

Green
Energy, the Environment and the Bottom Line

Fuel Economy Will Be, Um, Better

By **Matthew L. Wald** October 1, 2010 3:55 pm

The Obama administration laid out four different plans Friday for improving the fuel efficiency of cars and light trucks for the model years 2017 through 2025 but did not choose among them. A bit like a tardy student, it promised a better effort by the end of November to determine what “levels of stringency” it would propose.

The four “scenarios” were laid out in terms of percentage improvement per year, ranging from 3 percent, which works out to 47 miles per gallon by the 2025 model year, to 6 percent, which would mean 62 miles per gallon. Standards released in April for the model years 2012 through 2016 pushed the gasoline mileage standard to 34.1 by 2016, up from 27.5 now. (Those numbers, which appear on the window stickers of new cars, do not necessarily equal on-road performance.)

The announcement on Friday, technically a “notice of intent” and not a rule-making, took note of President Obama’s statement in May that “America has the opportunity to lead the world in the development of a new generation of clean cars and trucks through innovative technology and manufacturing.”

But it also took note of uncertainty about just how well new technologies would take hold. Battery cars and plug-in hybrids could save a lot of fuel, but market adoption “is dependent on a number of challenges and factors,” it noted, including the prices of gasoline and batteries, and government incentives.

Another open question is raised by the shift in the way the government measures fuel economy. It used to talk about miles per gallon but now concentrates on grams of carbon dioxide per mile, in line with the administration’s position that

vehicles pose not only the problem of a demand for imported oil, but also the problem of greenhouse gas emissions.

The amount of carbon dioxide emitted is at the moment directly proportional to the amount of gasoline burned, so the change of focus to greenhouse gases from fuel consumption has no practical effect. But that will change soon. With several electric cars or plug-in hybrids going on the market this year, there is another question: how should the government count the emissions for a mile traveled on electricity? Obviously there is no emission from the car, but if coal or natural gas were burned to make the electricity, how should those emissions be counted?

The detail is important because the mileage rules are based on fleet averages; depending on the accounting method, a company that sold many vehicles that ran at least partly on electricity might be allowed to sell lots of gasoline-powered cars that were relatively big emitters.

Dan Becker, director of the **Safe Climate Campaign** at the Center for Auto Safety, a group that is often critical of automakers, said that if the government did not take power-plant emissions into account, then for every 1 percent of the car market that electric vehicles account for, the emissions reductions would decline by 1.25 percent under new fuel economy rules.

It is not simply a matter of knowing where the extra electricity to run the car came from, like a carbon-dioxide-free wind machine or a coal-fired electric plant. For cars like the Volt, which are supposed to run up to 40 miles on electricity before switching to gasoline, the regulators would have to make some kind of projection about how many miles were driven under each fuel.

Another question, sure to attract vigorous argument, is what it will cost to build cars that use gasoline more frugally. The government said that the most aggressive plan, 6 percent a year, would raise the cost of a new car by \$2,800 to \$3,500 but that it would save more than that in terms of fuel consumption. Assuming a price of \$3.49 a gallon in 2025, the savings would be \$5,700 to \$6,200 over the lifetime of the vehicle.

The automakers, which usually protest that some government proposals are impractical, confined themselves to a fairly mild statement that said in part, “As

the agencies acknowledge, the assumptions in the notice of intent – and the potential ranges of improvements that they imply – are based on very preliminary and incomplete data.”

Mr. Becker, on the other hand, said that even the most aggressive plan was “cheaper than free,” because fuel savings would pay back the extra hardware cost in four years or so.

Also jumping in to react to the non-decision decision was the Aluminum Association, which argued that too much attention was being paid to engines and drive trains and not enough to body materials. “When it comes to shaking up the status quo on automotive fuel economy and emissions, aluminum can be a game changer,” said Randall Scheps, the group’s chairman. Cars could be lighter but do not have to get smaller, he said.