



# At a Glance

## Why We Did This Review

We conducted this review in response to a hotline complaint about how the U.S. Environmental Protection Agency (EPA) estimated costs to the petroleum refining industry to meet new sulfur content standards for gasoline under the 2014 Tier 3 Motor Vehicle Emission and Fuel Standards (i.e., Tier 3 rule). The Tier 3 rule requires new emission limits for motor vehicles, as well as reduced limits on the amount of sulfur in gasoline. The primary allegations were that the EPA purposefully underestimated the costs to refineries and misrepresented information in the public record about how the agency modeled these costs. Our objective was to determine whether the EPA adhered to relevant statutes, regulations, policies, procedures and guidance in estimating and reporting expected costs to refineries to comply with the Tier 3 sulfur standards.

**This report addresses the following EPA goal or cross-agency strategy:**

- *Addressing climate change and improving air quality.*

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## ***No Intent to Underestimate Costs Was Found, but Supporting Documentation for EPA's Final Rule Limiting Sulfur in Gasoline Was Incomplete or Inaccurate in Several Instances***

### What We Found

We found no evidence to substantiate the hotline allegations that EPA staff or managers purposefully underestimated costs to refineries or intentionally misrepresented information about its modeling analyses in public rulemaking documents related to the Tier 3 rule.

However, during our review we identified several instances where descriptions of certain aspects of the EPA's modeling analyses were inaccurate or incomplete in the Tier 3 rule's final regulatory impact analysis (RIA). Based on our assessment, some of these instances occurred because EPA staff did not update information about their analyses in the final RIA from the earlier version that was developed for the proposed rule. In addition, staffing and time constraints hampered the quality assurance review of the final RIA. The inaccurate and incomplete documentation we identified did not impact the EPA's estimate of costs to the refining industry.

RIAs are intended to be comprehensive, detailed documents that describe to the public how the EPA conducted its analyses in support of rulemakings. They help promote accountability and transparency in government actions. Inaccurate and incomplete information in any final RIA could prevent a third party from obtaining a full and accurate understanding of how the EPA arrived at its overall cost estimate, and could undermine public trust in the integrity of the regulatory process. This is especially true when EPA's analyses are identified as influential scientific information and/or cannot be publicly released due to the inclusion of sensitive or proprietary information, as was the case with the EPA's Tier 3 cost model. In these instances, extra vigilance is needed by the agency to ensure that the information in the public rulemaking documents is accurate and complete.

**Inaccurate or incomplete documentation of the EPA's cost modeling could prevent a third party from obtaining a full and accurate understanding of how the EPA arrived at its cost estimate for the Tier 3 rule.**

### Recommendation and Planned Agency Corrective Actions

We recommend that the Assistant Administrator for Air and Radiation direct the Office of Transportation and Air Quality to develop a process to provide for an enhanced quality assurance review of future RIA documents when the analysis used to support the rulemaking is influential scientific information and/or cannot be made public. The agency agreed with our recommendation and proposed an acceptable corrective action.