

EPA and NHTSA Announce a First Step in the Process for Setting Future Greenhouse Gas and Fuel Economy Standards for Passenger Cars and Light Trucks

The U.S. Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA), on behalf of the U.S. Department of Transportation (DOT), are announcing the next step toward reducing greenhouse gas (GHG) emissions and fuel use from cars and light trucks. Following the successful rulemaking for the first phase of the National Program for GHG emissions and fuel economy standards for model years (MY) 2012-2016 vehicles, which was issued in April 2010 ¹, the two agencies have now issued a joint Notice of Intent (NOI) to begin developing new standards for future light-duty vehicles. The agencies, in conjunction with the State of California, are also releasing an Interim Joint Technical Assessment Report (TAR) associated with the NOI.

Notice of Intent

The NOI responds to a May 21, 2010 Presidential Memorandum in which the President requested that EPA and NHTSA take “...additional coordinated steps...to produce a new generation of clean vehicles.” He specifically requested that the agencies develop “...a coordinated national program under the CAA [Clean Air Act] and the EISA [Energy Independence and Security Act of 2007] to improve fuel efficiency and to reduce

¹See 75 FR 25324 (May 7, 2010)

greenhouse gas emissions of passenger cars and light-duty trucks of model years 2017-2025.”² The President recognized that by acting expeditiously, our country could take a leadership role in addressing the global challenges of improving energy security and reducing greenhouse gas pollution, stating that “America has the opportunity to lead the world in the development of a new generation of clean cars and trucks through innovative technologies and manufacturing that will spur economic growth and create high-quality domestic jobs, enhance our energy security, and improve our environment.”

As a first step in the process, the President requested EPA and NHTSA to “[t]ake all measures consistent with law to issue by September 30, 2010, a Notice of Intent to Issue a Proposed Rule that announces plans for setting stringent fuel economy and greenhouse gas emissions standards for light-duty vehicles of model year 2017 and beyond, including plans for initiating joint rulemaking and gathering any additional information needed to support regulatory action. The Notice should describe the key elements of the program that the EPA and the NHTSA intend jointly to propose, under their respective statutory authorities, including potential standards that could be practicably implemented nationally for the 2017-2025 model years and a schedule for setting those standards as expeditiously as possible, consistent with providing sufficient lead time to vehicle manufacturers.”

The NOI addresses each of the elements requested in the May 21 Presidential Memorandum, and notes that during the next year, EPA and NHTSA plan to continue to develop a proposal for federal GHG and fuel economy standards for MY 2017-2025 light-duty vehicles as a part of a coordinated National Program. We expect to issue that proposal by September 30, 2011.

Interim Joint Technical Assessment Report

The Presidential Memorandum also called on the agencies to work with the State of California to develop a technical assessment to inform the agencies’ rulemaking process. The memorandum states that the report should reflect input from an array of stakeholders on relevant factors, including “viable technologies, costs, benefits, lead time to develop and deploy new and emerging technologies, incentives and other flexibilities to encourage development and deployment of new and emerging technologies, impacts on jobs and the automotive manufacturing base in the United States, and infrastructure for advanced vehicle technologies.”³

EPA and NHTSA worked collaboratively with the California Air Resources Board (CARB) on this assessment, and the three agencies have released their results as the Interim Joint Technical Assessment Report, or “TAR,” in conjunction with the NOI. The TAR presents the agencies’ initial assessment of the potential cost and effectiveness of and lead-time requirements for over 30 technologies that could be available to be applied toward new standards through MY 2025. The agencies have determined in the TAR that a variety of automotive technologies are available, or are expected to be available, to support a reduction in GHG emissions and an increase in fuel economy in the MY 2017-2025 time frame, for the full range of scenarios examined. The TAR also identifies the significant technical work that EPA and NHTSA

²The Presidential Memorandum is found at:

<http://www.whitehouse.gov/the-press-office/presidential-memorandum-regarding-fuel-efficiency-standards>

³ Presidential Memorandum, section 2(a)

have underway, which will improve our future assessments, and will be necessary to inform the upcoming federal rulemaking.

In the TAR, the three agencies evaluated scenarios representing 3%, 4%, 5%, and 6% annual increases in overall average stringency (roughly equivalent to 47 to 62 mpg in 2025, if all improvements were made using fuel economy-improving technology), using a range of illustrative technology pathways. The technology pathways are intended to show the different cost impacts of achieving different levels of stringency, if the industry were to place more or less emphasis on hybrids, plug-in hybrids, and electric vehicles as compared to advanced gasoline technologies and vehicle mass reduction. This initial assessment in the TAR produced projected vehicle cost estimates of approximately \$800 to \$3,500 and lifetime savings due to reduced fuel costs of about \$5,000 to over \$7,000, depending on the phase-in stringency scenario and the technology pathway. The more detailed analysis for the upcoming proposal will likely show that the industry average cost will be higher than this initial assessment, while individual manufacturer costs may be higher or lower.

Key Elements of a Future Proposed Rulemaking

For the upcoming rulemaking, EPA and NHTSA expect to continue to develop standards on an attribute-based approach, using the vehicle size measure of “footprint,” as we did for the recent MY 2012-2016 rulemaking. This approach allows carmakers to achieve the fuel economy improvement and GHG reduction goals of the program, while maintaining their flexibility to continue offering a full range of vehicles to consumers. The future rulemaking will also consider what provisions may be appropriate to provide manufacturers flexibility in how they choose to comply with the program.

Stakeholder Involvement to Date

EPA, NHTSA, and CARB held numerous meetings with a wide variety of stakeholders to gather input to consider in developing the TAR, and to ensure that the agencies had available to them the most recent technical information. These stakeholders included the automobile original equipment manufacturers (OEMs), automotive suppliers, non-governmental organizations, states and state organizations, infrastructure providers, and labor unions. The agencies sought these stakeholders’ technical input and perspectives, consistent with the President’s request, on the key issues that should be considered in assessing a continued National Program to reduce GHG emissions and improve fuel economy for light-duty vehicles in MY 2017-2025.

Public Comments and Next Steps

EPA and NHTSA encourage comment on all aspects of the NOI and the TAR and have established dockets for accepting comments -- Docket ID No. EPA-HQ-OAR-0799 and/or NHTSA-2010-0131. The NOI provides several methods for submitting written comments.

The May 21, 2010 Presidential Memorandum called for EPA and NHTSA to include in this Notice of Intent a “schedule for setting those standards as expeditiously as possible, consistent with providing sufficient leadtime to vehicle manufacturers.” By November 30, 2010, the agencies expect to issue a Supplemental Notice of Intent that will describe further design elements for the National Program and present an updated analysis of potential stringencies for MY 2017-2025 standards for GHGs and fuel economy. EPA and NHTSA will be working closely with CARB in conducting this refined analysis, as well as continuing extensive dialog with stakeholders. A principal goal of the Supplemental Notice will be to narrow the range of potential stringencies for the future proposed standards, as well as to reflect new technical data and information and, as appropriate, further analysis supplementing the Interim Joint TAR. In order for comments to be most helpful to this ongoing process, the agencies encourage parties wishing to comment at this stage of the process to submit their comments by the end of October 2010.

At this time, EPA and NHTSA plan to issue a joint Notice of Proposed Rulemaking (NPRM) by September 30, 2011 and a Final Rulemaking by July 31, 2012.

For More Information

You can access the NOI and the TAR at EPA’s web site at:

www.epa.gov/otaq/climate/regulations.htm

and at NHTSA’s website at:

www.nhtsa.gov/fuel-economy

For additional information, please contact EPA’s Office of Transportation and Air Quality, Assessment and Standards Division at:

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