Greens Not Happy About EPA Guidelines

By Joseph R. Szczesny | Monday, Sept. 21, 2009

Justin Sullivan / Getty Images

San Francisco's Highway 101, May 2009

New fuel-economy rules proposed by the federal Department of Transportation and the Environmental Protection Agency are the first major move by the U.S. toward cracking down on greenhouse-gas emissions. The proposed program includes miles-per-gallon requirements and national emissions standards under the EPA's greenhouse-gas-emissions guidelines for model years from 2012 to 2016.

You'd think that environmental groups would be overjoyed.

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Hardly. What has them worried are all the pro-industry rule tweaks and what they see as slanted calculations. "Automakers lobbied hard to include loopholes in the Administration's proposal," says Dan Becker, director of the Safe Climate Campaign at the Center for Auto Safety.

One such wrinkle: in a key concession to manufacturers, the Department of Transportation offers generous credits to carmakers that build advanced-technology vehicles. Manufacturers of electric vehicles will get credits that apply to the regulation's overall company pollution targets. However, the power-plant carbon emissions from generating the electricity to run an EV are not factored into the greenhouse-gas calculations for such vehicles, says Jim Kliesch, senior engineer with the Union of Concerned Scientists. "In truth, if you include system-wide emissions it's about half of what a conventional vehicle emits," he says.

Critics of the proposal also point to phantom savings. Becker says the new rules perpetuate the flex-fuel credit that allows carmakers to build more gas guzzlers than the regulation might otherwise allow, provided the vehicles can run on E85, a mixture that is 85% ethanol and 15% gasoline. The problem is that only about 1% of the gas stations in the U.S. now sell E85 and the number isn't expected to increase much anytime soon. The flex-fuel credit trims the m.p.g. target for manufacturers selling flex-fuel-capable vehicles by 1.2 m.p.g.

Another perceived soft spot in the White House proposal: carmakers will get carbon credits for selling their most efficient vehicles into California and other states that had adopted separate standards before the Obama Administration moved to harmonize an expanding patchwork of state and federal rules. The proposed solution results in an arrangement whereby carmakers who had been prepared to meet California's tough impending state rules (just to be able to sell in California) will now earn bonus credits for doing just that. "The concern is carmakers will be getting extra credits for what they would have done anyway," says Kliesch.

One exemption that is already drawing fire is the so-called "German loophole," which allows automakers selling fewer than 400,000 vehicles in the U.S. to meet a weaker EPA standard. All the German automakers — Mercedes, BMW and Volkswagen — will qualify for the exemption as well as Mitsubishi, Subaru, Kia and more exotic brands such as Ferrari, Aston Martin, Jaguar and Land Rover.

But don't feel too badly for Detroit. Becker says the company that perhaps does best under the proposed rules is the government's own car company, General Motors. GM benefits from the EV exception and also from the changes in the rules that will allow sales of larger vehicles like pickup trucks through a separate loophole that permits automakers to "borrow" credits from the future. Kliesch says the flexibility is fine but asks where the guarantee is that the companies will make good on promises to repay borrowed credits. "That's why you need some kind of backstop [in the rules] to make sure the companies actually meet the standards," says Kliesch.

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