

AUTOS - INDUSTRY

U.S. Wants Report Card for Cars

System Would Rate Fuel Economy, Emissions; Industry Says Government Veers Into Issuing Opinions

By **JOSH MITCHELL**

Updated Aug. 30, 2010 12:01 a.m. ET

(See Corrections & Amplifications item below.)

WASHINGTON—The government proposed labeling each new passenger vehicle with a letter grade from A to D based on its fuel efficiency and emissions, part of a broader effort by the Obama administration to promote electric cars and other advanced-technology vehicles.

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The proposed new rules, released jointly Monday by the Environmental Protection Agency and the Transportation Department, would be the most substantial change in 30 years to the familiar price-and-mileage labels affixed to the windows of new cars at dealerships.

Currently, the labels must show how many miles per gallon a car gets and its estimated annual fuel cost. Under the proposed changes, a new label design would carry a large letter grade assigned by regulators.

Under the system, the only cars that would receive an A-plus, A or A-minus would be electrics and plug-in hybrids, the government said.

Many compact and midsize vehicles would get Bs, while bigger and more powerful models such as sport-utility vehicles and pickup trucks would get Cs or C-minuses because they burn more petroleum and pump out more carbon dioxide, officials said.

"We think a new label is absolutely needed to help consumers make the right decision for their wallets and the environment," said Gina McCarthy, the EPA's assistant administrator for air and radiation. She said the rules are designed to reflect major advances in car technology.

Environmental groups generally cheered the proposal, which they said would make consumers more aware of the environmental impact of cars.

But the proposed changes—which come as the Obama administration enforces stringent new rules to boost overall fuel economy—were criticized by the car industry, which said the government would be crossing the line between requiring responsible advertising and making value judgments about vehicles.

"The

The government's proposed car labels would include bold letter grades. *ENVIRONMENTAL PROTECTION AGENCY*

proposed letter grade falls short because it is imbued with school-yard memories of passing and failing," said Dave McCurdy, president of the Alliance of Automobile Manufacturers, the industry's largest trade group. A spokeswoman for the alliance added that "grades may inadvertently suggest a government label of approval."

Steve Cook, a Vassar, Mich., auto dealer, said he likes the idea of having a simpler labeling system that factors in more than fuel economy. But he questions the logic of the proposed rules.

"If a big SUV is going to be downgraded compared to a small car, that's not going to be effective because [the person] who is buying a truck already knows it uses more gas," Mr. Cook said.

A more practical system would compare vehicles in the same size class for their environmental impact and fuel economy, he said.

With gasoline prices relatively stable over the past year, more U.S. consumers have been buying SUVs and trucks. Sales of small cars were up 7.8% this year through July, but sales of SUVs and crossovers rose nearly 21%.

Consumers aren't strongly influenced by current EPA labels, in large part because they are complicated and not intuitive, said Karl Brauer, senior analyst for car shopping site Edmunds.com.

"People look at them undeniably, but there is a strong percentage of people who at the end of the day just buy the car they want most," Mr. Brauer said. The proposed changes could make more consumers think twice, he said.

Currently, the sticker prominently displays figures that reflect a car's mpg ratings for city and highway driving, and a dollar figure representing the estimated annual cost of fuel the car would use.

The new sticker would be closer to an advertisement, with a letter grade atop a phrase such as "Saves \$1,900" that reflects how much less the car would use in gas than the average car in its class.

The new sticker also would display figures reflecting how many gallons the car uses per 100 miles of driving; its city and highway mpg ratings; how much carbon dioxide it emits; and the annual fuel cost. And it would give the range of fuel economy for all vehicles in the same class.

The new rules wouldn't go into effect until the 2012 model year, and officials are holding a 60-day public-comment period for suggested alterations.

The EPA and DOT also have proposed a less-contentious version of labels that wouldn't include the letter grades, and is asking the public which version it prefers.

The auto industry has been anticipating the changes as a number of car companies prepare to begin selling advanced-technology vehicles in the U.S. in coming months. Those include General Motors Co.'s Chevrolet Volt, a battery car that uses gasoline to power a generator beyond certain distances, and Nissan Motor Co.'s all-electric Leaf.

GM created a stir—and raised questions about the current system—when it said last year the Volt would get 230 miles per gallon under a preliminary EPA formula. GM said in a statement Monday it continues to work with the EPA and DOT on labeling standards for such vehicles.

The new proposal stops short of forcing the labels to contain more information on the environmental impact of the electricity used to charge electric cars. Environmental groups have argued the government and car makers should provide the public with information on these "upstream emissions," the pollution associated with coal-fired power plants.

The EPA's McCarthy said the agency was constrained by federal statutes that specify only tailpipe emissions, not upstream emissions, be included on the label. But Dan Becker, director of the Safe Climate Campaign, said the agency wouldn't have been blocked from providing more information on emissions from power plants.

Correction & Amplification:

The Ford Focus is among vehicles that would receive a B grade under a government proposal to rate cars on their fuel efficiency and emissions. A graphic in an earlier version of this article showed a picture of the Ford Fusion instead of the Focus.

—Sharon Terlep and Mike Ramsey contributed to this article.

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