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Trump wants to shelve fuel mileage rules, inviting a fight with California

<u>Evan Halper</u> and <u>Chris Megerian Contact Reporters</u> March 15, 2017 Reporting from Washington

<u>President Trump</u> directed the <u>Environmental Protection Agency</u> on Wednesday to shelve aggressive vehicle fuel economy targets that have been a foundation for battles against climate change and harmful pollution in California and across the country.

The move attacks one of the Obama administration's signature achievements and dims the future of electric vehicles, which the mileage rules have pushed the auto industry toward.

The regulations to be reviewed — finalized in the waning days of Obama's presidency — had set ambitious targets for vehicle mileage in an effort to encourage automakers to develop and market new technologies that reduce fuel consumption.

Trump said Wednesday that "common-sense changes" were needed.

"We are going to ensure that any regulations we have protect and defend your jobs," Trump announced at a vehicle testing facility outside Detroit. "We're going to be fair."

The decision puts the White House on a path toward a direct and costly confrontation with California. State officials, pointing to California's unique authority under the Clean Air Act, have made clear they will not waver from requiring passenger cars to average about 54 miles per gallon by 2025, up from an average of 36 miles per gallon today.

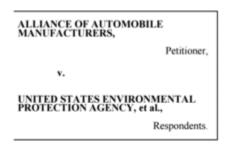
Trump's announcement comes amid a lobbying blitz from a coalition of the world's largest vehicle makers, which complained in a letter to the new administration that the existing EPA rules place unreasonable and expensive demands on the industry. The appetite for next-

generation vehicles has waned amid plunging gas prices, and automakers are increasingly turning to small SUVs to drive profits.

The automakers also charged the Obama administration with unfairly rushing the latest rules into place weeks before Trump was to take office, even though the deadline for finalizing them was not until 2018.

"The process was very short-circuited," said a senior Trump administration official, who was not authorized to speak publicly on the issue. "There was a lot of data that was submitted, and I think it is fair to say the Obama EPA just ignored it."

Former EPA officials and environmentalists strenuously dispute that charge. They say automakers have persistently complained over the years that environmental regulators were placing unreasonable burdens on them, only to find those rules ultimately motivated development of market-leading technologies that drove the resurgence of the industry in America.



On Petition for Review of Determination of the U.S. Environmental Protection Agency

MOTION TO INTERVENE OF THE STATE OF CALIFORNIA, BY AND THROUGH GOVERNOR EDMUND G. BROWN JR., THE CALIFORNIA AIR RESOURCES BOARD, AND ATTORNEY GENERAL XAVIER BECERRA

California files motion to defend federal vehicle emission rules

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The ultimate fate of the regulations may now be decided in a legal brawl between California and the Trump administration. The state is already moving to <u>defend the federal regulations</u> in court.

"Any weakening or delay of the national standards will result in increased harms to our natural resources, our economy, and our people," reads a legal filing submitted Tuesday by the state.

Under the Clean Air Act, the state can impose emissions standards stronger than those set by the federal government, and a dozen other states have embraced the California rules. About 40% of the vehicles sold in America are subject to the rules California sets. Automakers have said repeatedly that it is untenable to manufacture separate fleets of vehicles to meet different standards.

The state had refrained from charting its own course on mileage goals as part of a compromise with auto companies and the EPA early in the Obama administration. That agreement will start to unravel with Trump's action. If, as environmental and auto lobbyists anticipate, the administration ultimately decides to weaken the rules, California will almost certainly move to invoke its authority under the waiver to keep higher standards.

"If Washington continues down this road, California will take the necessary actions to preserve current standards and protect the health of our people and the stability of our climate," Gov. Jerry Brown wrote in a letter to EPA Administrator Scott Pruitt.

Pruitt, who has already cast doubt on whether California is entitled to such waivers, could fight that effort — setting the stage for a bitter and prolonged struggle over states' rights and the authority of an industry-friendly White House to undermine aggressive regional environmental laws.

California has used its waiver authority dozens of times. It has been challenged only once, when the administration of George W. Bush objected to the state's effort to use it to curb greenhouse gas emissions. California ultimately emerged victorious from that battle, and the mileage rules have since become a foundation of its fight to curb climate change.

Officials in many of the states that have embraced California warn Trump's move threatens to rattle their ability to pursue their own vision of environmental regulation. A relaxation of the mileage rules would substantially boost the amount of greenhouse gas and pollution released in those states.

"We are about to have a historic fight," said Sen. Edward J. Markey (D-Mass.), whose state relies on the mileage standard to meet its goals for greenhouse gas reduction and public health standards for ozone and smog. He called the mileage rules Trump is targeting "the single largest step America has ever taken to reduce carbon pollution."

California officials are planning to move forward with the Obama rules when the Air Resources Board meets in Riverside this month. California Sen. Dianne Feinstein joined Markey and nine other senators in warning Trump in a letter that rolling back the standard would plunge the auto industry into uncertainty.

Trump administration officials are working to downplay the tensions with California over the issue, suggesting that perhaps the state will be open to embracing whatever new mileage standard Trump's EPA develops. But that seems unlikely.

"If California decides they want to go in a different direction or we want to go in a different direction, we will have to deal with it at some point," said the administration official.

Such a confrontation could be underway by next year, when the Trump administration's new plan for fuel standards is due and California will decide whether to seek a waiver. The stakes are high for everyone, including the automakers, which could find themselves without any clear direction as the state and the White House slug it out in court for years.

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