## Bloomberg

# Auto Mileage Below Stickers Has U.S. Planning Test Change

By Jeff Plungis - Jul 23, 2014

The U.S. is moving to write new rules by next year for how automakers assess fuel economy after three manufacturers were caught exaggerating mileage estimates since 2012.

Adjusting how miles-per-gallon is tested and listed on window stickers to better reflect real-world driving is a top priority as the Environmental Protection Agency wants to ensure new fuel-saving technologies deliver on their promises, said Christopher Grundler, director of the agency's Office of Transportation and Air Quality. A proposal may be out in 2015, he said.

"We want to protect the integrity of this label," Grundler said in a telephone interview yesterday. "We want to make sure consumers trust the information."

The EPA is under pressure from consumers to revise its mileage tests as automakers increasingly produce more <u>fuel</u> efficient vehicles. Under the existing rules, those cars are more likely to have inflated numbers, according to environmental groups.

The EPA is considering a requirement that automakers supplement existing tests, which use preproduction models in a laboratory, with finished cars on a test track, Grundler said. The effort comes after Ford Motor Co. (F) lowered fuel-economy estimates for six models, including the C-Max Hybrid, on June 12 because MPG ratings didn't live up to customers' experiences.

It was the second time Dearborn, Michigan-based Ford revised mileage ratings in a year, and it offered rebates to customers ranging from \$200 to \$1,050. <u>Hyundai Motor Co. (005380)</u> and <u>Kia Motors Corp. (000270)</u> relabeled most of their top-selling U.S. models in November 2012 after the EPA discovered testing errors. An investigation into that matter is still open, Grundler said.

### **Hybrid Shortfall**

Hybrids are more susceptible to differences with the window-sticker estimates because small variations in testing add up to big numbers for high-mileage vehicles, said <u>Dan Becker</u>, director of the Washington-based Safe Climate Campaign. A 10 percent difference could be less than 2 MPG on a pickup, yet about 5 MPG on a hybrid.

As more consumers buy high-mileage vehicles, they'll begin noticing the shortfalls if the tests aren't revised, Becker said. Regulators need to do a better job of spot-checking the industry, he said.

"It's extremely serious when automakers fudge the numbers," Becker said. "When the manufacturers discovered they could get away with this flagrant activity, it may have been more than just two automakers. Nobody was watching."

No final decisions have been made about how to adjust testing, Grundler said. The idea is to more accurately account for factors like aerodynamics, wind resistance and tire friction, he said.

#### Window Sticker

Window stickers would still reflect the laboratory tests, he said. The road-track results would be used to validate the lab results, and the data could change the algorithms the agency applies to the dynamometer tests to calculate the fuel-economy estimates.

Ford's voluntary test-track validations led to the discovery of its fuel-economy errors, Grundler said.

The agency is pressing to make the adjustments as automakers invest in new engines using direct fuel-injection and turbochargers to meet government targets for fuel-saving that ramp up beginning in 2017. By 2025 automakers will have to meet fleet-wide averages of 54.5 miles per gallon.

Changes the agency made to its lab test in 2008 have greater improved the accuracy of window stickers, Grundler said. That's backed up by consumers' reports of their actual mileage reported on the government's fueleconomy.gov website, he said.

The EPA hasn't begun consulting with the <u>auto industry</u> and other stakeholders, Grundler said. Originally, it hoped to issue a regulation by the end of the year. Now, 2015 is more likely, Grundler said.

"It's not years away," Grundler said. "This has marketplace impact. It's something we want to act on as quickly as possible."

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