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## Could Obama's signature fuel efficiency standards stall?

By [Steven Mufson](#) July 11

The Obama administration's fuel efficiency standards for passenger cars and light trucks are about to undergo a major reassessment — something that could end up unraveling one of the president's signature achievements.

After weeks of wrangling, the Environmental Protection Agency and the National Highway Traffic Safety Administration are ready to release a report about the economic and technological feasibility of hitting those fuel-efficiency targets — or exceeding them.

What's at stake is one of the most important parts of President Obama's legacy: regulations that mandated a more than doubling of vehicle fuel efficiency by 2025 to [54.5 miles per gallon](#). The toughened standards remain a cornerstone of the president's climate and economic policies; they would slash the nation's greenhouse gas emissions and its oil imports.

When the regulations were set in 2012, Transportation Secretary Ray LaHood vowed that “the car or light truck you'll be driving in 2025 will not be your grandfather's Oldsmobile.” Thirteen of 15 automakers signed onto the deal.

But to get the automakers on board, the administration agreed to allow a reassessment of the standards in 2017 — something that critics call a grave political error that could allow manufacturers to lobby the now-Republican Congress, the next president and the two agencies to water down the standards. The critics say that in 2011, when the regulations were proposed, the auto companies were still recovering from the financial crisis and in a weak bargaining position.

The auto companies have called the reassessment an “off ramp,” implying that this review could be used to avoid higher fuel efficiency standards.

But former Obama officials call this a “midterm review” of the standards that was needed to get automakers to support them and that in any case are a matter of good government. Setting standards in 2012 for cars that could be on the road well into the 2030s requires more foresight than regulators often have.

The report due out this week will help EPA and NHTSA tailor proposed regulations and final regulations by early 2018.

The Alliance of Automobile Manufacturers, representing a dozen major automakers with 77 percent of all car and light-truck sales, has swung into action arguing that the administrative targets are overly ambitious. The alliance has also sought legislation that would give it special mileage credits for safety measures.

“Looking a decade out, it’s clear that compliance with the existing targets will be exceedingly difficult and expensive,” said Mitch Bainwol, president of the Auto Alliance.

But former Obama administration officials say that if technology and costs are on track to deliver huge advances in fuel efficiency, the standards could be increased rather than decreased. They say that many technologies work but still need to be more widely adopted. Those include items such as eight-speed transmissions, fuel injection to add zip to cars with fewer cylinders, technology that turns off engines at traffic lights and lighter weight materials.

“There’s been a demonstrated record of success and innovation that has shown that these standards can be achieved in a cost-effective fashion, and that’s regardless of the variability of consumer gasoline prices,” said Gary Guzy, former general counsel of Obama’s Council on Environmental Quality and now a partner at Covington and Burling. “There’s a range of technologies — existing technology, technology in the works and advanced technologies proving themselves out — by which these standards are very achievable at the end of the day regardless of who’s writing the rules and driving our national politics.”

“The cars and light trucks have left the station,” LaHood said. “There’s no turning back on this. And I think the car companies realize that. I think the standard will be the same, and I think it will be good for the country.”

In 2012, as he was getting ready to announce the new fuel standards, Obama met with LaHood and EPA administrator Lisa Jackson. Traditionally, the Transportation Department, including NHTSA, and EPA have had different priorities, with the Transportation Department usually taking a position closer to that of the auto companies.

“This was not something where he just woke up one day and decided he was for it while dealing with a lousy economy and Iraq and trying to pass Obamacare,” LaHood said. He said Obama said that “people say this can’t be done because the two agencies can’t get their acts together.” But the president said LaHood and Jackson had to implement the rules because it was important for climate change and the environment.

Yet the agencies have battled over the report expected this week. The EPA relies heavily on a laboratory in Ann Arbor, Mich., where its own engineers, many hired from the auto industry, test innovative solutions. Most of these are aimed at improving the fuel efficiency of internal combustion engines, rather than electric vehicle technologies.

NHTSA has asked Argonne National Laboratory, part of the Energy Department, to assess auto technologies and has come up with different numbers.

The automakers' alliance has a list of complaints. It says that the regulations will force automakers to make cars that consumers won't want to buy. It notes that sales of hybrids, plug-in hybrids and fully electric vehicles amounted to less than 3 percent of all car sales in 2015. And it complains that low gasoline prices have lured consumers into buying larger, less fuel-efficient vehicles. It said that the 76 models with more than 40 miles per gallon accounted for just 1 percent of new vehicle sales.

"Automakers have invested billions of dollars to put more energy-efficient vehicles on dealer lots," Bainwol said. He said mileage targets were "constructed with a forecast of high and rising gas prices but is being played out in a low-gas price reality."

But the Obama administration officials say they drew up the regulations precisely to defuse that complaint. Instead of requiring automakers to meet fleetwide averages, the Obama regulations set fuel efficiency standards for different "footprints," meaning that sports utility vehicles have their own standards and passenger cars have different ones.

Moreover, the 54.5 mpg target was measured by NHTSA's own unusual testing regimen. In the real world, the outcome would be closer to 40 miles a gallon,

"The standards are based on the size and class of vehicles," said Margo Oge, a 30-year EPA veteran who served as the agency's director of transportation and air quality. "So the 54.5 mile per gallon figure was a target based on what we believed would be the percentage of cars versus trucks. If the numbers turn out to be different, then the 54.5 figure will not be met, but that doesn't mean the standards have to change."

She said "if a company like Chrysler wants to sell more trucks and doesn't invest in selling cars because of gasoline prices, there is nothing in the standards that prevents them from doing that."

That comes as small comfort to environmentalists worried about climate change. "The fact that they are selling more trucks is not illegal. Does it matter to the environment? You betcha," said one person involved in negotiations and spoke on the condition of anonymity to protect working relationships. "More pollution may not be illegal, but it's not good."

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