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Carmakers' Plea for Fuel Economy Review Sets Stage for Showdown

by

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- Environmental groups say they’d take the matter to court
- Carmakers allege EPA review approving rules was cut short

Automakers enjoying lucrative sales of trucks and sport utility vehicles are hoping President Donald Trump makes good on his vows to deregulate. Environmental groups are saying fuel efficiency standards won’t be watered down without a legal challenge.

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Eighteen auto industry executives [sent a letter](#) to Trump on Friday, asking him to reinstate an Environmental Protection Agency review of fuel economy regulations through 2025 that they say was unfairly cut short during the final days of the Obama administration. That letter could be the opening act in a potential drawn-out battle in Washington and in U.S. courts as environmental groups consider suing to stall or derail any effort to lower the targets.

“The primary issue here is we do not see any kind of technical basis for weakening the standards,” said Roland Hwang, director of the energy and transportation program at the Natural

Resources Defense Council. “We’re looking at our options,” he said, declining to say definitively whether the environmental advocacy group would file litigation.

Carmaker Action

The issue auto executives raised in their letter last week was the review process for the nation’s fuel efficiency standards. The companies and then-President Barack Obama struck a deal in 2011 to double average fuel economy of vehicles to [54.5 miles per gallon](#) by 2025, with the caveat that a mid-term review would determine whether the standards for the final years of the program were feasible.

Automakers say falling gasoline prices have squelched demand for the most fuel-efficient vehicles, making achieving the standards more difficult. Just a week before Trump took office, the EPA said it had concluded its review more than a year ahead of schedule and the rules didn’t need to be changed.

Oklahoma Attorney General Scott Pruitt, Trump’s nominee to lead the EPA, [told](#) a Senate panel in January he planned to review the EPA’s final determination that the 2025 auto rules should remain intact.

If the EPA revisits the mid-term review, it won’t necessarily come to a different conclusion than the one reached in Obama’s final days in office. That decision was the culmination of a rules evaluation that began last summer with the publication of a more than 1,200-page [Technical Assessment Report](#) that examined costs, technology effectiveness and other aspects of the standards.

Thorough Process

Hwang called the review “one of the most thorough decision-making processes I’ve seen by an agency.” The NRDC views automakers’ request to re-open the review as a move to “politically meddle with what should be a science-based decision.”

“I don’t know what information they could bring to the table that hasn’t been brought to the table already,” he said.

Trump’s push to ease regulatory burdens may create a window of opportunity for carmakers. The letter, signed by chief executives including Mary Barra of General Motors Co., Mark Fields of Ford Motor Co. and Sergio Marchionne of Fiat Chrysler Automobiles NV, said that “ignoring consumer preferences and market realities will drive up costs for buyers and threaten future production levels.”

Automakers have only asked for the mid-term review to be reinstated. It’s possible that Trump’s EPA could seek major changes, such as insist on weaker federal rules so that carmakers have more cash to invest in the zero-emission cars they’re required to sell in California.

What’s Next

Enacting new rules altogether would be a lengthy process. If Trump does initiate a new round of rule-making on the EPA's 2022-2025 greenhouse gas standards, he's likely to do so as a joint exercise with the National Highway Traffic Safety Administration, which will then be writing fuel economy standards for those same years, said Jeff Holmstead, a former assistant administrator at the EPA and now a partner at Bracewell LLP in Washington.

"I don't think they'd completely eviscerate those regulations," Holmstead said. "But there are probably ways to make them more flexible and reduce the cost."

A formal rule-making process, complete with public notices and comment periods, would probably take at least a year. To change the rules, Pruitt would also need to provide a formal explanation on why he's scrapping Obama's so-called final determination.

"While the auto industry might welcome lower fuel efficiency standards, environmental groups and consumer advocates almost certainly would sue," said David Uhlmann, director of the University of Michigan's Environmental Law and Policy Program. "The reviewing court is not likely to view favorably the fact that a new administration tried to do a 180-degree turn from the previous administration" and will "want to be assured there's a rational basis for the change."

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