



## Automakers make progress, but car buyers still like SUVs

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Published: Thursday, November 3, 2016

Automakers are meeting and beating fuel economy standards with technologies both in and off the internal combustion engine, according to two U.S. EPA reports released yesterday.

New vehicles sold in model year 2015 averaged a record-high 24.8 mpg, a 0.5 mpg increase from last year.

The results of the annual report card for the 2015 model year did not surprise the industry, regulators or environmentalists — but they come ahead of some key possible changes. Regulators must decide by April 2018 whether to loosen, tighten or maintain the 2022-25 standards as part of a midterm review. The policy framework remains uncertain after 2025.

Automakers are arguing that low fuel prices and a shift of consumer preferences from cars to trucks makes meeting the standards, which get stricter every year, more difficult.

"While the trends report shows positive progress, it reflects a snapshot in time and doesn't guarantee future compliance based on factors that auto manufacturers can't control," said Wade Newton, a spokesman for the Alliance of Automobile Manufacturers, in an email.

Environmental advocates trying to prevent a rollback of the rules said the report shows the standards are working and automakers can continue to meet them.

"It's another data point that shows what technologies are available and how little of it has made it into the fleet already," said Dave Cooke, a senior vehicles analyst at the Union of Concerned Scientists.

While the standards are working and automakers are complying, they are not bringing about as many climate benefits as expected by the Obama administration because consumers are buying more gas-guzzlers. As a result, automakers are unlikely to reach President Obama's projected target for fleetwide fuel economy in 2025, as EPA found in a technical report this summer.

The market share for trucks and SUVs rose 4 percentage points in model year 2015 to a record 28 percent of all production, according to yesterday's update. And though the vehicles achieved record-high fuel economy and record-low CO2 emissions, at 22 mpg, they still use more fuel than the average new vehicle in model year 2015 ([Greenwire](#), Nov. 11).

"The market shift towards SUVs has offset some of the fleetwide benefits that otherwise would have been achieved due to the increased fuel economy within each vehicle type," EPA said in its report's executive summary.

Yet automakers are meeting the standards with margin to spare.

The adjusted carbon dioxide emissions rate for all new personal vehicles is 358 grams per mile, 7 grams per mile higher than EPA's 2015 requirement.

The industry snapshot in the report offers one of the only glimpses into the different strategies automakers are using to comply.

BMW's fleet leads in the use of turbocharged engines. Mazda, which achieved the highest fuel economy, also used the most engines with gasoline direct-injection. Subaru, Nissan and Honda have bet on continuously variable transmissions.

On top of improvements in engine efficiency, they can count new technologies in air conditioning or materials — called "off-cycle credits" — toward their target, which is based on their unique mix of vehicles.

Three manufacturers — Fiat Chrysler Automobiles NV, Mercedes-Benz and Kia Motors — missed their unique 2015 standards by 3, 11 and 12 grams of CO2 per mile, respectively, generating a deficit.

They can count improvements from previous years or trade credits with other manufacturers toward final compliance.

For example, Fiat Chrysler purchased 1.34 million megagrams of emissions credits from Tesla Motors Inc. last year, according to the report. It has the least fuel-efficient fleet.

With all automakers in compliance, they have positive credits to use as a buffer in future years to offset decreases in fuel economy, Cooke said.

"The industry is entering next year's regulations with quite the amount of credits and flexibilities that they'll need as they start to move more and more technology in the fleet," he said.

He said the credits — like those given for phasing out high-global-warming-potential products in air conditioning systems — generate real-world reductions in emissions and should be kept. **But Dan Becker, director of the Safe Climate Campaign, called them "phantom mileage gains."**

**"The fleet is emitting more pollution than it should under these standards, because of the various flexibilities and allowances," he said.**

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