



is now
a part of



Obama Announces Aggressive New Mileage Standards

BY CHRIS HOLLY

Flanked by auto industry executives, union representatives and senior administration officials, President Obama announced Friday an agreement to double the current federal fuel economy and greenhouse gas emission standards for cars and light-duty trucks to 54.5 miles per gallon by 2025, calling the proposed new standard the “single most important step” the United States ever has taken to reduce its growing dependence on imported oil.

The agreement is reflected in a notice of intent to propose new regulations, issued Friday by the Transportation Department’s National Highway Traffic Safety Administration (NHTSA) and the Environmental Protection Agency, to establish the new fuel economy standards beginning in model year 2017 and extending through model year 2025. NHTSA and EPA plan to issue the proposed rule by the end of September.

The agreement, backed by 13 U.S. and foreign automakers, builds on new fuel economy standards established in 2009 that re-

quire a fleet-wide 35.5 mile per gallon (mpg) standard for cars and light trucks for model years 2012-2016. The 2009 regulation established the nation’s first uniform fuel economy and greenhouse gas standards for the nation’s car and light-duty truck fleet.

Taken together, the two standards are expected to save American families \$1.7 trillion in fuel costs over the life of the program, and by 2025 result in average per-vehicle fuel savings of more than \$8,000 while reducing U.S oil consumption by 12 billion barrels, the president said. By 2025, the new standards would reduce U.S. oil consumption by 2.2 million barrels a day—roughly equivalent to half the amount of oil the United States imports from members of the Organization of Petroleum Exporting Countries, he said.

“This agreement on fuel standards represents the single most important step we’ve ever taken as a nation to reduce our dependence on foreign oil,” Obama said. “Most of the companies here today were part of an agreement we reached two years ago to raise the fuel efficiency of their cars over the next five years. We’ve set an aggressive target and the companies are stepping up to the plate.”

The standards also will reduce carbon pollution, cutting more than 6 billion metric tons of greenhouse gases over the life of the program—more than the amount emitted by the United States last year.

Under the agreement, beginning in model year 2016, cars would be required to achieve annual improvements in fuel economy of 5 percent—the same level of annual improvement required under the 2012-2016 standards.

However, in a White House concession to industry, the agreement will require light trucks to achieve annual improvements of 3.5 percent from 2017 through 2021 and 5 percent thereafter.

Administration officials said Friday this lower rate in the early years of the standard reflects the technological challenges automakers face in improving fuel economy in trucks that have high torque and carry heavy payloads.

In addition, the proposal will provide for a mid-term review of the program after 2021 to assess the state of fuel-saving technologies, gasoline prices and other factors to determine if the 5-percent improvement proposed in the agreement for 2022-2025 is feasible. At the end of the review, EPA and NHTSA will decide whether the 5 percent improvement should be maintained, weakened or strengthened.

Because of the way the proposal is structured, the fleet of cars in 2025 will achieve fuel economy of around 62 mpg, while the light-truck fleet will achieve fuel economy of around 44 mpg, administration officials told reporters Friday. However,

because EPA tests vehicle fuel economy in laboratory settings that do not reflect consumers' real-world driving habits, the true fleet-wide fuel economy performance will be about 20 percent less than 54.2 mpg—or 42 mpg, the officials said.

The agreement includes a host of incentives aimed at encouraging automakers to employ cutting-edge technologies that improve fuel efficiency. For example, automakers that produce hybrids with moderate improvements in fuel efficiency compared to vehicles that use conventional combustion engines will receive a credit, but only if automakers achieve market penetration of 30 percent for those vehicles. Hybrids with more impressive fuel economy performance would get more credits, but automakers would have to demonstrate market penetration of 10 percent to obtain the credits.

In an incentive generally panned by environmentalists, the proposal would not count “upstream” emissions of electric vehicles (EV)—emissions associated with the electricity used to recharge EV batteries—in the overall calculation of carbon emissions from a manufacturer's combined fleet. EVs also would get a generous credit against the carbon standard of about 125 percent of what the EV emissions would be if upstream emissions were accounted for.

This means that if an automaker produces more EVs, other vehicles in the automaker's fleet could emit more carbon than they would be allowed if the automaker produced no EVs.

In addition, the proposal would give a credit to automakers whose vehicles use a more environmentally benign coolant in their air conditioning systems. U.S. automakers operating in European markets already are required to use this more benign coolant in their vehicles, but receive no credit.

Environmentalists vowed to work to strengthen the standard to remove such “loopholes” and achieve stronger fuel economy throughout the U.S. fleet.

“An auto industry that owes its survival to taxpayer bailouts ungratefully flouted the public's demand for fuel efficiency and less pollution, fighting for loopholes until the bitter end,” said Dan Becker, director of Safe Climate Campaign who for decades has been a leading advocate for improving U.S. fuel economy. “We will use every opportunity, including the mid-term review that the automakers demanded, to strengthen the standards.”

In a statement on its website, General Motors said Friday the agreement “represents a path forward that greatly improves fuel economy while preserving customer choice and future industry growth. GM plans to pursue the technical challenge ahead and to lead in delivering new fuel-saving technologies in cars and trucks customers want to buy and can afford.”

http://www.theenergydaily.com/oil/Obama-Announces-Aggressive-New-Mileage-Standards_6502.html

