucks and their day-to-day use extremely challenging. The lead times proposed by the EPA do not consider the realities of the commercial ZEV marketplace, and would result in unaffordable commercial motor vehicles (CMVs) that do not meet the performance standards needed for purchasers' businesses resulting in older, less efficient trucks remaining in use. **Congress should use its oversight authority to ensure the proposed Phase 3 rule does not have significant negative impacts on small business truck dealers, truck buyers, and the economy.**

### BACKGROUND

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EPA's proposal would reopen the Phase 2 GHG rules for MY 2027 and projects that its Phase 3 proposal could result in 50% of new vocational vehicles, 34% of new day-cab tractors and 25% of new sleeper cab tractors being ZEVs by MY 2032 (versus sales of less than 1% today).

Nearly half of the heavy-duty trucks on the road are more than ten years old, and customers are holding onto older trucks longer or purchasing used trucks rather than investing in new equipment with the latest environmental technologies. A typical Class 8 electric truck costs \$400,000 with an estimated range of 150 miles. By comparison, the average cost for a diesel-powered vehicle is \$180,000 with a range of 1,000 to 1,500 miles. In addition, charging infrastructure poses a challenge to ZEV adoption. While dealers are investing millions in the infrastructure, training, and equipment to sell and service EV trucks, truck buyers are unlikely to buy these vehicles without a reliable public refueling infrastructure designed for commercial ZEVs.

EPA's failure in the rule to provide adequate lead times will likely result in a significant "pre-buy/no-buy" beginning in three years, which will spur small business closures, job loss and a delay of environmental benefits. ATD supports sound policies that increase fuel efficiency and reduce GHGs for America's trucks, but trucks must be affordable and reliable first so those benefits can be realized.

### KEY POINTS

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- **EPA's Phase 3 rulemaking, coupled with the EPA's recently finalized \$39 billion NOx rule, will result in a dramatic "pre-buy" in 2026 and a "no-buy" marketplace in 2027.** When emissions standards are too stringent and rushed, business closures, job losses, and delayed environmental benefits will result.
- **EPA is rushing this rule, despite no deadline set by Congress.** For a rule of this magnitude, an Advanced Notice of Proposed Rulemaking (ANPRM) is typically issued first to collect data and prepare for a viable rule. Instead of issuing an ANPRM, EPA issued this proposed rule with a comment period of only 50 days and denied requests for an extension. By comparison, EPA took five years to finalize the Phase 2 GHG rule.
- **Congress should use its oversight authority to ensure EPA's Phase 3 rulemaking does not have significant negative impacts on small business truck dealers, customers, and the economy.**

### STATUS

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In May, ATD testified at an EPA hearing, stressing the need for sufficient lead-time to lower the cost of ZEV technologies and to allow customers to make critical fueling infrastructure investments. ATD joined the American Trucking Associations requesting a public comment period extension of 45 days, which was denied by EPA. Language to prevent the EPA from spending money to finalize this mandate was included in the Fiscal Year 2024 House Interior-Environment Appropriations bill ([H.R. 4821](#)). EPA intends to issue a final Phase 3 rule by the end of the year.