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CAR RULES

6 questions about Calif. auto emissions deals

Maxine Joselow, E&E News reporter

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In a rebuke to President Trump, five automakers agreed yesterday to follow tougher clean car standards than those outlined by his administration.

The five companies — Ford Motor Co., Honda Motor Co. Ltd., Volkswagen AG, BMW of North America and Volvo — each finalized a voluntary emissions agreement with the California Air Resources Board.

The **agreements** come after President Trump gutted federal clean car standards, the most significant climate rules established by former President Obama.

The moves represent a unique effort by the private sector to subvert the Trump administration's rollbacks of major environmental regulations, observers said.

They also raise questions about how a potential Biden administration would tackle greenhouse gas emissions from cars, among other things.

Here are six key questions sparked by the development.

How much will the deals reduce emissions?

The transportation sector is currently the largest source of greenhouse gas emissions in the United States.

Cars and trucks account for the bulk of pollution from the sector, according to EPA data. Besides electrification, the main way of reducing that pollution is through fuel efficiency improvements.

Under the terms of the deals, the five automakers committed to increasing the fuel efficiency of their passenger cars and light trucks by 3.7% each year.

The Trump administration's rollback of clean car standards, which is formally known as the Safer Affordable Fuel Efficient (SAFE) Vehicles Rule, requires 1.5% annual improvements.

A recent [analysis](#) by the Rhodium Group, an economic consulting firm, found that the deals would prevent 136 million to 148 million metric tons of carbon dioxide from entering the atmosphere by 2035 ([Climatewire](#), Aug. 7).

That's equivalent to taking up to 31 million passenger vehicles off the roads for a year, according to EPA's greenhouse gas equivalencies [calculator](#).

What's happening in the courts?

The deals come after environmental groups, state officials and Democratic leaders filed a flurry of lawsuits over the SAFE Rule.

In May, California Attorney General Xavier Becerra (D) led a [lawsuit](#) filed by 23 states and five cities alleging that the SAFE Rule flouted the rulemaking process and would lead to premature deaths from air pollution ([E&E News PM](#), May 27).

A coalition of green groups including the Sierra Club, Environmental Defense Fund and Natural Resources Defense Council has lodged a similar [complaint](#) at the U.S. Court of Appeals for the District of Columbia Circuit, as well.

The text of the deals recognizes this litigious reality.

"The Parties enter into this Agreement in light of ongoing and potential lengthy litigation," the [agreement with Volvo](#) states.

Bob Holycross, vice president of sustainability, environment and safety engineering at Ford, said the deal would provide the company with much-needed regulatory certainty while the lengthy legal battle plays out.

"We have to have regulatory certainty beyond just political cycles, given the significant amount of investments we make," Holycross said on a call with reporters yesterday.

Spencer Reeder, director of government affairs and sustainability at Audi of America, a subsidiary of VW, echoed that sentiment.

"It does provide that regulatory consistency that any business, frankly, would want," Reeder said on a separate call with reporters yesterday.

What happens if Biden is elected?

The fate of the clean car standards ultimately hinges on the November election.

If Trump wins a second term, his administration likely would defend the SAFE Rule in court, although it's unclear whether the rule would survive the numerous legal challenges.

If presumptive Democratic presidential nominee Joe Biden ousts Trump, his administration likely would scrap the SAFE Rule and direct EPA to begin crafting even tougher clean car standards than those established by Obama.

In the latter scenario, the agreements would be nullified.

"If EPA imposes, or an action of a court results in imposition of, national GHG emission standards equal to or more stringent than the commitments specified in this Agreement, Volvo Car USA and CARB agree that this Agreement terminates upon the date the more stringent regulations begin to apply," the agreement with Volvo states.

Dave Cooke, senior vehicles analyst at the Union of Concerned Scientists, said that language is significant.

"The agreement has an automatic termination as soon as any stronger federal standards go into effect. I think that is very important. It establishes that this agreement shouldn't be seen as a ceiling; it's a floor, particularly as we look post-2025," Cooke said.

What do environmentalists think?

Many environmental groups have cheered the automakers for committing to voluntary emissions reductions.

"I think this just affirms what we've always said, which is that what the Trump administration put forward is a joke, and it's nowhere near what automakers can and should be doing to reduce climate impacts of their fleets," Cooke said. "So this is just further proof of automakers agreeing with us."

But other greens have criticized the agreements for including off-cycle credits, which automakers can receive for installing technology that reduces carbon emissions but isn't adequately captured by laboratory tests, such as more efficient air conditioning systems.

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Stanley Young, a spokesperson for the California Air Resources Board, defended the inclusion of the credits.

"Off-cycle credits represent real reductions. The off-cycle credit program appropriately gives manufacturers the GHG benefits for technologies that do reduce tailpipe emissions but in a way that is not reflected in the official laboratory testing," Young said in an email to E&E News.

What about other states?

Under Section 177 of the Clean Air Act, other states can choose to adopt California's tougher tailpipe pollution standards.

To date, 13 states and the District of Columbia have adopted the more protective standards, representing more than 40% of all cars sold in the country.

These so-called Section 177 states plan to issue "enforcement discretion letters," which certify that they will honor the deals within their borders.

The Section 177 states are Colorado, Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New York, Oregon, Pennsylvania, Rhode Island, Vermont and Washington.

Nevada is poised to become the 14th state soon ([***E&E News PM***](#), June 22).

The Massachusetts Executive Office of Energy and Environmental Affairs plans to "notify the five participating automakers that we support California and the agreements reached," a spokeswoman for the office said in an email to E&E News.

Will other automakers join the deals?

Sen. Tom Carper of Delaware, the top Democrat on the Environment and Public Works Committee, yesterday urged other car companies to strike similar agreements.

"While the administration created a void of leadership, vision and direction, the state of California and automakers came together in these voluntary agreements that provide a path forward to support the clean cars of the future. I strongly encourage the rest of the automobile industry to follow their lead and join this sensible framework," Carper said in a statement.

But it appears unlikely that other car companies would come on board, given their past legal activities.

Several other automakers — including General Motors Co. and Fiat Chrysler Automobiles NV — intervened in clean cars litigation last year in support of the Trump administration (*Climatewire*, Oct. 29, 2019).

A GM spokesperson and a Fiat Chrysler spokesperson both declined to comment for this story.

Twitter: @maxinejoselow Email: mjoselow@eenews.net

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