

UPDATE 1-U.S. regulators say automakers can meet 2025 fuel efficiency standards

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WASHINGTON, July 18 (Reuters) - U.S. regulators said in a draft technical assessment report released on Monday that automakers can meet aggressive mandates to dramatically hike fuel efficiency standards by 2025, but say fleet-wide fuel efficiency will not be as high as initially forecast.

The U.S. Environmental Protection Agency, National Highway Traffic Safety Administration and California Air Resources Board estimate that the incremental cost of complying with the 2022-2025 fuel efficiency and greenhouse gas reduction rules is between \$894 and \$1,245 per vehicle and is similar to what the Obama administration estimated in 2012, the document says.

The assessment is part of a review of a sweeping agreement reached in 2011 to nearly double fuel efficiency standards to an estimated 54.5 miles per gallon by 2025.

Regulators must make a final decision by April 2018 on whether the 2022-2025 targets are feasible or should be raised or lowered.

The assessment said U.S. auto fleet efficiency will not get to 54.5 mpg by 2025 because low gas prices are prodding Americans to buy larger vehicles with lower mileage.

The rules set a series of requirements based on vehicle size. Regulators now estimate the fleet will average 50.0 to 52.6 mpg in 2025.

Automakers have been sounding the alarm on Capitol Hill in recent months, arguing that low gas prices make the mandates untenable in their current form.

"Given changes in the market landscape, it will be a daunting challenge to meet the very aggressive requirements of the 2022-2025 federal fuel economy and greenhouse gas rule. Absent

a vigorous commitment to focus on marketplace realities, excessive regulatory costs could impact both consumers and the employees who produce these vehicles," said Gloria Bergquist, a spokeswoman for the Alliance of Automobile Manufacturers.

NHTSA assumes about 14 percent of vehicles sold in 2025 will need to be full hybrids - those with a significant battery pack - to meet the standards, while EPA thinks 3 percent would be sufficient. Both forecasts assume improvements in gasoline engines will provide most of the increase in mileage, and compliance with 2025 fuel targets can be reached even if only 3 percent of vehicles are EVs.

Dan Becker, director of the Safe Climate Campaign, said the "shortfall is largely due to automakers aggressively selling thirsty SUVs, pickups and vans." He urged regulators to toughen the rules. "We can't accept backsliding or loopholes that undermine their success just to put more gas-guzzlers on the road," Becker said.

(Reporting by David Shepardson; Editing by Phil Berlowitz)

<http://www.cnbc.com/2016/07/18/reuters-america-update-1-us-regulators-say-automakers-can-meet-2025-fuel-efficiency-standards.html>