



## DAILY NEWS

# Possible MY21 GHG Rule Changes Could Scuttle Deal On Light Truck Gains

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If federal officials follow through with their suggestions that they might weaken model year 2021 greenhouse gas and fuel economy rules for light-duty vehicles, it could give a particular break for light trucks, critics say, jettisoning an automakers' agreement to accept tougher standards in the later years of the regulatory program in exchange for softer limits in early years.

The dynamic comes as automakers are publicly reticent to discuss their views on possible changes to the MY21 requirements, even as EPA officials have pressed the industry to explain whether it seeks changes to the rules' stringency in that year or narrower provisions to help "harmonize" lingering differences between EPA's GHG rule and the National Highway Traffic Safety Administration's (NHTSA) fuel economy program.

But environmentalists and efficiency advocates are already crying foul at any weakening of MY21 standards -- arguing that would jettison a landmark regulator-auto industry deal that delayed tough annual requirements for trucks until later years of the program in exchange for near-term flexibility for large trucks in particular, a dynamic that tends to benefit domestic automakers that rely to a greater extent on large truck sales.

On the other hand, the current regulations require a more uniform annual rates of improvement for cars, compared to the truck requirements.

"Industry . . . demanded that the big trucks not improve significantly until [MY21] and that the standard be back loaded," Safe Climate Campaign's Daniel Becker told *InsideEPA/Climate*, in reference to negotiations on the current rules. "And now they are coming in and saying there is such a steep cliff. How shocking! It was their doing in the first place," he added, charging that automakers open to softening MY21 standards are going back on their promises.

EPA and NHTSA in recent formal notices reopening a mid-term review of vehicle standards for MY22-25 each floated the possibility of changing final rules for MY21. The agencies provided little justification for such a move.

But such a move is drawing criticism from multiple quarters that the MY21 focus is geared at least in part toward revisiting the current rules' sharp increase in stringency that year for trucks, and in particular larger vehicles.

"The issue is, do you want to . . . have one big leap, and do what you've got to do in subsequent years, or make it more gradual over time," says one source tracking the mid-term review, in reference to the potential stakes involved in reopening the standard for MY21.

Auto industry trade groups have argued that the Trump administration's reopening of MY22-25 standards was necessary in light of a truncated post-election determination to retain the rules by the outgoing Obama administration. But such groups have been vague about whether they support reopening MY21.

The Alliance for Automobile Manufacturers in [recent public testimony](#) indicated MY21 changes could be consistent with longstanding industry interest in "harmonizing" lingering differences between the EPA and NHTSA programs. The group, however, punted in response to an EPA query on whether its members are seeking a numerical change in the standard. "I hope to cover that further in our written comments," the Alliance's Chris Nevers replied.

And Global Automakers suggested a fresh look at MY21 could aid harmonization efforts without endorsing an explicit numerical change to the standard.

## Inflection Point

MY21 is a significant inflection point in the vehicle GHG and fuel economy program for the industry, highlighted by EPA's [original fact sheet](#) on the regulations which includes "truck standard curves" for each year of the program from MY17-25. The fact sheet shows that MY21 mandates the biggest single year jump in stringency for trucks in the EPA program.

Similarly, a table outlining the projected fleet-wide carbon dioxide compliance targets for trucks shows the biggest year-to-year decrease in CO2 was expected to occur between MY20 and MY21 -- from 269 grams per mile to 249 grams per mile, under the current regulations. That improvement is more than double the annual gain in each of the prior two years.

Becker and others say this inflection point was a widely understood component of the deal that produced the vehicle regulations, in exchange for relatively easy targets for trucks in prior years.

A knowledgeable source says revisiting those MY21 truck curves could particularly benefit domestic automakers such as Ford, General Motors and Fiat Chrysler for whom large trucks constitute a greater percentage of vehicle sales, though it could also provide some benefits to other automakers that make either large or smaller trucks.

The extent to which large trucks have enjoyed regulatory breaks to date under the regulations is underscored further by looking at the percentage improvement in CO2 emissions envisioned under the rules for heavier trucks. A 66 square foot truck for example -- roughly comparable to a Ford F-150 or Chevrolet Silverado -- can comply with the standards by cutting CO2 emissions by well under under 3 percent annually prior to MY21, including a 2 percent improvement in MY20.

However, the assumed improvement jumps to 6 percent in MY21, followed by increases of 4.3 percent, 5.9 percent and 4.8 percent in subsequent years,

according to the American Council for an Energy-Efficient Economy (ACEEE).

For smaller trucks, the early years provide less of a break, with requirements ranging from roughly 3 percent to just under 5 percent annually prior to MY21. Even so, their compliance picture also gets more stringent in MY21, with the rule expecting a 7.8 percent improvement in that year followed by about 5 percent annual improvements thereafter.

ACEEE's Therese Langer expresses concern at talk of revisiting MY21 rules, telling *InsideEPA/climate* that the current rules already let automakers "mostly let off the hook" with respect to their large truck compliance in earlier years, contingent on the promise of steeper cuts in MY21 and later.

She added that emerging talk of MY21 changes appears to be confirming fears her group cited in its comments on the proposed MY17-25 rules, specifically that providing a more lenient truck compliance rule in the early years could provide an opening for automakers to question a steeper rise in the truck standards in later years.

"The small improvements required of large trucks in 2017-2020, followed by a larger improvement in 2021 is of particular concern given the agencies' plan to conduct a midterm evaluation," ACEEE said at the time. "This situation raises the possibility that the more significant improvements proposed for large trucks in the period 2021-2025 will never be realized, because manufacturers may allow technology development for these vehicles to stagnate in the early years of the rule and use this to influence the outcome of the midterm evaluation."

Langer during the interview also expresses concern that the formula to offer early flexibility along with later stringency appears to be resurfacing in the form of suggestions by some that the Trump administration should embrace negotiations on vehicle emissions out to MY30 in exchange for softer limits for MY22-25.

"That is what we saw in the debate" over MY17-25, she said. Given current events, such a formula is "not promising."

### Prior Industry Splits

Individual auto companies have been reluctant to engage publicly on MY21 changes, though some parts suppliers have already expressed misgivings.

And automakers' comments on the proposed MY17-25 rules pointed to prior industry splits over the stringency of the rules, divisions that could resurface in the current debate.

Ford, for example, defended a regulatory break for trucks -- and large trucks in particular -- against the notion that the pace of required improvements was too lax relative to car standards, citing "the unique attributes of trucks -- particularly the larger work trucks that constitute a significant portion of our full-line vehicle fleet offering -- and also to the overly stringent standards imposed on light duty trucks in the [MY12-16] regulation."

Toyota, meanwhile, said in its comments that it "remained concerned" that the truck targets require a lower average rate of improvement than for cars, and that "the targets for larger trucks require a lower average rate of improvement than smaller trucks. In fact, the target curves for the largest trucks remain flat for several years before increasing at all."

EPA in its [response to comments](#) at the time also pushed back against concerns from several manufacturers, including Volkswagen, Toyota, Honda and Mercedes that the rule broadly gave trucks too much of a break relative to cars, putting manufacturers who rely heavily on cars at a disadvantage.

And Honda complained about the difference in stringency under the rules for small and large trucks, proposing that "vehicles other than full-size pickup trucks should receive similar consideration in preserving their utility." -- *Doug Obey* ([dobey@iwppnews.com](mailto:dobey@iwppnews.com))

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