

EPA files final Navistar rule

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The U.S. Environmental Protection Agency has filed a final rule that will determine whether Navistar will be allowed to continue to pay fines to sell diesel engines that do not meet 2010 diesel exhaust emissions standards. EPA filed its final rule for review with the Office of Management and Budget but did not disclose details.



The White House normally does not comment on rules under review, and details are unlikely to emerge until the final rule is published in the Federal Register upon completion of OMB's work and subsequent White House review. An EPA spokesperson said the final rule draft is now in the hands of OMB, where it will undergo an interagency review process cited as "another step forward in the process" of releasing a final rule. As of now, no firm timeline for public release of the final rule can be given, the spokesperson said.

An earlier interim rule had allowed Navistar to pay noncompliance penalties (NCPs) while continuing to sell engines that did not meet EPA emissions guidelines pending EPA's final rule filed this week. The interim rule was challenged in federal court by Navistar competitors

who claimed the NCPs did not constitute a realistic penalty for not meeting emissions regulations and therefore gave Navistar a competitive advantage over companies that had invested in – and delivered – emissions solutions that met EPA's emissions regulations. The court agreed with the plaintiffs, and the status of Navistar's heavy-duty diesel engine lineup has been in limbo since, pending EPA's final ruling.

Navistar spokesperson Karen Denning told the Chicago Tribune on Tuesday, Aug. 7, that the company "is encouraged by the submittal of the final rule (to OMB), and we hope that it generally mirrors what was in the interim rule."

Navistar last week announced that it would reestablish a relationship with Cummins and begin offering the new ISX15 15-liter diesel engine in "certain models" in January 2013 with the introduction of its ICT+ emissions solution in "early" 2013. Navistar said that during the transition to ICT+ that it would continue to build "compliant" MaxxForce diesel engines while it awaits EPA's final rule.

Navistar said the addition of the Cummins 15-liter engine is one component of a multitiered plan designed to "enhance the company's competitive position and growth and shareholder value." These actions include:

- Adopting a U.S. market-proven aftertreatment solution to accelerate delivery of ICT+, Navistar's next-generation clean engine solution;
- A market transition plan for Class 8 engine sales; and
- Securing a \$1.0 billion loan commitment, which the company said will further enhance its liquidity.