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Obama administration finalizes contentious mpg rules

[Keith Laing, Detroit News Washington Bureau](#) 10:16 a.m. ET Jan. 13, 2017

Washington — The Obama administration rushed Friday to finalize stringent fuel economy rules that are estimated to add at least \$2,000 to the sticker price of a vehicle, a development being criticized by Detroit’s automakers and congressional Republicans.

The U.S. Environmental Protection Agency finalized mileage rules that require automakers to produce car and truck fleets averaging around 50 miles per gallon by 2025 — which by law were originally set to be reviewed for their feasibility by April 2018. Environmental groups have pushed for the standards that required 34 mpg for cars and trucks last year and gradually ramp up to the eventual goal of more than 50 mpg.

The move happened a week before President-elect Donald Trump takes office, setting the scene for a possible quick reversal from the new president who has promised to reduce the number of U.S. regulations that he says are hampering businesses. [The Detroit automakers](#) and some foreign manufacturers have lobbied the incoming Trump administration to roll back the tougher gas mileage rules as unrealistic.

Automakers will face fines of \$5.50 for each 10th of a mile-per-gallon their average fuel economy falls short of the standard for a model year, multiplied by the total volume of vehicles sold under the new regulations.

Trump’s EPA administrator nominee, Oklahoma Attorney General Scott Pruitt, has sued the agency over climate regulations and has said the climate debate is “far from settled.”

EPA Administrator Gina McCarthy said Friday the regulations have been exhaustively reviewed since they were first implemented in the run-up to Democratic President Barack Obama's 2012 re-election bid.

“My decision today rests on the technical record created by over eight years of research, hundreds of published reports including an independent review by the National Academy of Sciences, hundreds of stakeholder meetings and multiple opportunities for the public and the industry to provide input,” McCarthy said in a statement.

“At every step in the process, the analysis has shown that the greenhouse gas emissions standards for cars and light trucks remain affordable and effective through 2025, and will save American drivers billions of dollars at the pump while protecting our health and the environment.”

Trump's transition team did not respond to a request for comment. Pruitt is scheduled to appear before the U.S. Senate's Environment and Public Works Committee on Wednesday in a confirmation hearing.

GOP threatens reversal

Congressional Republicans accused the Obama administration on Friday of short-circuiting the evaluation process for the emission rules and sticking it to consumers and auto companies.

“By the agency's own estimates, these rules have already boosted sticker prices by nearly \$1,000 and may add another \$1,000 by 2025,” Republican U.S. Reps. Fred Upton of southwest Michigan, John Shimkus of Illinois and Bob Latta of Ohio said in a joint statement.

“Some analysts believe the impact will be considerably higher. For the sake of vehicle affordability and safety, as well as the health of the automotive sector, we need to make sure that the standards have been set at achievable levels, but EPA's rushed analysis falls far short. If the EPA won't do its job and take a careful look at these regulations, then Congress will.”

The greenhouse gas emission rules were issued initially by the EPA in 2012 in conjunction with the U.S. Department of Transportation's Corporate Average Fuel Economy standards.

The price of gasoline has fallen from a Michigan record of \$4.25 a gallon in 2011 to Friday's statewide average of \$2.43, according to AAA. Consumers have shifted away from buying smaller, fuel-sipping cars and toward purchasing larger trucks and sport utility vehicles.

The rules initially called for automakers to achieve by 2025 a fleetwide average of 54.5 mpg, which includes alternative fuel and electric cars and is about 40 mpg in combined city or highway driving. Regulators said in July that automakers may only be able to achieve an average of between 50 and 52.6 miles per gallon by the deadline, which would bring the combined city/highway value to about 36 mpg.

Carmakers will be allowed to purchase credits from other auto companies that must comply with the mileage requirements.

John Bozzella, president and CEO of the Association of Global Automakers, said in a statement that the EPA “unnecessarily truncated public comment and prevented scrutiny of an important policy decision that will affect consumers, investment, public health and the environment.”

Ford Motor Co., General Motors Co. and Fiat Chrysler U.S. LLC said Friday that they are deferring comment to their lobbying group the Alliance of Automobile Manufacturers, which said in a Friday statement the EPA’s move is disappointing.

“Our fundamental priority remains striking the right balance to continue fuel economy gains and carbon reduction without compromising consumer affordability and vital auto-sector jobs,” the auto alliance said.

“This crucial balance requires a midterm review that proceeds on the original EPA and NHTSA timetable, culminating not now but by April 2018. We look forward to working with the federal agencies and California to see whether we can find a prudent compromise path forward that avoids an unnecessary and counterproductive regulatory collision.”

Groups praise move

Environmentalists and consumer groups were quick to praise the Obama administration for finalizing the mileage rules.

“The clean-car standard is the biggest single step any nation has taken to fight oil use and global warming,” Dan Becker, director of the Safe Climate Campaign, said in a statement. “Despite dire automaker warnings that the rules would be unachievable, the car companies are now complying — making huge profits and selling record numbers of vehicles for a second consecutive year even as the standard has grown tighter.”

Shannon Baker–Branstetter, energy policy counsel for Consumers Union, the policy and mobilization division of Consumer Reports, said, “EPA made the right choice. These standards will help consumers keep more of their hard-earned money instead of wasting it at the gas pump. The standards mean car buyers will be able to go farther on each tank of gas, and they will have greater financial security if and when gas prices increase in the future.”

Rebecca Lindland, senior analyst for Kelley Blue Book, said the EPA’s move is not surprising.

“While automakers would certainly welcome an easing of the standards, the reality is their product plans are already in motion; 2022 is tomorrow in automotive planning terms,” Lindland said in a statement.

“On the consumer side, few shoppers are motivated by fuel economy alone — that’s why hybrids are consistently less than 3 percent of the market, regardless of fuel prices. The bigger challenge will be meeting the zero-emission mandate the state of California continues to enforce, but by meeting the California goal, automakers will likely meet the EPA’s goal.”

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