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## U.S. REPORT FINDS FUEL-ECONOMY TARGETS CAN BE MET -- AT A COST

### Midsized cars won't need electrification to hit 54 mpg, researchers say

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Ryan Beene  

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Roland Hwang: New report is "a good, early indication that automakers can meet 2025 clean car standards on time." *Photo credit: Joe Wilssens*

**UPDATED: 6/18/15 4:05 pm ET -- new story**

WASHINGTON -- The huge leaps in fuel economy that regulators are seeking are possible for mainstream cars,

even without heavy use of electrification technologies -- but consumers must be prepared to pay more for them.

That's one of the key findings of a report on the feasibility and costs of technologies that automakers likely will use to meet the Obama administration's aggressive fuel economy and tailpipe emissions regulations. Those regulations call for boosting fleetwide fuel economy to a 54.5 mpg average by the 2025 model year.

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**The report**, conducted by an 18-member committee of the National Research Council, a private nonprofit group that advises policymakers, found that the government's basic assumptions underpinning its 2012 agreement with the auto industry were broadly sound with regard to technological progress and costs.

But it said better cost estimates were needed for certain technologies and more study was needed in some areas, including on how much value consumers place on fuel economy.

### **Guideline for midterm review**

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The report will serve as an important guideline for regulators, automakers and environmental groups participating in a review process that will begin next year and determine the final federal fuel economy standards from 2022 through 2025. Automakers demanded the so-called midterm review as a chance to re-evaluate the standards before they ramp up sharply and to gauge consumer adoption of more efficient vehicles.

One part of the study looked specifically at midsize sedans, one of the highest-volume segments in the U.S. The report concluded that by the 2025 model year, a typical midsize sedan could exceed the 54 mpg needed under the regulations without expensive electrification technology such as a hybrid powertrain.

Already, it noted, the 2014 Chevrolet Malibu, Honda Accord, Ford Fusion and Toyota Camry had fuel economy ratings that met or exceeded what the government forecast in 2012, based on a theoretical midsize sedan that adopted a variety of fuel economy-boosting technologies.

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Getting those vehicles to the 54 mpg target would require expanded use of such technologies, including next-generation turbocharged and downsized gasoline engines; eight-speed automatic transmissions; lighter body materials; and other measures.

The committee couldn't agree on a single set of figures to assess the additional manufacturing cost for such a vehicle, but the report put the low and high figures at \$1,181 and \$1,658, respectively.

The report also found that automakers are likely to reduce vehicle weight more than the EPA and the National Highway Traffic Safety Administration originally estimated.

The report didn't estimate the industrywide costs of complying with the regulations or look at the compliance paths of individual automakers.

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## 'Reasonable cost'

Environmental groups said that the report shows the industry is on track to hit the ambitious targets and that it validates the cost and technology assumptions that underpinned the regulations.

Roland Hwang, director of the energy and transportation program at the Natural Resources Defense Council and a member of the NRC committee, said in a blog post that the report is "a good, early indication that automakers can meet 2025 clean car standards on time, using known technologies, and at reasonable cost."

Hwang noted that the report's estimate that a 2025-compliant midsize sedan would need \$1,181 in upgrades was very close to the \$1,060 in additional costs anticipated by the government agencies overseeing the rules.

"Basically, the agencies got the cost and effectiveness projections right," said Daniel Becker, director of the Washington-based Safe Climate Campaign. "There's no justification for weakening the standards at the midterm review."

Auto industry groups say that the report's findings may be overly optimistic, and until they know more about consumers' appetite for cleaner but costlier cars, they maintain that hitting the 2025 fleetwide targets will be difficult.

Automakers have expressed concerns that sliding hybrid and electrified-vehicle sales amid soft gasoline prices indicate consumers may be unwilling to pay more for cleaner vehicles. Fiat Chrysler Automobiles CEO Sergio Marchionne has called for relaxing the targets.

In a statement, the Washington trade group representing General Motors, Ford, FCA and German automakers said its members will review the report's findings to see "how they square with the real-world challenges faced by engineers" at automakers.

"Although manufacturers can produce vehicles that achieve high mileage, consumers must be able to afford them and want to purchase them to raise fuel economy overall," Mitch Bainwol, CEO of the Alliance of Automobile Manufacturers, said in the statement. "We will need to see much greater sales of our most energy-efficient vehicles, including electric vehicles, to meet the steep fuel-economy standards."

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